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from National Farmers Union

Corner

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National Farmers Union President Roger Johnson testified in front of the House Agriculture Subcommittee on General Farm Commodities and Risk Management on the lagging farm economy in April, speaking to the financial stress being felt by NFU members across the country. Canadian Pacific withdrew its bid to acquire fellow rail giant Norfolk Southern, a move that would have created one of North America's largest railroads with annual revenues of about \$16 billion. Have you considered the Conservation Stewardship Program (CSP)? The combination of good stewardship, financial incentives, and, in many cases, improved margins by reducing input or feed cost make CSP an especially attractive program.

NFU PRESIDENT TESTIFIES ON FARM INCOME



The lagging farm economy was a top focus in April for the House Agriculture Committee, which held a series of hearing on growing financial stress in farm country. NFU President Roger Johnson joined a panel of industry leaders to testify in front of the Subcommittee on General Farm Commodities and Risk Management on behalf of NFU's members who are currently facing a diverse set of challenges in the farm sector.



"As commodity prices continue to decline and farmers and ranchers struggle to adjust to lower prices, there is a growing burden felt by producers out in the countryside," Johnson informed members of the subcommittee. "Even more worrisome is the U.S. Department of Agriculture forecasts, which show a prolonged period of low commodity prices. This situation will result in trouble accessing credit, negative farm budgets, depressed markets and tests to the farm safety net."

The downturned farm economy has put a significant strain on farm financials, Johnson explained. "We are seeing this manifest itself in the Farm Service Agency's loan portfolio, an early indication of challenges ahead," he said.

"Local lenders are concerned that with high yields being necessary to protect from low prices, weather-induced yield losses will exacerbate an already difficult situation. One thing that my local lenders wanted to drive home to members of this committee is the importance of a strong safety net," he stated, underscoring the importance of critical farm programs, like crop

insurance and other safety net programs.

While Johnson felt that, overall, commodity programs are functioning as designed and assisting producers through challenging times, he did acknowledge several programs that need thoughtful attention today and others that would benefit from additional changes in the next Farm Bill. Specifically, he mentioned the Agricultural Risk Coverage program, Price Loss Coverage program, Dairy Margin Protection Program, and the Stacked Income Protection Plan.

Exploring bright spots in the farm economy, Johnson highlighted the organic and local food sector, which has grown by nearly 300 percent since 2002. He noted that these sectors seem to be less subject to the falling commodity prices.

Concluding his remarks, Johnson encouraged members of the committee to consider the state of the farm economy and the challenges facing family farmers and ranchers as they work through the next Farm Bill process.

"This committee has a challenging task ahead of it as it begins to grapple with these problems especially as it looks to crafting the next farm bill. Our collective challenge is to continue working to provide help when and where needed and to encourage the continued growth and success of our most vital industry – agriculture," he said.

CANADIAN PACIFIC / NORFOLK SOUTHERN MERGER ENDED



Freight rail giant Canadian Pacific abandoned its nearly \$30 billion pursuit to merge with Norfolk Southern in April, a move that would have created one of North America's largest railroads with annual revenues of about \$16 billion.

NFU has been very concerned over the prospects of additional concentration in the freight rail sector. Family farmers and ranchers depend on rail transportation to move their commodities to market in order to compete in the global agriculture industry. It is good news for rural America that Canadian Pacific withdrew its plans to merge with Norfolk Southern because further consolidation would likely have stifled competition.

Since the Staggers Rail Act of 1980 deregulated the railroad industry, more than 40 Class I transport rail companies consolidated to form the seven companies that exist today. NFU was concerned the Canadian Pacific merger would trigger additional Class I railroads to merge as well.

Farmers and ranchers have experienced increasing freight rates and service problems, most notably, the 2014 backlog in North Dakota and Minnesota that had widespread economic ramifications for whole sections of the value chain. Further consolidation is clearly not the right approach to rail transport.

TIME TO CONSIDER CSP

Would you like to improve soil health, water and air quality, wildlife and pollinator habitat or energy efficiency on your land? The Conservation Stewardship Program (CSP), administered by the Natural Resources Conservation Service (NRCS) offers farmers and ranchers technical and financial support to achieve these goals on working lands. And producers who have thought about CSP in the past may need to give the program another look; NRCS recently made changes that will make CSP work better for smaller and beginning farmers.



CSP is a competitive program; applications are scored and ranked based on the conservation benefits to be achieved by each proposed contract. The scoring process takes ongoing conservation activities into account, so applicants can become more competitive by making improvements. Unlike other conservation programs, CSP payments are calculated using the environmental benefits achieved on your farm or ranch as opposed to cost sharing for projects or per-acre rentals. This encourages an approach to conservation planning that considers the entire farm. Practices considered in making CSP payments include, but are not limited to, cover crops, no-till, Integrated Pest Management, precision nutrient applications, native grass and legume planting in pasture, and forested riparian zone management.

The combination of good stewardship, financial incentives, and, in many cases, improved margins by reducing input or feed cost make CSP an especially attractive program for smaller and beginning producers. NRCS has taken steps to make the program more accessible to them. NRCS has raised the minimum annual payment from \$1,000 to \$1,500, guaranteeing any producer who secures a CSP contract an additional \$500 a year. The increased minimum more accurately reflects the costs producers face implementing conservation practices. Interested producers should visit their local USDA Service Center to learn more and begin the application process. Applications are accepted on a rolling basis, but cut-off dates are set to review a year's applications together.

NFU FARM BILL SURVEY

The 2014 Farm Bill, expires on September 30, 2018, so it is absolutely critical that NFU works with membership to identify key policy areas for improvement in the 2018 Farm Bill. In doing so, NFU has created a survey on the 2014 farm bill and is asking its members to fill it out online so that the organization can better advocate for farm programs that work for farmers. The survey is meant to compliment a series of member listening session held across the country. Please visit <http://bit.ly/NFUSurvey> to participate in the survey.



The Washington Corner can also be found at www.nfu.org/corner.