

Testimony of Ken McCauley, White Cloud, KS
Before the U.S. Senate Committee on Agriculture, Nutrition & Forestry
Wichita, KS

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Madam Chairwoman, Ranking Member Roberts and members of the Committee, on behalf of Kansas corn farmers, I appreciate this opportunity to present a farmer's view on upcoming farm bill discussions.

My name is Ken McCauley. I am a past president of the National Corn Growers Association and currently serve on the Kansas Corn Commission and am an active member of the Kansas Corn Growers Association.

I last stood before your committee in 2007 to testify on the 2008 Farm Bill. Much has changed in the past four years, but much has remained the same. In 2008, for example, loan deficiency and countercyclical portions of the current farm bill were still relevant. Today, you'd be broke before you reached the level to collect an LDP. But as I said, much has remained the same. Notably, the need for a strong safety net for growers continues to be vital to Kansas.

I farm near White Cloud, Kansas in the northeast corner of Kansas. My wife and I produce corn and soybeans. My son, Brad and his wife also have a family farm operation of their own nearby. They farm in conjunction with us sharing equipment and labor. My needs for risk management are different than those for my son. He is the reason I am concerned about risk management. It is a vital tool that is needed especially by our young farmers. I am over 60 years old, but I feel we need to be looking at risk management that is more relevant to the exposure needs of the younger farmer. We have a lot of young farmers and we desperately need them to succeed in agriculture.

Kansas corn is a strong and growing commodity that provides a great economic benefit for our state. In fact, with a value of over 3 billion dollars, the 2010 Kansas corn crop was the highest valued grain crop in the history of our state. Advancements in technology and farming practices

have been vital to corn's success in Kansas. This year, our Kansas growers planted 5.1 million bushels of corn. This summer's extreme weather conditions will lower our yield, but I believe the resilience of our crop and the efforts of our farmers will ensure that we will continue to meet the needs of our customers.

To say Kansas is a diverse state is an understatement, especially this year. This summer, some farmland in my county is under water due to the flooding of the Missouri River. My family farm has enjoyed an excellent growing season with timely rainfall. This is contrasted with a large part of Kansas that is suffering through an extreme drought. Even in a normal year, differences in climate, elevation and weather patterns from eastern to western Kansas are extreme. White Cloud sits at 883 feet above sea level. I have a friend who farms near Weskan in Wallace County, elevation 3,852 feet above sea level. Not only do the farmers in the high plains of western Kansas have higher elevations, they also have a different climate, with much lower annual rainfall, later planting dates, and a higher occurrence of drought.

Kansas corn farmers have purchased Federal crop insurance for over 4 million acres of corn, that's about 80 percent of our corn acres. Participation in the crop insurance program in Kansas is high because of the reasons I mentioned earlier. Weather here is undependable with droughts, storms, hailstorms and wind. That's why Kansas farmers rely on a strong and viable crop insurance program.

But what works for the McCauley farm probably won't for a farmer in western Kansas. When you look at things like multi-year losses, especially in a state like Kansas where the western half can experience extreme drought, while the eastern half can experience ample rainfall, statewide triggers don't help much. We need to look at opportunities to strengthen the crop insurance program—conventional crop insurance and products like the revenue-based crop insurance.

Risk management is not only important to the farmers. It is important to rural communities. When you talk to the banker about an operating loan, he'll want to know what crop insurance coverage you have. It is an integral part of the way we do business in agriculture. That's why farmers need effective risk management—a combination of crop insurance and revenue-based

programs. We strongly support crop insurance as an important part of a farmer's safety net. Let's also strengthen revenue-based risk management tools to fix the holes in the safety net, while maintaining a strong and viable federal crop insurance program.

By finding a way to get a revenue-based risk management tool, like ACRE, closer to the farm level, for example by Crop Reporting District, this type of program could provide more realistic coverage for growers. Of course, additional changes would have to be adopted to minimize or eliminate any overlap with Federal crop insurance.

My friend's farm in Weskan has no resemblance to my farm in White Cloud. It is impossible to assume the same rules apply the same to both of us. That is why it is important to look at conditions, not just at the state level, but closer to the actual farms for which the products are providing coverage.

As NCGA President, I was involved in the discussions when the first revenue-based programs were introduced. These tools are already in place and now we need to learn from what we have and make improvements to reach our goal to plug holes in the safety net.

We are continually told to brace for cuts to farm programs as our government works to become more efficient. I believe farmers understand the need for cuts across the board, and we simply ask that the cuts to farm programs be proportionate to other federal programs. Even though direct payments are under fire they do provide a valuable safety net for a farmer who is under extreme conditions and doesn't always qualify for enough of the risk management tools that we have today. For example, when you are in a severe extended drought, there is never enough risk management. If direct payments are cut, at least some of that money should be used to strengthen the risk management programs for our growers.

Beyond securing a solid safety net for our growers, I continue to hope for passage of the Free Trade Agreements with Korea, Columbia and Panama that are currently on the table. These are vital to U.S. agriculture in providing strong export markets for our agricultural products. These

would be an economic benefit for our country, and we can use all the economic growth we can get.

Agriculture is one of the few bright spots in the American economy today. Our farmers are continuing to work hard to meet the needs of all their customers. Late planting, floods, drought—these are all a part of nature, and it is nature and its unpredictable twists and turns that we work with every day. With a strong safety net, and strong, open markets, agriculture in America can continue to thrive and continue to bolster our American and Kansas economies.

Thank you again for this opportunity to share this information with the committee.