

# Farmers young and old impacted by loss of DCP

Mother Nature and market variability aren't the only unknowns facing Texas producers when it comes to the future of their farming operations. Not only is there an unidentified long-term risk, but a strain has been placed upon the American dream for both up-and-coming farmers and their predecessors.

In previous years, the direct payment program was utilized by farmers during times of extreme economic distress. In a season of drought and production loss, direct payments may be the only attribute keeping a producer's operation afloat. Due to the volatile nature of Southern agriculture, counter-cyclical programs acted as a means to sustain the agricultural industry during periods of lower prices.

Producers are now facing a loss of the Direct and Counter-cyclical Program, as it's

not included in both the Senate's and the House Ag Committee's proposed farm bills. The loss of the DCP will make it extremely important for agriculturalists to refine their management practices in order for their businesses to be as competitive as possible. Unfortunately, the biggest burden will be placed upon the younger generation, who are just kick-starting their agricultural operations.

Farm programs impact producers in numerous ways, but perhaps most importantly their ability to secure a loan. In the past, the DCP could be counted on as a source of repayment, but this loss in revenue will force a producer to make adjustments in their financial plan. A bank will have less guaranteed money coming back, causing them to experience an increased risk as well.

*continued on p. 3*

From the Texas Corn Producers Board  
and the Corn Producers Association of Texas  
September 2012

# the kernel



## INSIDE THIS ISSUE

### CORNER Comments

David Gibson.....	2
Scott Averhoff.....	2
Loss of DCP, cont. ....	3
<b>The Voice:</b> Association News	
President: Robert Gordon ....	4
Director Spotlight.....	5
Texas CRP .....	6
Odds & Ends .....	7
New Communications Intern..	8

# CORNER Comments



**David Gibson**  
**TCPB Executive Director**  
**CPAT Exec. Vice President**

It has been an explosive few months in the world of corn

here in the U.S. With a record drought attacking much of the nation's corn crop and concerns over the ability of the crop to meet the needs of all the end users of corn, we have seen the market explode to record highs. The industries that depend on corn as a staple in the production of their goods have voiced concerns and worries over the availability of corn to meet the demand.

We are already seeing many of our end users reducing the amount of corn they purchase. With the drought of 2011 having forced many cow herds to reduce and 2012 further reducing herd size, we are seeing less cattle on feed. Therefore the demand

for livestock feed is lower than projected a few months ago and this decrease could last until cow herd numbers are replenished. Our exports are also showing signs of decreasing due to the high prices and many countries are sourcing corn from South America, as reported by the U.S. Grains Council. It is reported that many ethanol plants have decreased the amount of corn they are buying as well, as they are updating their plants or just reducing the amount of ethanol being made because of corn prices.

With the above factors being mentioned, it is one of my

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There is strength in diversity. This is one of the greatest assets we have as Americans. Whether you are talking about cultural or geographical diversity, it is what gives us the ability to persevere in times of hardship.

The drought of 2011 was primarily in the southwest part of the country, including all of Texas. The drought of 2012 is primarily focused in the central portion of the Midwest, but there are still areas of Texas that are experiencing severe to exceptional drought. While areas that have received beneficial rain or have adequate irrigation have or will produce the food, feed, fiber and fuel that this country and the world depend

upon, we do empathize with those producers that are suffering the effects of this current drought.

Depending on how you market your crops, any unsold portion of your production has, at this late July writing, some record high prices to take advantage of to help offset any production shortfalls you may be experiencing. Weather is cyclical and farmers are optimists, hopefully this dry cycle will turn around sooner rather than later.

Whether you support check-off programs or not, they do provide a coordinated effort to address production, promotion and education on behalf of you the producer. TCPB works on behalf of Texas corn



**Scott Averhoff**  
**TCPB Chairman**  
**Waxahachie, Texas**

producers. If there is an area you feel needs to be addressed, please contact us. Have a safe and successful harvest. 🌽

## Loss of DCP, *continued from p. 1*

“Without these two features, more reliance will have to be placed on the producer’s balance sheet and more specifically working capital in periods of low prices. As a general rule, this will make the barriers of entry much more difficult for young and beginning producers, who are vital to a successful food policy as we look toward the future,” Mark Miller, Chief Credit Officer for Texas Ag-Finance, said.

