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Idaho Barley NewsBrief

Inside this Edition:

NBGA pursues national barley priorities

The National Barley Growers Association board will meet in mid June in Colorado to evaluate progress on barley policy priorities and visit malt industry facilities in Golden (MillerCoors malt plant and brewery) and Fort Collins (Anheuser Busch brewery and global barley plant breeding). In February the board set the following federal policy priorities for 2016:

Dale Thorenson, former-barley grower from North Dakota now lobbies for NBGA as part of Gordley & Associates,

- **Passage of the Craft Beverage & Modernization Tax Reform Act -** lowers federal excise taxes for beer manufacturers to help spur investment in this industry. The bill cuts the tax from $7/barrel to $3.50 on the first 60,000 bbls for domestic brewers who produce fewer than 2 million bbls annually and cuts the tax from $18 to $16 on the first 6 million bbls for all other brewers and beer importers. **This is a major priority for NBGA and its industry partners.**
- Congressional approval of the **Trans Pacific Partnership trade pact** completed last year. TPP levels the playing field for U.S. ag exports and creates new opportunities for U.S. grain products in growth markets throughout Asia. About 20% of U.S. farm income is derived from exports. This pact is estimated to boost annual net farm income by $4.4 billion annually. Due to anti-trade sentiment in the current presidential political debate, action is not expected until a possible lame duck session after the election.
- **Fend off additional cuts to crop insurance and other federal farm support programs** as part of the congressional budget reconciliation process. As passed, the 2014 farm bill is estimated to contribute $16 billion to deficit reduction over the 10 years.
- Passage of a bill to create a **national uniform solution to biotech labeling on food products.** The Senate Ag Committee is working on compromise legislation right now to head off implementation on July 1 of the first state mandated labeling law in Vermont.

Idaho barley check-off dollars at work… **Idaho will host craft brewers from Mexico in June -**

IBC and Great Western Malting Co. will host a team of craft brewers from Mexico as part of our Craft Brewer Idaho Barley Short Course set for June 20-21 in the Pocatello, Burley and Twin Falls areas. We will focus on winter malting barley production in south-central Idaho and discuss Idaho's numerous advantages in producing malt for the fast growing craft brewing industries in the U.S. and Mexico. The Mexican team will be sponsored by the U.S. Grains Council, which promotes barley exports.

Barley Agronomist Corner

Dr. Christopher W. Rogers, University of Idaho Barley Research Agronomist, Aberdeen Research & Extension Center

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Last year we saw plantings occurring very early in many areas due to spring weather conditions. However, in 2016 the spring weather came in like a lion this year with temperatures rapidly rising accompanied by good rainfall in many areas. These spring rains helped provide adequate soil moisture for germination and early plant growth until irrigation can be provided. Spring rains also hinder our ability to get in the field, and thus, planting has been delayed in some areas. While the water provides good soil moisture for seed germination it can also create an environment conducive to fertilizer nitrogen losses and early-season diseases. **Getting off on the right foot early in the season is key to maximizing returns.** Thus, using best management practices for fertilizer placement, fungicidal seed treatments, and management practices for pests is key. Recently, University of Idaho scientists released three new extension publications that provide key information as you make decisions this spring. These include, “Southern Idaho Spring Barley Quick Facts, “Barley Yellow Dwarf Virus in Idaho Cereal Crops”, and “Wireworms in Idaho Cereals: Monitoring and Identification.” You may be familiar with these issues from your own farms or as many of these topics were discussed at the Idaho Winter Cereal Schools.

We encourage you to take the time to look at these publications and discuss your on-farm practices with your consultants and extension professionals in your area to ensure best management practices are being implemented on your farm to maximize returns.

“Southern Idaho Spring Barley Quick Facts”:

https://www.cals.uidaho.edu/edcomm/pdf/CIS/CIS1217.pdf

“Barley Yellow Dwarf Virus in Idaho Cereal Crops”:

https://www.cals.uidaho.edu/edcomm/pdf/CIS/CIS1210.pdf

“Wireworms in Idaho Cereals: Monitoring and Identification”:

https://www.cals.uidaho.edu/edcomm/pdf/BUL/BUL0898.pdf

We look forward to hearing from you, as the feedback and contributions from all growers, county extension personnel, consultants, and barley industry stakeholders are crucial for creating a productive research and extension program to address the current needs of Idaho growers.

