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HEARING TO REVIEW DISASTER CONDITIONS ACROSS THE UNITED STATES

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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CONTENTS

	Page
Baca, Hon. Joe, a Representative in Congress from California, opening statement	9
Boyda, Hon. Nancy E., a Representative in Congress from Kansas, opening statement	10
Davis, Hon. Lincoln, a Representative in Congress from Tennessee, opening statement	3
Everett, Hon. Terry, a Representative in Congress from Alabama, prepared statement	4
Goodlatte, Hon. Bob, a Representative in Congress from Virginia, opening statement	2
Prepared statement	2
Graves, Hon. Sam, a Representative in Congress from Missouri, prepared statement	5
Hayes, Hon. Robin, a Representative in Congress from North Carolina, opening statement	32
Lampson, Hon. Nick, a Representative in Congress from Texas, prepared statement	4
Marshall, Hon. Jim, a Representative in Congress from Georgia, opening statement	3
McIntyre, Hon. Mike, a Representative in Congress from North Carolina, opening statement	31
Peterson, Hon. Collin C., a Representative in Congress from Minnesota, opening statement	1
Smith, Hon. Adrian, a Representative in Congress from Nebraska, prepared statement	5

WITNESSES

Simpson, Hon. Michael K., a Representative in Congress from Idaho	6
Prepared statement	8
Rippey, Bradley R., Agricultural Meteorologist, World Agricultural Outlook Board, U.S. Department of Agriculture, Washington, D.C.; accompanied by Dr. Gerald A. Bange, Chairperson, World Agricultural Outlook Board, U.S. Department of Agriculture; and Tom Harbour, Director, Fire and Aviation Management, U.S. Forest Service, U.S. Department of Agriculture	11
Prepared statement	13
Easley, Hon. Mike, Governor, State of North Carolina, Raleigh, NC	33
Prepared statement	36
Givens, Hon. Ken, Commissioner, Tennessee Department of Agriculture, Nashville, TN	49
Prepared statement	50
Duvall, Zippy, President, Georgia Farm Bureau Federation, Macon, GA	52
Prepared statement	54
McKinnon, Bill R., Executive Secretary, Virginia Cattlemen's Association, Daleville, VA	80
Prepared statement	81

SUBMITTED STATEMENT

Shuler, Hon. Heath, a Representative in Congress from North Carolina, prepared statement	6

HEARING TO REVIEW DISASTER CONDITIONS ACROSS THE UNITED STATES

THURSDAY, OCTOBER 25, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to call, at 10:07 a.m., in Room 1300 of the Longworth House Office Building, Hon. Collin C. Peterson [Chairman of the Committee] presiding.

Members present: Representatives Peterson, Holden, McIntyre, Etheridge, Boswell, Baca, Marshall, Herseth Sandlin, Salazar, Boyda, Space, Kagen, Pomeroy, Davis, Barrow, Lampson, Mahoney, Goodlatte, Lucas, Moran, Hayes, Rogers, Musgrave, Conaway, Schmidt, Smith, and Walberg.

Staff present: Claiborn Crain, Adam Durand, Alejandra Gonzalez-Arias, Scott Kuschmider, Merrick Munday, Clark Ogilvie, John Riley, Anne Simmons, April Slayton, Kristin Sosanie, Bryan Dierlam, Alise Kowalski, Kevin Kramp, Rita Neznek, and Jamie Weyer.

OPENING STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

The CHAIRMAN. We appreciate everybody making the effort to be here today. I am going to kind of dispense with my statement as we have Members from the areas affected. I just want to say that we have been hearing a lot from our Members in the areas where the drought is going on, and because of their concerns we are holding this hearing today. For myself, we passed a disaster bill, but because of the timing, we had a February 28 cut-off date. I would like to see us extend that date for the balance of 2007 to try to pick up some of these problems. We are also working on a permanent disaster solution in the farm bill which has a good chance of getting accomplished. Maybe we can work something in there so hopefully, somehow or another, we will be able to make a response that will address this situation. We also have the forest fire problem ongoing. It seems to get worse every year. I have been having discussions with other Members including Norm Dicks and others. Norm was telling me that they used to spend 13 percent of their budget on fighting these fires. Now, it is 47 percent, and the stuff that we are interested in, this Committee and Forestry, is being shortchanged because this money is being diverted, so there is some effort going on now that maybe we would do some kind of a similar permanent situation for forest fires that we are doing for ag disaster. So there are some discussions going on with that. But we ap-

preciate the witnesses being here. We appreciate all the Members for their concern and raising this issue and will now recognize the gentleman from Virginia.

