

Testimony for
Hearing from the Heartland:
Perspectives on the 2018 Farm Bill from Kansas

Submitted to the
United States Senate Committee on Agriculture, Nutrition and Forestry
Senator Pat Roberts, Chair

Submitted by
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Manhattan, Kansas

Mister Chairman and members of the committee, my name is David Clawson. My wife Jeanne and I reside near Englewood, Kansas, and are part of a family partnership that includes a commercial cow-calf operation and both dryland and irrigated farming. We also are partners in a dairy and my family's bank. I am President of the Kansas Livestock Association (KLA) and serve on the Board of Directors of the National Cattlemen's Beef Association (NCBA), of which KLA is an affiliate. I am very pleased to be with you today.

KLA, formed in 1894, is a trade association representing nearly 5,200 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seedstock; cow-calf and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.

The beef industry is a key segment of the Kansas economy and the Kansas beef industry is a major piece of the U.S. beef industry. Kansas ranks third nationally with 6.4 million cattle on ranches and in feedyards. Those cattle generated \$8.8 billion in cash receipts in 2015. Kansas is a national leader in cattle feeding and beef processing. The Kansas beef cow herd is the sixth largest in the country at 1.57 million head. Kansas is home to a growing dairy industry, both in production and processing. In 2016, Kansas dairy farmers produced more than 3.3 billion pounds of milk. Also, the presence of Kansas State University, the Animal Health Corridor and the proposed National Bio and Agro-Defense Facility makes Kansas a world leader in animal health research.

Development of the next farm bill is an important process for livestock producers. Whether directly or indirectly, the provisions included in the farm bill can have a dramatic impact on livestock producers' businesses. We oppose agriculture policies that pit one industry group against another, distort market signals and inadvertently cause economic harm to the livestock sector.

The vast majority of my fellow livestock producers believe the livestock industry is best served by the process of free enterprise and free trade. Even with its imperfections, free trade is relatively more equitable than regulated and subsidized markets which retard innovation and distort production and market signals. We oppose attempts to narrow the business options or limit the individual freedom of livestock producers to innovate in the management and marketing of their production.

We oppose inclusion of a "Livestock Title" in the next farm bill. Items with industry-wide support can be included in the "Miscellaneous Title." I ask for the support of members of this committee in opposing a Livestock Title in the next farm bill.

Marketing Issues

KLA members, and the vast majority of cattle producers, oppose the involvement of the federal government in determining how cattle are marketed. The beef industry continues to transition toward more value-based marketing methods. These systems allow cattle producers to capture more of the value of the cattle they produce.

These value-based marketing methods also facilitate the transfer of market signals from consumers back to producers. We believe these signals have helped drive a significant improvement in Quality Grade, a predictor of a satisfactory eating experience, in the cattle being produced today.

While many KLA members see significant benefits in value-based marketing programs, they have made clear in KLA policy the appropriate role of the organization is to protect each producer's ability to market their cattle in the manner that best fits their business.

With that in mind, KLA reiterates its opposition to the Grain Inspection, Packers and Stockyards Administration (GIPSA) interim final rule on competitive injury. The rule has been opposed by the vast majority of cattle producers since it was first introduced in 2010. In issuing the interim rule, GIPSA ignored the comments submitted by thousands of cattle producers in opposition to the rule, the decisions of eight separate federal appellate courts and the intent of language included by Congress in the 2008 Farm Bill.

Our analysis of the interim final rule leads us to believe packers will offer one price for all cattle, regardless of quality, if the rule is implemented. Packers have indicated they will not accept the additional legal risk the change in the competitive injury standard would create. GIPSA claims the rule is needed to protect producers. However, since it would eliminate value-based marketing programs, it would negatively impact producers and make it more difficult to provide the types of beef products desired by consumers.

As the 2018 Farm Bill is developed, KLA asks you to delete the language which led to the GIPSA interim final rule. To that end, we support language striking SEC. 11006, Part 1 of the Food, Conservation and Energy Act of 2008. In the interim, we ask for your assistance in convincing GIPSA to withdraw the rule.

KLA also opposes any attempts to restrict the ownership of livestock. During development of previous farm bills, some members of Congress have proposed language placing restrictions on packer ownership of livestock. These types of restrictions would limit the marketing options available to KLA members and would represent unwelcome interference by the federal government in the marketplace.

With regard to country-of-origin labeling (COOL), KLA reiterates its opposition to mandatory COOL programs. Repeal of the previous mandatory program was appropriate and necessary since it provided no market benefit to beef producers and violated trade agreements with two of our largest trading partners. We ask the committee to resist any attempt to reinstate this failed program.

Conservation Title

Several conservation programs authorized in previous farm bills have played an important role in assisting farmers and ranchers enhance our nation's natural resources for food production, wildlife habitat, and water quality. In Kansas, the Environmental Quality Incentive Program (EQIP) is improving habitat for grassland-nesting birds under consideration for listing as

threatened or endangered species, enhancing the health of grazing lands, improving water quality near lakes used for public drinking water, improving soil quality, conserving groundwater and reducing soil erosion. One important feature of EQIP has been its focus on livestock operations. We recommend a continued focus of 60% of EQIP funds toward livestock projects.

We appreciate the addition of the Anderson Creek Wildfire Initiative to the EQIP program. As landowners work to recover from the effects of the fire, cost-share assistance through the program will be very valuable in restoring and enhancing the quality of the rangeland.

The Agricultural Conservation Easement Program (ACEP) is in strong demand by our state's agricultural landowners who desire to sell their development rights to protect their lands for future generations of farmers and ranchers. In many instances, selling a conservation easement has been a helpful tool for estate and succession planning as today's landowners prepare for the next generation of farmers and ranchers.

I encourage members of this committee to remind your colleagues that federal funds spent on conservation are a good investment in our country's natural resources and the ultimate beneficiary is the general public. In addition, conservation program spending is not an entitlement as participants are required to use these funds on the land and, in many instances, are required to invest their own time and personal funds as a match or cost-share contribution.

Foreign Animal Disease Response

KLA supports enhancements to our foreign animal disease (FAD) response capabilities. Key to this effort is the development of a more adequate foot-and-mouth disease (FMD) vaccine bank. While we recognize and agree with the preference for vaccination over culling for controlling the spread of FMD, the current availability of vaccine is completely inadequate for an outbreak of any significance.

KLA participated in an FAD exercise last December. The exercise scenario included confirmation of FMD at one feedyard and two dairy farms in the state. Kansas animal health officials determined in such a scenario, an immediate request for 1.5 million doses of FMD vaccine would be necessary. That represents the entire supply of vaccine expected to be available to the U.S. in the first week of an FMD outbreak.

KLA supports additional funds dedicated for the development of a more adequate FMD vaccine bank. In addition, KLA supports additional work around FAD response plans that recognizes the limitations of vaccination in an FMD outbreak.

Other Issues

KLA supports increased funding for research on production practices, genetics, animal diseases, economics, nutrition, food safety, environmental impacts, and the impact of environmentally sensitive lands and species on agricultural operations is a critical component in advancing animal agriculture. Increased investment in this type of research is vital to the security and viability of our agricultural industry and food supply.

KLA members strongly support the beef checkoff program. This industry-funded self-help program has been essential to efforts to increase demand for beef. While maintaining the current program is important, we seek opportunities to enhance the program to better meet the needs of the current marketing environment.

Conclusion

As you can see, the vast majority of cattle producers believe markets free from government interference best serve the beef industry. We prefer a farm bill that does not restrict our marketing options nor distort market signals. We look forward to working with you as the next farm bill is developed.