

MINUTES

PROGRAM CROPS & RISK MANAGEMENT FARM BILL WORKING GROUP

KENTUCKY FARM BUREAU FEDERATION

December 8, 2016

The Kentucky Farm Bureau Program Crops & Risk Management Farm Bill Working Group met on December 8 at the Kentucky Soybean Association's office in Princeton, Kentucky.

Attending the meeting were: Jed Clark and Debbie Ellis, Kentucky Soybean Association; Richard Strode, Kentucky Corn Growers Association; Laura Knoth, Kentucky Corn Growers Association and Kentucky Small Grain Growers Association; Barry Alexander, Cadiz; Ryan Bivens, Hodgenville; Tripp Furches, Murray; Glenn Howell, Fulton; Kim McCoy, Burkesville; Larry Thomas, Elizabethtown; Dr. Will Snell and Dr. Todd Davis, University of Kentucky College of Agriculture CAFE; David Knopf, USDA NASS; Bobby Whitford, Mayfield Grain Company; and Joe Cain, Ed McQueen, and David Davis, Kentucky Farm Bureau Federation.

This meeting was called to order at 10:00 a.m. CST by Jed Clark, Chair. Introductions were made. Mr. Cain expressed Mr. Melton's regrets for not being able to attend.

Mr. Clark asked Joe Cain, Kentucky Farm Bureau, to update those present about some of the issues that are being discussed relative to the current farm bill, and provide a general timeline for how Congress is expected to begin discussions on a new farm bill in 2017. Mr. Cain reviewed recent visits Kentucky Farm Bureau had with Members of the Kentucky Congressional delegation, and their desire to hear from Kentucky leaders regarding what needs to be addressed in a future farm bill. He also reviewed the projected timeline with hearings starting in the spring of 2017 and a possible farm bill being reauthorized before the current farm bill expires in 2018. However, he noted that while many have been critical of the current farm bill, and are encouraging reauthorization early, no previous farm bill has ever been completed early, or even on time. However, there is much discussion about taking the farm bill up early this time because of concerns that have been expressed over the ineffectiveness of the Dairy Margin Protection Program (DMPP), the discrepancies in how the ARC/PLC program is being administered, concerns with a lack of base acres in some parts of the country (especially in parts of Kentucky), concerns about lack of adequate capital for young or beginning farmers, the magnitude of nutrition spending and the potential for some Members wanting to split the farm bill, and the concerns many have about maintaining the current crop insurance structure. Trade promotion (MAP, FMD) and agricultural research and education were also discussed.

Mr. David Knopf, Director, USDA NASS, Kentucky Field Office, was asked to explain how data is collected and used to determine ARC/PLC payments. Mr. Knopf said about 11,000 Kentucky farmers are surveyed for the county agriculture production survey. He was asked if producers understood the importance of the survey and he said he felt many don't know how important that accurate data is and how the data will be used. Mr. Knopf also noted the survey data probably doesn't provide fully accurate results in all counties, and noted it might help if data could be compared to RMA and FSA data to make it more accurate. Currently, NASS, RMA and FSA are not sharing data. NASS data and estimates have to "stand on their own." He also noted timing of the survey is an issue, as is just getting adequate responses back from producers. Another problem with the data is when producers with production in more than one

county have their aggregate data lumped into just one county, thus skewing the data in each county involved. It was noted by the committee that many producers have a low degree of confidence in the NASS survey -- how it is conducted and the final results. Mr. Knopf acknowledged that issue, and said there needs to be more done to insure the data is reflective of the county.

Mr. Bobby Whitford, Manager, Mayfield Grain Company, and crop insurance agent, talked about changes that may be coming in crop insurance. He noted lenders are requiring more producers to have crop insurance to obtain operating loans. He said that probably at least 25 percent of producers could not secure operating loans if they were not able to secure crop insurance.

Mr. Roddrick Bell, Director of USDA's Jackson Risk Management Office, joined the group via conference call to discuss potential changes that may be coming to crop insurance for program crops. He noted that he did not anticipate any major changes to RMA crop insurance products for the 2017 crop year, but expected we could see some changes to prevented planting provisions and final planting and harvest dates for the 2018 crop year. He noted RMA wants to have a discussion with stakeholders over the next several months to discuss potential changes.

Debbie Ellis, Executive Director, Kentucky Soybean Association, reported the American Soybean Association is also developing a list of farm bill objectives. She went through a number of ASA's focus points already established.

Laura Knoth, Executive Director, Kentucky Corn Growers Association and Kentucky Small Grain Growers Association, reported on some of the focus points those groups have in the coming farm bill. Many of the initiatives mirror what had already been discussed by the group, but Laura noted the national associations would be meeting soon and developing farm bill objectives that she would bring back to the Kentucky discussion. She noted some of their focus points beyond those issues already raised for program crops in the next farm bill include increasing consumer demand through domestic use and international trade, improving customer and consumer trust, and enhancing environmental stability. NCGA's overall priorities are ethanol, the farm bill, and trade.

Dr. Will Snell and Dr. Todd Davis, UK extension ag economists, discussed issues relative to the reauthorization of the farm bill. Dr. Davis discussed how crop insurance premium assistance is determined and its importance to affordability. Dr. Snell talked briefly about the challenges faced on getting accurate harvested versus planted acres, developing reliable ARC/PLC calculations and the need to discuss the next farm bill from the demand (trade) side. He noted Kentucky agriculture is very dependent upon international trade, so there needs to be a focus on trade promotion and export programs in the next farm bill. He and Dr. Davis also noted there could potentially be a significant rotation between ARC-CO and PLC if producers are given the opportunity in the next farm bill. They both wondered if there could be an option for producers to petition to exit one program and move to the other program mid-farm bill since many farmers may experience significant changes mid-stream. They also wondered if statewide benchmarks for ARC/PLC might be more reliable than county benchmarks.

Mr. Ryan Bivens noted that the input side of things is a big issue, and we should consider looking at raising loan rates. Land values, while they have declined slightly, continue to be impacted by low interest rates and favorable conservation program (like CRP) rental payment rates.

It was also emphasized that the next farm bill needs to contain a strong research component.

Mr. Clark encouraged those present to give thought to any areas of the farm bill that needs discussion and bring those ideas to the next discussion. The next discussion will be a conference call on Wednesday, December 21. Details will be announced once a call-in number and access code are established. The meeting was adjourned.

Recorded by: Joe Cain
Kentucky Farm Bureau