This adjustment in the proposed farm bills from both the Senate and the House Committee will shift the burden of uncontrollable weather patterns, fluctuation in market prices, and competition for assets com-

pletely on the shoulders of the American farmer. Fortunately, many producers in Texas are familiar with the volatility of Southern agriculture and therefore have built equity and positioned themselves well for adverse times. In addition to these precautions, many farmers may have to consider additional cuts in operational costs, as well as consider obtaining fixed rate debt to enhance their ability to deal with a shortfall.

Rodney Schronk is a Hill County with a diverse farming operation. Schronk said in order for him to compensate for the change in income streams without these programs, he will have a

more difficult time justifying spending money on experimenting with new and better farming practices. Schronk acknowledges some operational cuts may become necessary for his operation to survive during periods of distress, including employees, investing in the local community, new technology and research.

“It’s how my dad ran his business and how he always taught me to run mine. When hard times are coming, contract. Protect your operation, protect your money and ul-

**“When hard times are coming, contract. Protect your operation, protect your money and ultimately protect the family farm.”**

**-Schronk**

timately protect the family farm,” Schronk said.

According to the Environmental Protection Agency, the average American farmer is 55 years of age or older. The majority of these more established producers have developed a stable operation and efficient management practices, allowing farmers to appropriately handle the loss of DCP for the short-term. However, looking forward to the long-term, the situation is much less defined. If history repeats itself and market prices drop, producers will have a much more difficult time establishing a crop and obtaining a sustainable income.

Mitchell Harris, CEO for AgTexas Farm Credit Services, said he looks at the basics of management, repayment, financial position and generally the borrower’s risk bearing ability when considering an individual for a loan. There are multiple discussion points that must be deliberated on, such as marketing and input control strategy, which will help the farmer sustainability during adverse cycles.

“Approval of a loan is ultimately a balance of history, projections and the strength of the management. Typically the evaluation of the customer’s overall ability to sustain his or her operation for multiple cycles is

a guiding factor,” Harris said.

The loss of DCP should not eliminate agricultural producers whose operations have a firm financial foundation and take the necessary precautions to safeguard their operation against challenges involved in the industry. The high risk is, and always will be, a massive factor in any Southern agricultural pursuit. The individuals who will be the most affected by this change will likely be the next generation of farmers, as they strive to produce the feed, food, fiber and fuel of a rapidly growing world population on less land than those before them. ●

# THE VOICE: Association News

*A note from the President...*

CPAT directors, members and staff stayed busy this summer – not only in the fields, but also on the Hill advocating for the policy needs of our state’s farmers. In July, a group of Texas producers trekked to Washington, D.C. to attend the National Corn Growers Association’s Corn Congress and to make numerous visits with legislators and agencies.

Obviously, the top agenda item on the list for the meetings was the farm bill. At the time, we were still awaiting action from the House Ag Committee on a farm bill, and were far from a House vote on

the bill. CPAT concentrated our efforts on ensuring Texas representatives knew and understood what our states diverse producers need from a bill, which is vital to an abundant, stable food supply for the nation.

While no farm bill is perfect, the Committee’s bill includes both revenue- and price-based coverage options and allows farmers to determine the form of coverage that enables them to effectively manage the grave risks involved in agricultural production, including the perils of Mother Nature such as severe weather and disease, as well as skyrocketing fuel and input costs and widely fluctuating market prices.

At this writing, we’re still waiting to see if action will be made on the Committee’s bill prior to the August recess. In any case, CPAT is staying on top of this important legisla-



**Robert Gordon**  
**CPAT President**  
**Dalhart, Texas**

tion, and will make every effort to ensure Texas producers’ needs are met.

Visit [www.TexasCorn.org](http://www.TexasCorn.org) to subscribe to our electronic newsletter or for links to our Facebook, Twitter and Google+ pages to get the latest information about the farm bill and other issues pertinent to Texas corn producers.



*David Gibson, Rep. Quico Canseco, Robert Gordon and Dee Vaughan stop for a picture during CPAT’s visit to D.C.*

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# Director Spotlight

Wesley Spurlock, a fourth generation farmer, and his wife Susie farm in Sherman County. He grows corn, wheat, cotton, triticale and seed milo.