OPENING STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS FROM VIRGINIA

Mr. GOODLATTE. Well, Mr. Chairman, thank you very much for holding this hearing. It definitely impacts Virginia and much of the Southeast. There are those who believe that if you carry an umbrella, it won't rain. I think there may be a corollary that if you hold a hearing on drought, it will. So to the extent you deserve credit for that, Virginians are very thankful. It has been raining quite well through much of the state for the last day. I also want to thank you for working with us on the issue of addressing the enormous and growing cost of fighting forest fires and the impact that it has on the other programs. I know there is a representative of the Forest Service, USDA, here today and we will touch on that and its impact in this area as well. Thank you for convening this hearing to discuss the drought conditions many communities throughout the nation are experiencing. This situation is affecting practically every state including my home State of Virginia. I am pleased that Mr. Bill McKinnon will be testifying. He will be detailing for us exactly what Virginians are dealing with in terms of drought conditions. Since 2004, Mr. McKinnon has served as Executive Secretary of the Virginia Cattlemen's Association. He is a graduate of Virginia Tech where he received a Bachelor's and a Master's degree in Animal Science. He has 27 years of experience working in the livestock industry in Virginia. His career has focused on providing educational programs and serving producers in the areas of agricultural production, economics, livestock management and cattle marketing. I would also like to thank Mr. McKinnon for agreeing to serve as a witness today. There continues to be significant concern throughout our nation regarding drought and weather-related disasters. Significant parts of 31 states, by my count, have been designated disaster areas by the U.S. Department of Agriculture this year. In Virginia alone, many counties have been declared disaster areas. In a report released by the USDA on October 18, 83 percent of Virginia is suffering from severe to exceptional drought conditions. I appreciate the appearance of our witnesses today and I look forward to receiving their testimony and ideas about steps Congress can take to address this situation, perhaps to add on to what has just recently been done. And, once again, I thank the Chairman for calling this timely and helpful hearing.

[The prepared statement of Mr. Goodlatte follows:]

PREPARED STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS FROM VIRGINIA

Mr. Chairman, thank you for convening this hearing to discuss the drought conditions many communities throughout the nations are experiencing. This situation is affecting practically every state including my home State of Virginia. I am pleased to introduce Mr. Bill McKinnon who will be detailing for us exactly what Virginians are dealing with in terms of the drought conditions. Since 2004, Mr. McKinnon has served as Executive Secretary of the Virginia Cattlemen's Association. He is a graduate of Virginia Tech where he received a Bachelor's and a Master's degree in Ani-

mal Science. He has 27 years of experience working in the livestock industry in Virginia. His career has focused on providing educational programs and serving producers in the areas of agricultural production economics, livestock management and cattle marketing. I would like to thank Mr. McKinnon for agreeing to serve as a witness today and I look forward to hearing his testimony.

There continues to be significant concern throughout our nation regarding drought and weather related disasters. Significant parts of 31 states, by our count, have been designated disaster areas by the U.S. Department of Agriculture this year. In Virginia alone, 15 counties have been declared disaster areas. In a report released by the USDA on October 18th, 83 percent of Virginia is suffering from severe to exceptional drought conditions.

I appreciate the appearance of our witnesses today and I look forward to receiving their testimony and ideas about steps Congress can take to address this situation. Once again, I'd like to thank our Chairman for scheduling this timely hearing.

The CHAIRMAN. I thank the gentleman. I would—everybody's statements will be made part of the record. I would entertain if Members from the affected areas want to make a statement, I would entertain that. We also have Mr. Simpson with us, who is not on the Committee. What is your time table? Are you okay? Mr. McIntyre, do you——

Mr. MCINTYRE. Thank you, Mr. Chairman. I will be brief and I will defer until—I know we have Governor Easley coming. I will wait until he comes. Thank you very much.

The CHAIRMAN. The gentleman from Georgia? Bob, you want to wait until the Governor gets here? The gentleman from Georgia.

