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RE: U.S. Senator Kent Conrad Senate Agriculture Committee: 2012 Farm Bill Hearing  
Mohall, ND

FROM: Jeff Oberholtzer, Member: National Sunflower Association Board of Directors

The National Sunflower Association (NSA) is a combined grower and industry commodity group representing members throughout the growing region from the Canadian border to southern Texas. At this point the NSA has not formulated specific recommendations for the next farm bill. However, we have agreed to general principles.

First of all, the board, which consists of growers from five different states and five industry representatives from the processing and seed company side, agree that the present farm bill is working and providing a safety net for sunflower producers and the crops that follow in rotation. Obviously it is much easier to come to a general agreement in this environment when commodity prices are well above established loan rates and target prices. The following are some specific points I would like to address that the board of directors has agreed to:

1. **Crop Insurance:** This is the number one tool for sunflower farmers to protect farm income. Further strengthening of crop insurance programs will be supported by the NSA. We have worked hard to make crop insurance relevant to our producers. We have found RMA officials receptive and very willing to work with us. The following are key provisions that have made the program more workable:
  - a. Separate insurance programs for oil and confection types
  - b. RMA maintained Revenue Assurance for sunflower after initially recommending its elimination
  - c. RMA increased the revenue value of oil type sunflower after acreage was shifted to the higher value NuSun type
  - d. RMA will include sunflower as an eligible crop in the new combined 'Combo Policy'.
  - e. The NSA would like to see the RMA move faster in adding eligible counties in new production areas like southern Texas and areas in the southeast US.
2. **Direct Payments:** There is general agreement within the board that direct payments should be reinvented if this program is a lightning rod for farm program opponents. Obviously no one wants to give up an income stream like direct payments. However, if

direct payments are viewed negatively by the public then adjustments should be made. We would support redirecting at least a portion of these payments to further strengthen crop insurance programs or possibly SURE and ACRE programs.

3. **Counter Cyclical:** The structure of this program for minor oilseeds largely eliminates an income support for sunflower. This program has safety net potential but would need to be redefined. At this point we are not sure if this will be necessary.
4. **ACRE:** Overall this program has good merits and potential. However, it needs ‘tinkering’ to make it more appealing to producers. Participation in this program has been disappointing. In some cases local FSA offices may have dissuaded farmers from signing up. Suggestions for improvement include:
  - a. Breaking down state boundaries in cases where state geographies are highly diverse
    - i. Northern and southern Minnesota is one example
    - ii. Crop reporting districts might be a more realistic demarcation
  - b. Reduce the administration oversight if possible
    - i. Producers reported that the ‘paper work’ requirement was so great they opted out
  - c. Adjust T-Yields to recognize rotations where a crop like sunflower is grown every 4<sup>th</sup> or 5<sup>th</sup> year.
  - d. Insure that all county FSA offices present an ‘unbiased’ view of the program.
5. **SURE and Disaster Programs:** We have not had much experience with the SURE program but give Congress high marks for putting a permanent disaster program in place. We assume amendments can be made to this program to make it a better overall program. We believe the recent White House commitment of funds to cover a portion of 2008 losses incurred by some producers is bad precedent and could easily jeopardize meaningful and needed programs in the future.
6. **Market Loans:** This program has proven itself as a key provision in providing a safety net. However, the established loan levels are too low. We understand budget implications and WTO compliance issues. Although we have not discussed this in detail, our organization may well support a higher loan rate in exchange for a reduced direct payment.
7. **Summary:** Overall the existing farm program is working well. We are sensitive to the recent \$3.9 billion that was taken from the baseline and hope that further reductions will not be necessary. It is important that all commodities be treated equally to eliminate non-market planting signals. As a young farmer I am sensitive to what my urban friends think of farm program budgets. The future looks very bright for production agriculture with record crops combined with record demand and attractive prices. But I am fully aware production and market disasters do occur and for that reason an efficient federal safety net and insurance program is required to keep me producing for an ever increasing hungry world.

