

**Testimony**  
**of**  
**Gary Duffy**  
**President**  
**South Dakota Corn Growers Association**  
**Before the**  
**U.S. House Agriculture Subcommittee**  
**on**  
**General Farm Commodities and Risk Management**

**May 18, 2010**

Chairman Pederson, Congresswoman Herseth Sandlin, I thank you for this opportunity to share with you observations and views regarding implementation of the Food, Conservation, and Energy Act of 2008.

My name is Gary Duffy, currently serving as President of the South Dakota Corn Growers Association (SDCGA). I am from Oldham, South Dakota where I farm, raising corn, soybeans and a cow calf herd.

The South Dakota Corn Growers Association is a grassroots organization representing thousands of corn producers from across South Dakota. First, I want to state that the SDCGA is very much appreciative of the committee holding this field hearing in South Dakota. I am also thankful for the leadership of Chairman Pederson and Congresswoman Herseth Sandlin passage of the 2008 Farmbill with the inclusion of the Average Counter Revenue Program. The SDCGA also recognizes the ongoing work by you and your staff in preparing for the 2012 Farmbill. Today I would like to touch upon Crop Insurance, the ACRE program, the Conservative Security Program, biotechnology and ethanol.

Before I talk about the 2008 Farmbill and the vision for the 2012 Farmbill, I want to discuss the Federal Crop Insurance Program. Chairman Pederson and Congresswoman Herseth Sandlin, Federal Crop Insurance is the greatest risk management tool producers have. No one knows what Mother Nature is going to do and the risk she brings to our industry. It is efficient, effective and a program that works for all crops. Crop insurance is the most important program for all producers. I thank you all for your support of this critical program.

One of the signature reforms in the 2008 farm bill advocated by SDCGA was the adoption of a revenue based risk management program that adjusts with annual changes in market prices and crop yields. This new option in the farm safety net, the Average Crop Revenue Election (ACRE), represents a fundamental change in how U.S. commodity programs by reducing market distortions in planting decisions, cutting direct payments and lowering loan deficiency payments. In contrast to current programs that are linked to set target prices and loan rates, producers now have an opportunity to access a new risk management program that will vary with actual rolling market season average prices and state crop yields. Equally important, ACRE is designed to deliver assistance when a real loss in crop specific revenue is sustained on the farm. It is our view that ACRE, if properly implemented, can provide far more effective protection against volatile markets and production shortfalls not adequately addressed by either federal crop insurance or the new disaster assistance program.

Because of ACRE's relative complexity to other programs and the inherent difficulty of introducing a significant reform along with other changes to the farm bill, SDCGA acknowledges that this new option presents some real challenges for producers to enroll in. One of the challenges presented is the landlord has to agree to it and enroll in the program for five years.

As an alternative to continuing with the Counter Cyclical Program, participation in ACRE does not come without trade-offs, including a 20 percent reduction in direct payments and a 30 percent reduction in the marketing loan rate.

The Conservation Security Program (CSP) is a program is a step in the right direction. South Dakota had the fifth highest enrollment in the program. South Dakota producers are very progressive stewards of the land and this program has rewarded them for their efforts.

Looking ahead to the next farm bill, we believe the CSP program allows producers to actively pursue rewards for adapting to even more conservation practices but we should allow the 'experts in the field' to have input into the enhancements that are scientifically-proven and could logically be implemented at the farm level. The enhancement options available to farmers through the CSP program are diverse and include both small and extensive actions. However, these actions/enhancements are legislated down from the national NRCS, and input at the local level is no longer available, nor tailored to a state's unique characteristics. We ask you consider this change in the 2012 Farmbill.

## BIOTECHNOLOGY

Biotechnology holds great promise for farmers and consumers around the globe. Biotechnology has not only assisted today's producers in meeting increased demand for a safe and abundant grain supply, it has also benefited rural economies and the environment. Farmers understand the advantages the technology offers. Nowhere is that more apparent than in South Dakota where our farmers have the highest usage of biotechnology traits in the nation. Ninety-six percent of the crops planted in South Dakota use an enhanced trait.

According to the Food and Agriculture Organization, by 2050 the world will need *70 percent more food* (compared to what we produce today) in order to feed an expected population of 9.1 billion. Producing 70 percent more food will inevitably require more advances in biotechnology, along with wider use of existing GM foods. American producers stand ready to meet this challenge.

Further advancements in biotechnology are necessary to ensure the world can continue to rely on U.S. growers to provide high quality food, feed, fiber and fuel.

Yet, as is often the case with emerging technologies, some consumers do not fully understand the potential of biotechnology.

We must be committed to cultivating an environment and resources for biotechnology to expand and thrive. Please make certain that the Federal Government has the resources and tools to get technology to market in a scientific and effective manner.

Finally, I would like to touch upon the largest market for South Dakota corn, that being ethanol. The extension of the Volumetric Ethanol Excise Tax Credit will keep a market for over 330 million bushels of corn in South Dakota and provide over 100,000 jobs in the United States. Along with renewing VTEEC overcoming the blend wall is critically needed to create new markets and providing jobs across Rural America. This will open up new markets and serve as a bridge to second and third generation plants. The President has acknowledged his importance of this industry and I hope Congress does the same as you consider the next farmbill.

Mr. Chairman, I want to thank you again for this opportunity to appear before your subcommittee and discuss SDCGA's concerns regarding the implementation progress of two very important farm programs. We appreciate your consideration and look forward to working with you and your colleagues in the weeks and months ahead to help resolve these issues.