NO RESEARCH
NO BARLEY
NO BEER

New wave of Idaho grain leaders are emerging

One of the top IGPA priorities is to build leadership capacity while strengthening local membership to ensure that Idaho's premier grain organization remains on the forefront of important state and federal policy debates. Many of these emerging leaders are stepping into county president and state director positions.

In this issue we profile three of these leaders who represent south-central and eastern Idaho where more than 90 percent of Idaho barley is grown.

Justin Place (left) and Jonathan Rosenau (Idaho County leader) joined grain leaders in Washington, D.C. this winter.

Justin Place, a second generation malting barley and alfalfa producer from Hamer, is eager to help build a **Jefferson County** grain organization from the ground up, but admits that his involvement in IGPA came about almost accidently. Justin said his dad, Gene, encouraged him to attend his first tri-state grain producer convention in 2013 because they thought the top-notch speakers and topics would help them sharpen their marketing skills. Little did Justin know that this initiative would open doors and ultimately secure him a seat on the IGPA full board, helping shape IGPA policy.

Justin had the opportunity to participate in an IGPA mentorship program this winter that allowed him to join Idaho grain leaders at national barley and wheat board meetings in Washington, D.C. This was Justin's first visit to the national's capital and it proved to be both eye-opening and rewarding. "I was surprised by some aspects of the inner workings of our political system, particularly by the fast pace of daily business on the Hill and yet how slow the process is to pass legislation. The national barley board meeting was very informative and proved to be an excellent network of people all pulling together to make barley a more successful and profitable crop in this country." Justin says his recent leadership efforts are only possible because of the support he receives from his wife Tara and his sons who are willing to pick up the slack while he is away from the farm on IGPA business.

Lucas Spratling and Kyle Wangemann (second and third from left) participate in LIA trip to Washington D.C. this spring.

Lucas Spratling, a young barley and wheat producer from Raft River became **Cassia County State Director** on the IGPA board in 2013 and participated in IGPA mentorship program in Washington, D.C. in 2014. Lucas said his "first hand introduction showed him how important it was to get involved in the policy making process" and sparked a strong desire in him to continue advocating for Idaho grain producer interests. "Washington, D.C. is where it all happens, albeit slowly, and farmers can make a difference if they get involved," said Spratling. "This experience really wetted my desire to strengthen my own leadership skills and led me to join the Class 36 Leadership Idaho Agriculture (LIA) program this past year." In addition, Spratling was selected in 2014 to participate in WILOT, a national wheat leadership program held annually in St. Louis and funded by the Monsanto Company.

Spratling expressed appreciation to the IGPA and Idaho Wheat Commission for helping fund his participation in the LIA Class. He said his experiences with IGPA and LIA have sharpened his commitment to do more to advocate for Idaho agriculture. This passion prompted Spratling to join LIA in their annual Washington, DC experience this spring. “We can’t afford to sit on the sidelines as important issues are debated that will affect our livelihoods, such as GMO labeling and sage grouse protections, to name just a few of the many challenges that we face.” Other issues on Spratling’s radar include improvements to federal crop insurance, groundwater recharge in the Raft River region and the Gateway West power transmission siting project. Lucas says it would not be possible to be involved in IGPA without the support of his wife Laurie, who joined the LIA group in Washington, D.C., and his parents John and Cathy who he farms with in Cassia County.

Kyle Wangemann was elected president of the Caribou County grain producers organization last year. Kyle says he was drawn to this county IGPA leadership opportunity because he feels strongly that everyone has an obligation to give back to their industry and community, ”you get and you give which is how we make progress in this country” and he credits the support he receives from his wife Emily and family farming operation to step into this leadership position. Kyle made a big transition six years ago when he sold his small business in Utah and joined the family farming operation in the Soda Springs area. “I feel like I am in the right place doing the right things and I want to help make a difference in growing the grain industry in Idaho,” says Wangemann. Like Lucas Spratling, Kyle felt he could benefit from training to help him become a more effective county grain leader and joined the LIA Class 36 leadership program last fall. “LIA helped refine my skills and helped reaffirm my personal commitment to serving the Idaho grain industry.”

Kyle seized the opportunity to travel to Washington, D.C. for the first time as part of the annual LIA Washington D.C. experience this spring and reports it was “awesome to see the political process up close and restored my confidence that our government really does work despite some of the negative rhetoric.” He emphasized that it is vital for the Idaho grain voice to be heard as Congress deliberates on big issues like the farm safety net, trade and taxes that affect Idaho’s family farmers. His recent experiences have sparked a personal interest in possibly running for public office sometime in the future, but for now, Wangemann wants to focus on evaluating how well the current federal farm safety net serves Idaho grain producers. “It might be hard to imagine that we already need to start thinking about the 2018 farm bill, but debates have already begun and we need to be prepared to represent Idaho grain interests,” he said.