Spurlock graduated from West Texas State University and returned to farm with his father shortly after graduating.

Spurlock is an active director for TCPB and CPAT, as well as a board member for the National Corn Growers Association. Spurlock says that producers around the nation may grow the same crop, but each region faces different problems and circumstances.

"I enjoy learning the personalities of the different commodity groups and check off boards," Spurlock says.

Spurlock is also on the NCGA Finance Committee, serves as the NCGA liaison for the National Cattleman's Beef Association, and is active with the Sherman

County North Plains Ground Water District.

Getting the national knowledge back to Texas is a goal that Spurlock says is important. He says that improving advocacy for farmers is the primary goal NCGA and other commodity groups focus around.

"We need to get the producers views to the public and get past the negative perceptions that consumers have," Spurlock says.

While advocacy is a major issue for the agricultural industry, the 2012 Farm Bill is also an issue that producers face.

Spurlock states federal budget cuts will greatly impact changes in the 2012 Farm Bill.

"The Farm Bill is important



**TCPB Treasurer Wesley Spurlock of Stratford, Texas**

to producers everywhere," Spurlock says. "Budget cutting will definitely make an impact on the agricultural industry and we are going to have to overcome that."

Along with budget cutting, water conservation becomes an even greater factor for producers.

Spurlock and his wife Susie have two children: Walter and Jennie, who are both attending Texas Tech University. 🌽

## **Gibson, continued from p. 2**

concerns that demand may be slower to build back to pre-drought levels. The cow herd can only grow so fast, and historically lost export markets are hard to gain back unless grain is sold at a discount to other countries. I say all this not to be negative, but to give an insight into the potential issues we will have in the coming months when crops are nor-

mal and production is back at the expected levels.

Many of the general public look at the prices being quoted for our crops in a light that this is going to be a very profitable year; however, we have to take into account the fact that some producers will have no crop to sell and all producers, even many of our Texas farmers, will have far less production to sell,

which will certainly impact net income for 2012 on the farms across America.

Texas has not been left untouched by the drought, but compared to 2011 we have not had as severe a drought, both in temperatures and rainfall. I certainly hope as growers begin to aim at the 2013 crop, conditions will continue to improve and all will have a great year. 🌽

# CRP – Planning It Out

*Acreage for new signup exceeds 700,000 acres in Texas*  
 By Quenna Terry, NRCS Public Affairs Specialist, Lubbock

A few years ago no one knew for certain if the Conservation Reserve Program would continue as it had in past years. Landowners were not sure if the opportunity to re-enroll their land or to make new bids would be available for this popular USDA program.

Born out of the Dust Bowl as a way to combat erosion, particularly on Highly Erodible Land, the demand for CRP has remained strong as the USDA-Natural Resources Conservation Service develops over 4,000 conservation plans for CRP contracts in Texas.

This historic conservation program has continued into the 43rd general signup. Farm Service Agency's Acting Executive Director James B. Douglass in Texas announced recently that 767,242 acres were accepted in the new signup, while the total number of active CRP acres in the state now exceeds 3.3 million.

Conservation plans are not contracts, but rather a record of objectives planned out by the producer working with the NRCS. The information is a road map designed to help producers protect and improve their land.

As the primary technical agency, NRCS' role in CRP is to work with participants to establish permanent grass cover based on the participant's decisions during the sign-up period. These decisions are recorded in a con-

servation plan developed by NRCS. The conservation plan supports the CRP contract for the establishment of permanent grass cover.

Mickey Black, NRCS assistant state conservationist in Lubbock said, "The process begins with technical assistance to landowners enrolled in the program to plan approved grass plantings and species, weed control options, dead litter covers and additional supporting practices depending on a producer's enrollment."

All participants with approved acreage will be contacted by the NRCS to schedule field visits for vegetative evaluations to determine what additional, if any, grass species will need to be planted to meet program requirements. Producers will have the opportunity to be present during the inspections to ask any questions and be involved in the process.

"NRCS starts conducting field evaluations once producers have been notified of their acceptance," said Brandt Underwood, NRCS agronomist for the High Plains region.

