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Congress of the United States
House of Representatives

COMMITTEE ON AGRICULTURE
SUBCOMMITTEES:
CONSERVATION, ENERGY, AND FORESTRY
LIVESTOCK, DAIRY, AND POULTRY
COMMITTEE ON THE BUDGET
COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE
SUBCOMMITTEES:
AVIATION
RAILROADS, PIPELINES AND
HAZARDOUS MATERIALS
WATER RESOURCES AND ENVIRONMENT

October 26, 2011

The Honorable Frank D. Lucas
Chairman
House Agriculture Committee
1301 Longworth House Office Building
Washington, D.C. 20515

The Honorable Collin C. Peterson
Ranking Member
House Agriculture Committee
1305 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Lucas and Ranking Member Peterson:

As you work with your Senate counterparts to submit a broad legislative proposal to the Joint Select Committee on Deficit Reduction, I write as a member of the House Agriculture Committee to give voice to the major priorities of Wisconsin farmers, forest owners, and other agricultural stakeholders. During my tenure in Congress, I have spoken with many producers about the upcoming Farm Bill and I am hopeful that you will give consideration to their views.

I applaud your stated goal of finding \$23 billion in net deficit reduction within our Committee's jurisdiction. I firmly believe that we must reduce spending in all areas to put our nation on sound fiscal footing. Therefore, I will adhere to the principle of shared sacrifice in this letter, and I trust that the following recommendations will be helpful as you work to prepare legislation by November 1.

DAIRY

Wisconsin has been known as America's Dairyland for decades. The industry generates \$26 billion in economic activity annually; my state ranks second in the nation in milk production, first in cheese production, and first in the number of dairy farms. As such, my constituents, including dairy farmers, cooperatives, and manufacturers, have a significant stake in the outcome of any dairy policy changes.

Like many other farmers across the country, Wisconsin dairy producers endured significant losses of equity in 2009 amidst the global economic downturn. Feed costs rose and world demand plummeted. While several U.S. Department of Agriculture programs were activated in an attempt to mitigate the impact of the crisis, they did not adequately serve today's market-oriented industry.

Multiple dairy reform proposals have been put forth to reflect our industry's active participation in a dynamic global economy. At this point, Wisconsin stakeholders have reached consensus on some proposals, but not all. Therefore, I offer the following recommendations on dairy reform, which I believe represent the consensus views of Wisconsin's dairy industry:

- 1) I support eliminating current dairy support programs, including the Dairy Product Price Support Program (DPPSP), the Milk Income Loss Contract (MILC) program, and the Dairy

Export Incentive Program (DEIP). Collectively, these programs do not meet the needs of today's dynamic global market, and they often work at cross-purposes with one another. Moreover, I am encouraged that repealing these programs will save over \$650 million over the next ten years, according to Congressional Budget Office (CBO) estimates.

- 2) In lieu of current programs, I support the creation of a margin insurance program to allow dairy farmers to receive catastrophic coverage when they face uncompetitive gross margins. Key stakeholders in my state, including the Wisconsin Farm Bureau Federation, the Wisconsin Dairy Business Association, and the Midwest Dairy Coalition, believe that margin insurance represents the best course for our dairy industry moving forward. Wisconsin farmers do not agree on everything, but they all agree that we can and should move away from traditional price supports in favor of a risk management-oriented program that provides a credible safety net for our producers.
- 3) In that context, I am supportive of proposals to include a supplemental margin insurance program to allow farmers to buy up to higher levels of coverage if they wish to do so. As part of this plan, I support efforts to allow all producers, regardless of herd size, to pay lower premiums per hundredweight for their first four million pounds of milk. If related "scoring" issues can be resolved with the CBO, I believe that this proposal could help thousands of dairy farmers in my District to secure effective coverage on much of the milk produced in the state.
- 4) I strongly believe that the Federal Milk Marketing Order (FMMO) System should not be modified during this process. Wisconsin producers and handlers are greatly concerned about further enhancements to Class I milk prices, given that most of the milk produced in the Upper Midwest is used for manufactured (Class III) products. Therefore, I strongly urge you to maintain the FMMO System in its current form.
- 5) Lastly, I also support efforts to strengthen the Livestock Gross Margin for Dairy insurance program, which provides useful coverage for many Wisconsin dairymen. As we look to reform our safety net, I believe that we should consider a wide range of risk management tools.