Assessing the 2014 Farm Bill and looking down to road to the 2018 Farm Bill

contributed by John Gordley, Gordley & Associates, WDC

As Congress begins to consider writing a new farm bill in 2018, it’s time to review how the Agricultural Act of 2014 (AA-2014) is performing, what problems have arisen, and how these concerns might be addressed before and during the upcoming debate. It’s also time to consider the need for production agriculture to work cooperatively with former partners in the conservation and nutrition communities to avoid another protracted struggle which could imperil getting a bill done at all.

As background, let’s begin with the yardstick that is used to measure the cost of current programs and to set the spending parameters for 2018 – the budget estimates prepared by the Congressional Budget Office. In March 2014, just after enactment of AA-2014, CBO estimated its cost at $956 billion over ten years (2014-2023). As indicated in the third column in the table (next page), this amount included $756.4 billion for nutrition programs, primarily SNAP, $42.6 billion for Title 1 farm support programs, $89.8 billion for crop insurance (including $3.3 billion for the cotton STAX program), and $57.6 billion for conservation programs. The other nine titles of the farm bill, spanning programs from rural development and research to trade and forestry, were estimated to cost less than $10 billion over the entire ten-year period.

The estimate also reflected savings of $16.5 billion from the CBO baseline in May 2013, which was the reference point from which changes in costs were measured (see second column). These savings were achieved by cutting $14.3 billion from Title 1, $8 billion from nutrition, and $3.9 billion from conservation, while adding $5.7 billion to crop insurance and $4 billion to the other titles (horticulture, research, rural development, etc.).

Two years later, CBO's March 2016 estimates indicate that overall spending under AA-2014 is expected to be $14.7 billion less, largely due to the reduced cost of SNAP as the national economy has improved (see fifth column). Nutrition spending is now down $35.5 billion, Title 1 is up $22.2 billion, and conservation is up slightly, by $175 million. Crop insurance is down $1.5 billion, with a $1.8 billion increase in the basic program more than offset by a $3.1 billion reduction in the cost of cotton STAX.

Titles	May 2013 CBO 2014-2023	AA-14 Change to May 2013	Total Cost AA-14	March 2016 CBO 2017-2026	Change Mar 2016 vs AA-14 Cost	Change Mar 2016 vs May 2013
Title I - Commodities	56,910	(14,307)	42,603	64,813	22,210	7,903
Title II - Conservation	61,567	(3,967)	57,600	57,775	175	(3,792)
Title IV - Nutrition	764,431	(8,000)	756,431	720,899	(35,532)	(43,532)
Title XI - Crop Insurance	84,107	5,722	89,829	88,298	(1,531)	4,191
Other Titles*	5,489	4,048	9,537	9,537	-	4,048
Total Farm Bill Baseline	972,504	(16,504)	956,000	941,322	(14,678)	(31,182)
Crop Ins. Breakdown						
Cotton - STAX	-	3,288	3,288	178	(3,110)	
Crop Insurance	84,107	2,434	86,541	88,298	1,757	

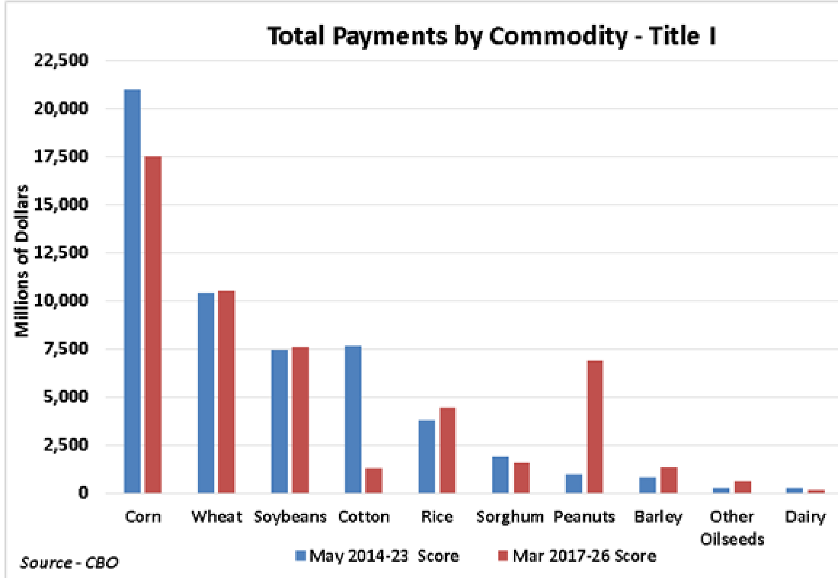
** Other Titles are plug numbers (except the change by AA-14)*