The technical assistance NRCS provides is a critical



*NRCS District Conservationists Mike White of Hereford and Shannon Rowley of Stinnett conduct a CRP field evaluation.*

component of the program's success for establishing management practices needed to conserve resources and protect the land.

"CRP provides long-term benefits such as reducing soil erosion and sedimentation in streams and lakes, protecting the nation's ability to produce food and fiber, improving water quality, establishing wildlife habitat, and enhancing forest and wetland resources," Black said.

Underwood described CRP as one of the most effective conservation programs for protecting highly erodible acres from wind and water erosion.

Nationally, NRCS will be assisting landowners developing conservation plans for 3.9 million acres.



# ODDS *AND* ENDS



## South Texas Commodity Symposium in October

Texas Corn Producers will once again join the Texas Grain Sorghum Producers, South Texas Cotton and Grain Association, and the Southwest Council of Agribusiness in hosting the third annual South Texas Com-

modity Symposium. This year's symposium will be held at the Texas AgXchange Farm and Ranch Show in Robstown, Texas, on Oct. 4.

The symposium will feature a number of topics pertinent to South Texas growers, in-

cluding border control issues, the farm bill, and the state grain indemnity fund.

More information about the Symposium and the two day indoor and outdoor farm show can be found at [TexasAgXchange.com](http://TexasAgXchange.com).

## Still time to register for Inaugural Southwest Agricultural Issues Summit

Agricultural leaders from across the greater Southwest region will be gathering for a three day event to discuss key issues facing agriculture, as well as the opportunity to network with fellow agricultural influencers in the industry.

The agricultural industry is facing an increasing number of hurdles to ensure its abil-

ity to continue providing the food and fiber for the world's growing population. Agricultural producers now have bigger challenges than just what Mother Nature throws them. With an increasing urban population, generations removed from the farm, it's imperative the agricultural industry work together to stay abreast of issues that

greatly impact the ability of the industry to continue thriving. The Southwest Ag Issues Summit is an effort to gather key agricultural influencers together, helping unite the voice of agriculture.

Register for the Summit, make room reservations and learn more about the program at [AgIssuesSummit.com!](http://AgIssuesSummit.com!)

## CPAT scholarship application deadline Sept. 14

CPAT is proud to again sponsor two scholarships for its youth members. This year, CPAT will award one \$1,000 scholarship in each of the following categories:

- High School junior or senior

• College or university undergraduate student  
Applicants are classified into these categories base on their status as of Aug. 1.

In order to qualify, applicants must be a current CPAT youth member and

plan to attend a Texas college or university full-time.

The deadline to apply is Sept. 14. For more information about the scholarships and to access applications, visit [www.Texascorn.org](http://www.Texascorn.org).

## Texas Grain Indemnity Fund referendum schedule for November

The Texas Grain Producers Indemntiy Board will hold a referendum on the statewide establishment of a grain indemnity fund. The referendum will be held

from Nov. 19 to Dec. 7.

The grain indemnity fund will mitigate up to 90 percent of the financial losses suffered by grain producers when grain buyers fail to

pay for grain due to a financial failure.

For more information, visit [TexasGrainIndemnity.com](http://TexasGrainIndemnity.com).

# Directors

Scott Averhoff, *Ellis Co.*

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**Stephanie Pruitt**

*Communications Director*

**Angie Martin**

*Executive Assistant*

**Kaci Bearden**

*Executive Assistant*

**Holly Harrison**

*Communications Intern*

**Vanessa Rutherford**

*Administrative Intern*

## New communications intern



Holly Harrison is the new communications intern at TCP. Holly will graduate in December 2012 with a degree in Agricultural Communications from Texas Tech University with plans to continue her education and pursue a master's degree at Tech.

Growing up as a farmer's daughter in Eastern New Mexico, Holly brings with her a passion for agriculture, as well as experience within the

industry. Holly has a background in event coordinating and most recently was the planning committee chairman for the Professional Development Conference held at Tech this past year.

As the communications intern, Holly participates in all communication efforts in the corn office through print, social media communications, as well as assisting with events. ●

## Upcoming Events

**September 9-11, 2012**

SW Ag Issues Summit  
*Austin, Texas*

**October 4, 2012**

S. TX Commodity Symposium  
*Robstown, TX*



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