Statement by Evan Hayes, President
Committee on Agriculture, Nutrition and Forestry
United States Senate

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Mr. Chairman and Members of Committee, thank you for this opportunity to testify before you today regarding policies we believe Congress should consider when writing the next farm bill. I am President of the National Barley Growers Association (NBGA). I raise barley and wheat at about 6,000 elevation near Soda Springs, Idaho.

Mr. Chairman, as always, U.S. agriculture's biggest challenge is the increasing cost of production, fueled by rising energy prices. While many farmers have had record breaking gross incomes this year, I can assure you that we also had a record breaking year on the expense side. And while commodity prices are currently high, we must not loose sight of the fact that production agriculture has always had the ability to overproduce and cause prices to collapse. That is why U.S. farmers continue to need a farm bill with an adequate safety net, even during these times of high commodity prices.

NBGA supports the structure of the current farm bill, but has serious concerns regarding the equity of program crop support levels, and in particular, the level of barley support relative to other program crops. NBGA believes that the U.S. barley industry has lost significant competitiveness in its traditional Northern Tier growing region due, in part, to distortions in federal farm program supports. Acreage trends certainly underscore our concerns. The National Agricultural Statistics Service's June 30, 2006 Acreage Report repeatedly used the terms "lowest level," "new low," and "record lows" when reporting barley seeded acreage last year:

"Growers (barley) seeded 3.5 million acres for 2006, down 10 percent from the 3.88 million acres seeded a year ago, and the lowest since barley planted acreage estimates began in 1926. Acres for harvest, at 2.99 million... the lowest since records began in 1926. North Dakota growers planted 1.05 million acres, a new low since records began in 1926... In Montana, planted area is down 100,000 acres from last year to the lowest level since 1953, while Idaho's 560,000 planted acres is the lowest since 1967. California, Colorado, Minnesota, and South Dakota... set new record lows for planted acreage, with records going back to the 1920s."

Source: NASS Source: NASS

I want to thank the Senate Agriculture Committee, and Senators Crapo and Conrad in particular, who sought on NBGA's behalf last year a FAPRI analysis on the affect the U.S. Farm Bill is having on barley acres and to identify changes that could be made in future policy that would treat barley more equitable relative to other program crops. According to FAPRI's findings, marketing loan benefits under the 2002 Farm Bill have clearly favored corn and soybeans over barley and wheat. In the Northern Plains, the average annual marketing loan benefit between 2000 and 2005 was $4 per acre for wheat, $8 for barley, $12 for soybeans and $21 for corn. At the national level, the combination of marketing loan benefits and market returns can help explain the increase in national soybean and corn acreage since the early 1990s and the decline in small grain production. The report can be found at http://www.fapri.missouri.edu/outreach/publications/2006/FAPRI_UMC_Report_15_06.pdf.

To mitigate the inequities of the current farm bill, NBGA supports a 2007 Farm Bill proposal that would set barley and other crop loan rates and target prices at a percentage of a crop's 2000-2004 Olympic Average of Prices. It is significant to note in the table below that barley's loan level at 75 percent is the lowest of any crop; and its target price at 91percent is also among the lowest. Likewise, barley's current direct payment level at 10 percent is also in the lower range of all the program crops.

Commodity	2000-2004 Olympic Avg. Price	Loan Rate Current 2004-07	Loan Rate as a % of Oly. Avg.	Loan Rate Proposed 2008	Target Price Current 2004-07	Target Price as a % of Oly. Avg.	Target Price Proposed 2008	Direct Payment Current 2004-07	Direct Payment Proposed 2008
Barley (bu.)	$2.47*	$1.85	75%	$2.35*	$2.24	91%	$3.21*	$0.24	$0.42
Wheat (bu.)	$3.19	$2.75	86%	$3.03	$3.92	123%	$4.15	$0.52	$0.52
Corn (bu.)	$2.12	$1.95	92%	$2.01	$2.63	124%	$2.75	$0.28	$0.28
Soybeans (bu.)	$5.27	$5.00	95%	$5.01	$5.80	110%	$6.85	$0.44	$0.44
Cotton (lb.)	$0.468	$0.520	111%	$0.520	$0.724	155%	$0.724	$0.067	$0.067
Rice (cwt.)	$5.81	$6.50	112%	$6.50	$10.50	181%	$10.50	$2.35	$2.35
Grain Sorghum (bu.)	$2.05	$1.95	95%	$1.95	$2.57	125%	$2.66	$0.35	$0.35

* Barley's 2000-2004 Olympic Average of Prices is determined using "all barley" prices. The Posted County Price will continue to be determined using only "feed barley" prices; Counter-Cyclical payment calculations will be revised to using "all barley" prices.

NBGA believes the following changes to current law would provide much greater equity between program crops in the 2007 Farm Bill. Specifically, the proposal we support would adjust all loan rates to 95 percent of each crop's 2000-2004 Olympic Average of Prices, which would equal $2.35/bu for barley. Likewise, all target prices would be adjusted to130 percent of each crop's 2000-2004 Olympic Average of Prices, which would equal $3.21/bu per bushel. However, crops currently at or above the 95 and 130 percent support levels in this proposal would be left at current levels.

NBGA also supports increasing the barley direct payment to no less than $.42; which would be equal to 17 percent of the 2000-2004 Olympic Average of Prices.

NBGA also supports the current level of payment limits and structure, including the continuation of the three entity rule.

NBGA supports the creation of a permanent disaster program, but does not support funding such a program from within the commodity title.

NBGA understands the budgetary constraints facing the Committee as it begins to draft the

2007 Farm Bill, but urges the Committee to seriously consider these proposals designed to insert equity into program crop support levels. I want to again thank the Committee for this opportunity to testify about NBGA priorities for the 2007 Farm Bill. If you have any questions, I will be happy to address them.

Evan Hayes, President