OPENING STATEMENT OF HON. JIM MARSHALL, A REPRESENTATIVE IN CONGRESS FROM GEORGIA

Mr. MARSHALL. Thank you, Mr. Chairman, I appreciate you holding this hearing. It is a very important issue to my State of Georgia, and we have here today testifying on the fourth panel Zippy Duvall, a life-long farmer, who is President of the Georgia Farm Bureau. He also farms in north Georgia that has been particularly struggling right now. I think everybody has seen it in the news media, and you see what is going on where Atlanta is concerned, but what you don't see often enough is the impact on agriculture and forestry. Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman. Anyone else that wants to make a statement? Mr. Davis.

OPENING STATEMENT OF HON. LINCOLN DAVIS, A REPRESENTATIVE IN CONGRESS FROM TENNESSEE

Mr. DAVIS. Mr. Chairman, I too want to join the Members of this Committee in thanking you for having the foresight of being willing to bring those in from the most severely affected areas of our nation. Weather related disasters certainly with the drought, in Tennessee we have had an unbelievable hit, kind of a double-whammy from an early freeze or late freeze in one situation and then with the drought that has been almost devastating. We are listed in Tennessee and northwestern Georgia and northern Alabama has probably been the most effected when it comes to analyzing the impact of the drought. And we are lucky this morning, and I am very pleased that you have allowed, Mr. Chairman, Ken Givens, our Commissioner of Agriculture this year, to actually be one of those that will discuss the impact of the drought and the freeze in Tennessee, and I yield back my time.

The CHAIRMAN. Thank the gentleman. All other statements will be made part of the record.

[The prepared statements of Messers. Lampson, Everett, Graves, Smith, and Shuler follow:]

PREPARED STATEMENT OF HON. NICK LAMPSON, A REPRESENTATIVE IN CONGRESS FROM TEXAS

I would like to thank Chairman Peterson for holding this important hearing today, so that we can shine a light on an issue that most Americans don't even know exists. I would also like to thank our colleague, Congressman Simpson for taking the time to testify today, along with Mr. Rippey, Governor Easley, and all of the others.

Unfortunately, the wildfires in California and drought conditions in the Southeast have attracted greater attention to this issue that affects our nation's farmers and ranchers too often. Folks in my district and across Texas faced drought conditions in 2004 and 2005, and although things are looking okay right now, there are some spots this year that have gotten either too much or too little rain. And as we speak, those in the Hill Country and North Texas are bracing for potential wildfires. Texas agriculture has faced extreme losses and hardship due to droughts, wildfires, and floods, and I'm glad we're here today to discuss the issue.

These issues affect those who live in towns and cities as well as farmers, and I believe that in addition to helping after a natural disaster occurs, we must also make an effort to inform our constituents on ways to prepare their homes and businesses before an emergency even occurs.

Although we have made great strides in developing crops that are more resistant to floods, drought, and pests, our agriculture economy, and the livelihoods of many of our constituents, remain at the mercy of forces that are out of our control. We must take these factors and the testimony of those here today, into account as we complete provisions in this year's farm bill such as the revenue-based countercyclical and disaster aid programs.

PREPARED STATEMENT OF HON. TERRY EVERETT, A REPRESENTATIVE IN CONGRESS FROM ALABAMA

Thank you Chairman Peterson for holding this hearing today on an issue that is weighing on most of our minds. Unfortunately, many of my colleagues, and myself included, are facing extreme weather conditions in our districts that are having an adverse impact on the daily lives and livelihoods of the people we represent.

My State of Alabama and many states across this nation are experiencing some of the worst drought conditions in years. At the end of September, about 43 percent of the contiguous United States was in moderate to extreme drought conditions according to the National Climate Data Center. Areas from Pasadena, California—which is suffering the driest year since records started in 1878—to the Great Lakes that are significantly below average levels—to Alabama where many of our reservoirs have very little storage left, and lakes, streams and rivers are drying up. Additionally, these dry conditions are attributing to the horrific fires that California citizens are facing today.

What does this mean to our citizens? It is impacting every aspect of their lives. Water shortages have become so severe that communities have had to place water restrictions and are already considering transporting water in for human consumption. The inability of energy providers like Alabama Power to operate may result in a reduction in power for citizens and businesses.

Farmers are seeing their crops dry up in the fields with complete or severe losses due to lack of irrigation and producers are having to sell off their livestock due to the scarcity of feed and water. Businesses are suffering from an inability to transport goods on waterways since they can not be navigated due to low water levels.