Wisconsin's dairy industry has not yet reached consensus on other proposals that have been put forth. Therefore, I request that only the above proposals be included in forthcoming legislation. In the coming weeks and months, I will work with Wisconsin's stakeholders as their voice on the Agriculture Committee to bridge the differences over other policy options before further legislative action.

In closing, I also urge you to give careful consideration to the effects of any proposals on all stakeholders, including dairy manufacturers, who are heavily impacted by any changes in dairy policy. Like producers, dairy foods companies are significant economic drivers in my Congressional District, more so than anywhere else in the U.S., and they provide consumers across the country with abundant, nutritious dairy products. Therefore, I believe that dairy policy considerations must strike the right balance that provides a competitive safety net for producers without placing a significant burden on processors.

FORESTRY

Wisconsin is also known for its bountiful natural resources, including the 1.5 million acre Chequamegon-Nicolet National Forest in the Northwoods. Additionally, Wisconsin's timber industry is a significant engine of economic activity, providing raw material to forest products companies

throughout the 8th District. I recently joined several of my Upper Midwest colleagues in co-hosting a forestry policy conference in Wisconsin with key industry stakeholders, and I am happy to convey to you their priorities.

First and foremost, I support the inclusion of any language in your proposal that would expedite the timber harvesting process in our national forests. Earlier this year, I invited a representative from Wisconsin's own timber sector to testify before the Committee on the U.S. Forest Service's proposed forest management planning rule. Following this discussion, I became greatly concerned that the proposal fails to prioritize the mixed use of our vast resources. Therefore, I am exploring legislation to devolve aspects of forest management to the states if the Forest Service fails to complete timber sales in a manner that meets the needs of our local and regional economy.

To increase the effectiveness of key forestry provisions, I support efforts to consolidate related Farm Bill programs. The State Forest Action Plans completed last year provide the basis for allowing each State Forester to establish priorities based on his or her state's needs, thereby maximizing public benefits. I understand that the Forests in the Farm Bill Coalition supports streamlining various USDA program requirements for forest owners in order to maximize resources, and I would back this effort as well. I also support ensuring that forest owners and tree farmers, of which there are 352,000 in Wisconsin, have full access to these programs.

I believe that Forest Stewardship Contracting authority, which has promoted collaboration between public and private entities to ensure the health of our forests, and Forest Inventory Analysis, which provides much-needed data to the forest products industry, have served Wisconsin well. I am hopeful that both initiatives can be continued in upcoming Farm Bill legislation.

Finally, when it comes to forestry, healthy forests, both public and privately owned, need healthy markets. Unfortunately, USDA's Biobased Markets program discriminates against most forest products, effectively discouraging their use at a time when forest products markets are disappearing and owners, public and private, have few sources of revenue to keep their forests healthy. I am hopeful that the Farm Bill can fix this discrepancy.

COMMODITIES

This year, I have witnessed considerable debate among my colleagues regarding the future of our farm safety net. I have visited with multiple Wisconsin corn and soybean growers who have voiced their support for scaling back the direct payments program and moving towards a more risk management-based safety net.

I support efforts to move our farm policy in this direction. Most Wisconsin farmers agree that crop insurance works well for them and provides the coverage they need in the event of a natural disaster or a significant crop loss. I am hopeful that your forthcoming proposal will maintain a strong crop insurance program, a critical risk management tool for farmers in the Upper Midwest.

In this context, I also note with interest new proposals to create revenue-based programs designed to complement the crop insurance program. These programs would partially offset losses resulting from reduced yields or multi-year price declines that crop insurance does not cover.

Finally, I support applying planting flexibility provisions to our safety net. This year, I introduced the Farming Flexibility Act of 2011 (H.R. 2675) with many Agriculture Committee members from the

Midwest, where fruits and vegetables are often grown for processing. Our bill grants producers the flexibility to convert their farm program acres to fruits and vegetables for processing, which will reduce federal outlays according to CBO estimates. Many Wisconsin farmers support this common-sense proposal to reduce spending and grow our food and agricultural economy.

