

AAM Senter On The Hill 6-9-20

The wheat harvest is well underway with yields, test weights and protein good in many areas and the only missing item is a price. Planting corn and soybeans is heading for the finish line in most areas. Every farmer wants to make a good crop, it's in our blood and everyone needs it to pay the bills, but I hear from many saying, a big crop will keep low prices in place and will not cover my cost of production. New estimates for the price of corn and soybeans is for the next two years, the corn price will be around \$3.00 per bushel and soybeans will be around \$8.00 per bushel. These prices are below the cost of production and will put additional farms at risk of failure. My Dad sold corn in 1947 for \$2.65 per bushel, over 70 years later \$3.00. USDA continues to develop programs to send out payments to producers without a plan to fix the problem. Producers tell me while they would rather have a fair price in the marketplace, they **must** have the payments to survive.

AAM proposes that Farm and Commodity organizations come together with Congress to develop a Land Conservation Retirement Program with a 1, 2, or 3 year option for producers to idle farm ground and put a cover on it to conserve and rebuild the soil so that markets can sort themselves out from the Trade War disruptions and help raise commodity prices to a level that producers can survive. The dollars being paid out now to producers to help them survive is also paying for full production which is going to bankrupt Rural America. As the old saying goes, when you are in a hole the first thing you should do is stop digging. A big crop this year is going to dig the hole deeper. We all know who will oppose this idea, the fertilizer, chemical and seed companies along with the processors that love buying production below the cost of production. Their main goal in Farm Policy is having over-production and low prices and sell inputs for every acre planted.

AAM wants to thank USDA for recent changes made to the FSA Loan Programs. Many of the changes, AAM asked for in our Rural America Corona Relief Plan released April 23<sup>rd</sup>. These actions include, 1. flexibility to extend repayment for Operating Loans, 2. FSA has suspended loan accelerations and 3. non-judicial foreclosures. FSA has stopped referring new foreclosures to the Justice Department and producers with USDA loans will be eligible to skip their payment

this year and the skipped payment will get tacked onto the end of Ownership Loans and for Operating Loans they can be extended for a year.

These actions were taken as the stress was showing in the FSA loans. Direct Loans are now 19% delinquent, some states such as Florida, New York, North Carolina, Rhode Island, and Texas top 30% delinquencies. Across the US, farm bankruptcies are up 23% this year. These actions will save many family producers. These provisions were part of the 1987 Credit Act that AAM supported, which was a product of the Farm Aid sponsored Farm and Ranch Congress held in 1986 during the 80's Farm Crisis. AAM now calls on other lenders such as the Farm Credit System and local bankers to follow suit and work with farmers and ranchers to help them get through these difficult times because it is going to take everyone working together.

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