More than half of Alabama's 4.5 million residents have been living under water restrictions for months and there appears to be no end in sight. Central Alabama is about to be 60 inches below normal rainfall. Many of our crops are either in "poor" condition or are a complete loss. This is the same situation that we face with much of our livestock. This comes on top of drought conditions in previous years, making it difficult for our farmers to handle this year's losses.

I am sure that many of my colleagues will add that their state is seeing similar devastation. The question today is what we can do to help. For our rural communities, we need to continue to support efforts to improve their water facilities

through USDA Rural Development programs. For agricultural production, there are several things that we can and need to address.

First, Congress needs to reevaluate our existing crop insurance and disaster programs. Farmers have often discussed with me the problems with the current crop insurance system and how at times they must lay out more money just to demonstrate loss of crops than what they receive from the insurance company. Additionally, we continually hear from farmers of how the disaster payments don't kick in for several years—sometimes coming too late to help the farmer mitigate his losses. This seems counterproductive and this Committee needs to address it.

In response to comments made to me regarding crop insurance, I introduced the Farm Risk Management Act of 2007 (H.R. 1882) in April with several Members—including Representative Mike Rogers and Representative Jo Bonner of this Committee. This bill would create risk management accounts, using both USDA and individual farmer contributions, to reduce the financial impact of disasters on the agriculture community. This program would go beyond the scope of the current crop insurance by allowing farmers to withdraw funds from their accounts to help offset any unforeseen farm expenses including high energy or fertilizer cost. Programs like these need to be included in the 2007 Farm Bill to help farmers and ranchers.

Second, we need to find ways to assist farmers to mitigate their losses. One approach is the legislation that I introduced earlier this year—the Farm Reservoir Act (H.R. 2088). Once again, I would like to thank Chairman Peterson and Ranking Member Goodlatte for ensuring that this program was included in the new farm bill (H.R. 2419) as part of the Regional Water Enhancement Program. This program will assist farmers in building reservoirs and other water-saving projects. Of course this would not solve all of the problems that our farmers are facing in the current extreme drought. However, it would have enabled farmers to save some of their crops and not have to be in direct competition for water for other uses such as human consumption, power, and navigation.

Droughts have had a costly economic impact on agricultural producers throughout the country in recent years as well as upon the quality of life of our citizens. As much as I wish that we could legislate rain, we can find ways to make sure that we help these communities pull through the disasters that they are facing.

I look forward to hearing from our witnesses today and to have a constructive conversation on how this Committee can revise its existing programs to be more responsive and efficient.

PREPARED STATEMENT OF HON. SAM GRAVES, A REPRESENTATIVE IN CONGRESS FROM MISSOURI

Thank you Chairman Peterson and Ranking Member Goodlatte for holding this important hearing.

I'd like to briefly point out one issue of particular concern that came up this year. Missouri is a state that is subject to almost every possible kind of weather condition. This year alone we have had ice storms, freezes, floods, and droughts. The spring freeze that hit Missouri has caused a particularly complicated problem. To my knowledge, USDA has no way to take into account the impact of this freeze in combination with drought conditions when making assessments. As a result, no emergency haying and grazing declaration was issued for land enrolled in the Conservation Reserve Program even though the shortage of forage was the same as if there was a D3 drought.

The governor, FSA state committee, Members of the Congressional delegation, Missouri Farm Bureau, and other organizations and individuals contacted USDA, but were unable to get acknowledgement that D2 conditions in combination with the spring freeze constituted a disaster. This issue needs to be looked at, because I believe this lack of flexibility will continue to be a problem, particularly in states with weather conditions as varied as those in Missouri.

Thank you again Chairman Peterson and Ranking Member Goodlatte. I look forward to our witnesses testimony.

PREPARED STATEMENT OF HON. ADRIAN SMITH, A REPRESENTATIVE IN CONGRESS FROM NEBRASKA

Good morning and thank you, Mr. Chairman. This hearing is necessary and timely, and I am pleased that we are holding it today.

Even with the record crops projected for this year, many farmers and ranchers will not be enjoying such bounty. Floods have drowned out crops in some areas. Drought covers extensive areas of the Southeast and the western states. Indeed, ex-

tended droughts in Nebraska's Third District are causing farmers in the Panhandle to wonder how much longer they can keep farming.

