

Mr. Chairman, Members of the Committee, my name is Dusty Tallman, and I farm with my family in Southeastern Colorado. I would like to thank Senator Harkin for convening this hearing in Colorado and am very pleased that Senator Salazar serves on this important committee. I am currently President of the Colorado Association of Wheat Growers, and Chair of the Domestic Policy and Trade Committee for the National Association of Wheat Growers (NAWG).

Colorado has had below average wheat crops, 6 of the last 7 years (see attachment), and continuing to operate a farm has been a struggle. I grow mainly wheat, but continue to diversify my operation to include dryland corn, milo, sunflowers, millet, and hay. The spring crops have helped reduce our reliance on winter moisture, but have not been too successful, due to the continuous drought. Both CAWG and NAWG support disaster assistance for the 2005 and 2006 production years, and would like to thank the Members of this committee who have and continue to work so hard for this assistance.

The 2002 Farm Bill and disaster payments have been all that have kept many producers in business, and even with that assistance, most have been using their equity to fund their operations. There have been many beneficial programs in the 2002 Farm Bill, but improvements could be made to make it even better.

The Direct Payment has been most important to my farm and to many other wheat growers across the country. I know what it will be each year and my lender knows it too. I believe the best way to improve the 2002 Farm Bill would be to increase the level of the Direct Payment for wheat. Our figures at NAWG show an increase to \$1.19 per bushel would provide needed stability and equity to wheat producers. While I understand that other groups have concerns about the effects that the Direct Payment may have on rental rates, we believe that the Direct Payment does not cause any greater increase in rental rates than any other government program.

As you are aware, the Counter-Cyclical Program was designed to help protect against low prices, and it has, but during negotiations for the 2002 Farm Bill, the target price for wheat was reduced so low that wheat growers have not been able to use this program at all over the life of the 2002 Farm Bill. The Counter-Cyclical Program has been very beneficial to most of the other program crops and wheat growers propose an increase in the Target Price for wheat to \$5.29 per bushel. The attachment has the calculations and rationale for these increases.

Crop insurance has become another tool to preserve farm income. It works very well in low-risk areas, but the drought has seen our yields decrease and premiums increase drastically, and the dollar per acre guarantees drop. In some cases yields have decreased by two-thirds while premiums doubled. There continue to be new crop insurance products developed, but none affordably cover the first 25%- 35% of crop losses. Most producers could handle that loss once every 4 or 5 years, but not 5 to 7 consecutive years. A larger Direct Payment would fill some of the void of that 30% loss.

The Conservation Title offered promise to both producers and the environment. The Conservation Security Program (CSP), Conservation Reserve Program (CRP), Grassland Reserve Program (GRP), Environmental Quality Incentives Program (EQIP), and others have all help conserve the land, water and air. The biggest problem with all these programs are they

are under funded, and seem to end up directed to urban areas. We should fully fund these programs and make them available to all producers.

The ad-hoc agricultural disaster spending has kept many producers in business. It is hard to develop and fund disaster assistance, but we are very grateful for the support. CAWG and NAWG do not currently have a policy position on permanent disaster assistance, however, we believe that if it is to be included in the next Farm Bill, it must not be paid out of other Farm Bill spending, and it must be effective in helping to cover what crop insurance doesn't. We believe that the increases in the Direct and Counter-Cyclical Payment levels that we are proposing would reduce the need for permanent disaster legislation.

Energy continues to be very important to agriculture, both in the cost of our fuel, fertilizer and electricity, and in the advances in renewable energy from our crops. I would hope that those advances continue, and the greatest portion of funding for renewable energy comes from outside the Farm Bill spending, or through new funds.

I would caution against trying to write a new Farm Bill which complies with all the requests from the WTO negotiations. In my opinion, that would voluntarily disarm any position of strength we have in the negotiation process. We need to have something on the table to negotiate with, because there will always be objections to some of our programs, whether they are green box or not.

I also hope payment limitations not be used as a political tool. There have been many proposals to reduce payment limits, and those proposals always hurt producers in Colorado. The proposals in the past have always targeted the Direct Payment more than the Counter-Cyclical or loan payments. In wheat production where we rely most on the Direct Payment, this is unfair to producers. It has been the practice to get larger to spread out your fixed costs, and now we are being told we are too big. The last payment limit proposal I saw would negatively impact 30% of the farmers in Colorado, and only 4% of those in Iowa.

Finally, the United States produces the safest, most reliable, and most affordable food supply in the world. I believe we need to protect that, and not become reliant on foreign countries to feed us.

Thank you again for this opportunity, and I would be happy to answer your questions.