

Mike John Letter to Washington on Drought Assistance an Urgent Priority

NCBA President Mike John sent the following statement to Congress. GCA continues to be very involved in this discussion. As he mentions in his comments the recent announcements by USDA of disaster funding doesn't adequately address the needs. Under that funding livestock grants would be available only to four Georgia counties, two of which are predominantly covered by a military base and an urban area. We will continue to work on this with NCBA and our delegation

Jim Collins, GCA Executive V.P.

Message to Washington: Drought Assistance an Urgent Priority

by Mike John, President
National Cattlemen's Beef Association

Cattlemen take great pride in their independent nature and the fact that our industry operates largely free of government subsidies and intervention. That's a philosophy that NCBA members embrace with honor, even under the most difficult circumstances. But when Mother Nature wreaks havoc on the pasture and range that are the very foundation of our industry, disaster assistance can help avert herd liquidations and get thousands of livestock producers through a crisis.

Of the many weather-related disasters that challenge cattlemen, drought may be the most frustrating - and least understood by those outside of agriculture. Drought doesn't often lead the evening news. It won't usually make for must-see TV footage or banner newspaper headlines. Instead, drought inflicts its pain on farmers and ranchers over an extended period of time. And while recent rainfall and cooler temperatures are a very welcome sight in many regions of the country, they don't mean the drought has ended - not by a long shot.

The cattle cycle, along with solid cattle prices, tells us that we should be in the midst of a strong herd expansion. But the drought has made herd growth sluggish at best nationwide, and absolutely unthinkable in some regions.

U.S. Agriculture Secretary Mike Johanns recently announced the new Livestock Assistance Grant Program, which will direct \$50 million to states in the form of block grants. States will distribute these grants to livestock producers in counties designated as D3 or D4 on the U.S. Drought Monitor during the past six months.

Money is hard to come by in Washington, D.C., these days and the block grant concept is an innovative approach. But unfortunately, it will not provide adequate relief to our nation's farmers and ranchers. More significant relief will come only on the heels of Congressional action. For that reason, producers must focus their sights on communicating the importance of drought and disaster assistance to their members of Congress.

Legislative steps have been taken toward providing disaster relief, including a \$4 billion amendment to the Senate version of the Ag Appropriations bill. Most recently, S. 3860 and S.3855 were introduced by Senators Conrad Burns (R-Mont.) and Kent Conrad (D-N.D.), respectively. Each of these options would aid livestock producers by providing funds to reinstate the Livestock Compensation Program and the Livestock Indemnity Program for producers that have lost livestock as a result of natural disasters. The fiscal climate is very different now than it was when drought relief was last secured, and it will take a concerted effort for this relief to survive the entire legislative budget process. If you haven't already contacted your representatives in Congress to tell them how important this funding is, please do so today. Sitting on the sidelines is not an option - your voice is needed if we are going to secure adequate disaster relief this year.

NCBA has been pressing for relief on other fronts as well. Due in part to aggressive NCBA lobbying efforts, legislation was passed in 2003 allowing livestock producers an extended period of time to replace animals they were forced to liquidate due to severe drought before incurring income tax liability for the animals sold.

But some producers have dealt with enduring drought throughout this decade, and a further extension of this provision was needed in order for them to rebuild their herds at an acceptable time - not when they

face severe shortages of hay and grazing ground for the cattle they have managed to keep. NCBA worked hand-in-hand with members of Congress to call for this alteration, and the Internal Revenue Service recently announced that farmers and ranchers affected by exceptional, extreme or severe drought conditions have been granted additional time to replace livestock they were forced to sell.

However, beef producers still attempting to maintain their herds have no insurance or federal program to rely on for assistance in these difficult circumstances. Crop insurance, complete with a significant federal subsidy, is available for many crops to insure against drought, fire, and other losses. But no such program exists for beef producers at large.

The Risk Management Agency recently announced two new pilot Group Risk Protection options for livestock producers to insure pasture, rangeland, and forage against losses due to drought. The announcement of these pilot programs is encouraging, and it is important that our industry continue to work toward the establishment of viable and effective insurance options for beef producers. But the fact remains that these programs will do nothing to help the producers currently suffering from the effects of drought.

When farmers and ranchers can stay afloat and maintain their foundation cow herd, they can continue to provide jobs, tax revenue and economic vitality for rural America. But without assistance, recovery can take many, many years for some operations. For others, recovery won't be possible at all. Cattlemen must work to convince Congress and the Bush Administration of the urgent need for timely and significant disaster assistance. I'm asking for your help today in voicing this message loud and clear to your Congressional representatives.

In closing, I want to raise another point once articulated by the late Hubert Humphrey, who said: "The impersonal hand of government can never replace the helping hand of a neighbor."

One of the most proud traditions within NCBA and the cattle industry is cattlemen helping cattlemen, neighbors helping neighbors. If you are fortunate enough to be in a position to donate hay, supplies, or financial assistance to your fellow cattlemen that have recently been hit hard by drought, wildfires and other weather-related disasters, please consider doing so. By pulling together, we can help keep our industry strong. You can learn more by calling NCBA at 303-694-0305, visiting www.beefusa.org <http://www.beefusa.org/> , or contacting your state cattlemen's association.

~ visit our web site at www.gabeef.org , www.beefusa.org ~

The National Cattlemen's Beef Association (NCBA) is the largest organization representing America's cattle industry. Initiated in 1898, NCBA is the industry leader in education, influencing public policy to improve producer profitability and in preserving the industry's heritage and future. Efforts are made possible through membership contributions. To join, contact NCBA at 1-866-BEEF-USA or membership@beef.org .