



January 31, 2003

STATE GOVERNMENT AND FARMERS FACE CUTS

The numbers seem huge, beyond the capacity of most of us to comprehend. State government in Nebraska faces a \$673 million deficit over the next two years and that's not counting \$177 million in possible costs associated with the Boyd County Low Level Radioactive Waste lawsuit. Not only is State government faced with cutting the budget but farmers are too.

When the 2002 Farm Bill was passed, all you heard about in the eastern coast media was a huge increase, when in fact many farmers were facing cuts in farm price support. However, rice and cotton farmers saw increases in price support because of the political nature of the farm bill.

In a world economy, we must have some sort of farm price support system in the United States to allow our farmers to compete. The problem is, because there was no marketing assistance last fall (AMTA payment), a dryland farmer experiencing drought damage to crops last year took a big cut. In the 2002 Farm Bill, when prices are high, there is direct payment only or minimum payment. When prices are low, with adequate rainfall, there is maximum payment. A dryland farmer gets caught in this price support squeeze and crop insurance alone is not enough help in a severe drought year. Furthermore, the price support payments vary greatly by farm. Here is a result from the sampling of 15 Saline County irrigated farms. The best price support farm was being supported at the minimum direct pay level (high price year) at \$27.47 per acre. In a low price year (prices go down to loan rates), the maximum payment allowed was \$64.85 per acre. It depends on future prices but maybe price support will average \$40.27 per acre. This was a 59 acre irrigated field with a 59 acre corn base.

The worst farm for price support purposes of the 15 sampled farms was a \$15.75 minimum guaranteed direct pay, \$37.64 per acre maximum pay, and the farm might average \$26.96 per acre over these years. Why the big difference? This farm was not 100% corn base but it had corn, milo and wheat base (corn base usually pays the most) and the farm continues to be supported at the dryland payment rates instead of the irrigated payment rates. This is due to when the irrigation of the farm was started and what kind of crop bases were there before irrigation was developed on the farm.

Farm program support can vary between what option is chosen between now and April 1st.

There are five options and two yield updates but yield updates are only allowed under option 4.

If you cannot prove yields, option 4 rarely works and an important yield update opportunity is missed.

The State of Nebraska is facing a cut also. Final resolution of the budget dilemma won't occur until May. I met with Jeanne Combs last week in Lincoln and I felt as a freshman Senator she is off to an excellent start and appears to have a lot of energy and capacity to learn about issues. She wants your input on solving state government budget issues. Most Nebraskans know that our



constitution does not allow state government to operate in the red. Something will have to give. Now it will be up to the Legislature and our Senators to respond.

It is true that the Legislature approved appropriations hikes averaging 7 percent for the past two fiscal years. But the money appeared to be available, not only from expected revenue increases, but cash on hand. Not insignificantly, much of the increased spending was to go for school aid as the authority for school property tax levies dropped from \$1.10 to \$1.00 per \$100.00 of valuation.

Jeanne Combs wants your input as a new Senator for District 32. Her e-mail is: jcombs@unicam.state.ne.us Her website is at: www.unicam.state.ne.us/senators/district32.htm

The mailing address in Lincoln is: Room 1528, State Capitol, Lincoln, NE 68509, phone (402) 471-2711. Now is the time to express your opinions in District 32.

Concerning the 2002 Farm Bill, our office continues to help area citizens with information about what option works the best for their situation. Call the Extension Office at 821-2151 for an appointment.

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