CONSERVATION

I support efforts to streamline and consolidate programs in the Farm Bill. I have discussed conservation issues with many farmers who believe that working land programs should be prioritized. Wisconsin landowners are critical partners in conservation for the state as well. Programs like the Wetlands Reserve Program provide valuable wildlife habitats and public access for Wisconsin sportsmen and women.

The Environmental Quality Incentives Program (EQIP) has helped many Wisconsin farmers, including dairy and livestock producers, forest owners, and organic farmers, to address soil, water, and conservation practices. Given our uncertain regulatory climate, its focus on assisting farmers with regulatory compliance is instrumental to the vitality of U.S. agriculture. I support the current requirement that 60 percent of funds be allocated to dairy and livestock operations, and I hope that EQIP can continue to meet the needs of organic farmers and growers of specialty crops like potatoes and cranberries. I support the continued eligibility of forestry lands under the program as well.

I also support amending the Conservation Reserve Program (CRP) to allow producers to remove non-environmentally sensitive land from the program with local approval, and I favor efforts to modify the eligibility criteria to prevent similar land from being enrolled in the program in the future. These changes could yield budget savings in the process, but by and large, the program provides Wisconsin farmers with important help as they work to restore grasslands and wetlands.

ORGANIC AGRICULTURE

Organic farming represents a growing segment of Wisconsin's agriculture industry, with nearly 100 organic operations in my Congressional District alone. I have spoken with Wisconsin organic producers about several programs that work particularly well for them. Therefore, I support continuing the work done in previous Farm Bills to bolster job growth in our organic sector.

The National Organic Certification Cost Share Program helps to partially defray farmers' certification costs to meet growing consumer demand for organic products, while the National Organic Program, the Organic Data Initiative, and the Organic Agriculture Research and Extension Initiative focus on program administration, data collection, and research intended to move the organic industry forward. I urge that these Farm Bill programs be maintained in upcoming legislation.

LIVESTOCK

Early in the year, I spoke with Wisconsin livestock producers about their concerns with USDA's proposed Grain Inspection, Packers and Stockyards Administration (GIPSA) rule pertaining to livestock marketing. As a result, I subsequently led many members of our Committee and others in the House in an effort to urge USDA to withdraw and repropose the GIPSA rule until the completion of their economic analysis. I share the concerns of my constituents about the impact of this rule on jobs in agriculture, so I am supportive of any language that would delay action on the rule until the completion of a comment period on the economic analysis.

TRADE

Recent action on free trade agreements with Panama, Colombia, and South Korea serves as a reminder that agriculture has much to gain from expanded market access. I was encouraged by the widespread support for these pacts, but I believe that we must continue our efforts to expand agriculture's place in the global economy. Therefore, I urge you to continue the Market Access Program, which has provided competitive technical assistance to Wisconsin dairymen and growers as they work to find new export opportunities, which result in increased returns to the government. The program is also critically important for Wisconsin's hardwood industry.

RESEARCH

I understand the importance of agricultural research to the future growth of the industry, and I have spoken with many Wisconsin producers and stakeholders who share this view. Therefore, I support the inclusion of competitive research grants and formula funding for land grant institutions in any legislative package submitted to the Joint Select Committee. Institutions like the University of Wisconsin-Extension and the University of Wisconsin-Madison's College of Agricultural and Life Sciences help to address critical food production and rural issues facing Wisconsin. Additionally, research initiatives authorized by USDA's Agricultural Research Service have been important to the ongoing advancement of Wisconsin's cranberry industry, the largest in the U.S., so I am hopeful that the next Farm Bill can continue this work.

REGULATORY MORATORIUM

I support a request made by many agricultural associations to include a two-year moratorium on non-essential, discretionary regulatory actions in any legislative package. I have introduced similarly intentioned legislation, including the Regulation Moratorium and Jobs Preservation Act of 2011 (H.R. 2898), which has garnered many Agriculture Committee cosponsors. Therefore, I am hopeful that your proposal will include provisions to roll back the regulatory burden facing American farmers.

In conclusion, I recognize the challenges ahead as you work to fashion a long-term proposal amidst today's difficult fiscal climate. I look forward to working with you to ensure that our farmers can continue to provide our country with the safest, most affordable food supply in the world, and I stand ready to answer any questions you may have about these recommendations.

Thank you again for your consideration of these comments.

Sincerely,


Reid J. Ribble
Member of Congress