Even if these savings are realized, no one expects them to be available to spend on the next farm bill. The spending baseline will be whatever the CBO estimates are in March 2018. And no one expects Congress to increase funding for the 2018 farm bill. Instead, there will be renewed efforts to reduce program costs, primarily in SNAP, Title 1, and crop insurance. In addition, horticultural crops and other sectors may press to increase their slice of what may well be a smaller pie.

With Congress looking to reduce overall spending on farm programs, opponents pushing for their elimination or wholesale reform, and competition for funding within the legislation itself, there's plenty of concern about whether we will be able to find our way through to a new bill. The best case scenario may be that production agriculture will be fortunate to defend, extend and, where necessary, amend AA-2014 for another five years.

Which brings us to the question of how AA-2014 is performing. In the case of farm support programs, the answer, not surprisingly, is that it depends on who you ask. The Act offered producers of Title 1 commodities a choice between shallow-loss revenue protection under the Agricultural Risk Coverage (ARC) program and price protection under the Price Loss Coverage (PLC) program. Over 90 percent of corn and soybean farmers and two-thirds of wheat producers chose the county ARC (ARC-CO) program, while nearly all rice, peanut and canola producers opted for PLC.

The chart to the right compares CBO's ten-year cost estimates for Title 1 commodities in the May 2013 baseline with its latest estimates in March 2016. Corn and sorghum show declines, wheat, soybeans and dairy are little changed, rice, barley and minor oilseeds are up somewhat, cotton is down significantly, and peanuts are up substantially.



Both the ARC and the PLC programs retained the structure of "decoupling," under which producers are paid on their crop acreage bases rather than on current-year production when revenue or prices for a crop fall below recent average revenue or a fixed reference price. Decoupling prevents distortions in crop production by encouraging farmers to respond to market prices rather than to the potential for government payments. If Title 1 is reauthorized in the 2018 farm bill, it is essential that decoupling be included for commodity programs.

One problem that needs to be addressed is the difference in payments received by farmers in adjacent counties under the county ARC (ARC-CO) program. AA-2014 did not specify how county payment yields should be established, and USDA decided to use published NASS yields, when available. However, NASS only publishes yields when at least 30 producers in a county respond to its annual survey. For counties without a NASS yield, USDA chose to use RMA yields, which are frequently higher than NASS yields. As a result, ARC-CO payments for 2014 crops were substantially lower in some counties than they were in adjacent counties, a situation expected to be repeated for 2015. Farm organizations have met with FSA officials in an effort to resolve which data to use going forward, and how to make it consistent. While a solution has yet to be found, we want to take this problem off the table before it becomes an issue in the 2018 farm bill debate.

Another major priority for farm organizations is how to prevent the crop insurance program from being cut or means-tested, either before or during the next farm bill process. Opponents have pointed to its rising cost as farm prices have fallen since 2013, arguing that crop insurance has become more of an income support program than a true insurance product. The Administration and Congressional leaders tried to cut $3 billion in payments to insurance companies in last fall's budget agreement, an effort that was reversed in subsequent legislation after staunch opposition. Still, the President's FY-2017 Budget went on to include $18 billion in cuts over ten years. And while crop insurance is separately authorized, further efforts will be made to reduce its cost during the farm bill debate.

The path to the next farm bill will be more difficult due to the state of the U.S. agricultural economy. Farm prices and income are down 40 percent from 2013, and land rents haven't adjusted to the reduction in per-acre revenue. Lenders are more reluctant to extend operating loans, and farm input costs remain high relative to commodity prices. In this environment, finding the "sweet spot" where everyone is satisfied with their level of support going forward will be a major challenge.

All of this is not to say that it will be impossible to find our way through the thicket of problems that lie ahead in order to pass a new farm bill in 2018. What it does say is that production agriculture must be much better prepared to solve these thorny issues than we were during the three-year process it took to achieve the current farm bill.