It is important that the policies we enact will strengthen American agriculture and provide long-term stability for our nation's producers. Our policies need to encourage the development of disaster management and mitigation strategies; which I believe are an important component of keeping American farms viable through periods of drought, flood, or other natural disaster, so that U.S. consumers have access to the safest, most affordable food products in the world and so that sustained growth for our rural communities is possible.

I want to thank our witnesses for coming here today to provide testimony for the Committee, and I look forward to hearing from you.

I appreciate the Committee for holding this hearing as an important step to meeting our goals.

Mr. Chairman, I look forward to continuing to work with you, and I thank you for your time.

PREPARED STATEMENT OF HON. HEATH SHULER, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

Mr. Chairman, thank you for holding this important hearing today to address the emergency conditions caused by drought in North Carolina and the severe hardship our farmers and livestock industry faces with the shortage of hay. I especially appreciate Governor Michael Easley for taking the time to testify to this Committee regarding these emergency conditions.

Reports from farmers indicate that the state's hay shortage could be as high as 800,000 round bales, forcing them to seek other options for feeding livestock through the winter. Typically livestock operators grow their own feed, but this year, due to extreme drought conditions, farmers must transport hay and alternative feeds from eastern North Carolina or out of state to sustain herds through the winter months.

This drought has caused losses that threaten farming operations and jobs if livestock operations close. Without feed for livestock, farmers are selling dairy and beef cattle and closing operations. This will have long term detrimental effects to the agricultural economy, drive up consumer prices, and cause shortages in grocery stores throughout North Carolina and the region.

Mr. Chairman, it is my wish that we work together to offset the effects of this drought on our farmers. Currently, the U.S. Department of Agriculture has declared 85 North Carolina counties disaster areas because of drought-related crop losses. The Federal disaster declaration authorizes the U.S. Farm Service Agency to make low-interest emergency loans available to eligible producers in these and 11 contiguous counties. However, we are finding that this disaster relief is not enough and we must provide supplemental emergency assistance to our farmers, who must withstand another natural disaster.

Mr. Chairman, my thoughts and prayers are with the family farmers of North Carolina and throughout the drought stricken areas of the Southeast, and I thank you once again for this opportunity.

The CHAIRMAN. We are pleased to welcome our friend from Idaho, who, I believe, serves on the Agriculture Appropriations Subcommittee. Is that correct? No, he doesn't? He is on the Appropriations Committee anyway. He is angling for that. Mr. Simpson, we are pleased to have you with us and your statement will be made part of the record and feel free to summarize.

STATEMENT OF HON. MICHAEL K. SIMPSON, A REPRESENTATIVE IN CONGRESS FROM IDAHO

Mr. SIMPSON. Thank you, Mr. Chairman. Good morning and thank you for inviting me to have the opportunity to testify before you today. Mr. Chairman, Idaho's agriculture producers are facing significant trials due to catastrophic fires and severe drought. This summer Idaho experienced some of the worst wildfires on record. Over 2 million acres burned and 15 counties were declared disaster areas. The Murphy Complex Fire alone scorched over 600,000 acres, much of which was grazing land used by Idaho ranchers. As

a result of losing these grazing lands some ranchers were forced to sell their entire herds. Other ranchers lost livestock due to the fire itself. Many were left with alternative grazing allotments to which they could move their livestock.

While the Federal Government has been responsive to these ranchers by allowing emergency grazing and haying on CRP lands, I am concerned that these accommodations will be short-lived. However, the effect of the Murphy fire will be felt by ranchers for years to come because grazing will not be allowed on these lands until the monitoring objectives of the BLM's Emergency Stabilization and Rehabilitation Plan are complete. Under this plan less than ⅙ of the affected land is scheduled for rehabilitation this season.

These fires were so disastrous in part because of the prolonged drought Idaho is experiencing. This summer was too hot, too dry and too long. This drought is affecting the profitability of agricultural producers and even the existence of their farms. Idaho narrowly avoided water shortages this year. If Idaho does not receive significant snowfall this winter, farmers will face serious shortages of irrigation water next summer. If this happens, water experts estimate that over 10,000 acres of farmland will go out of production next year.

The combination of the heat and the lack of water caused a significant reduction in yield, quality and size of Idaho's potato crop. Also, many of Idaho's wheat and barley producers were unable to take advantage of the record high grain prices because they simply had nothing to sell.

I have seen barley fields in my district that appeared harvested because there were simply no heads on the plant. They never grew. Many growers decided not to bother to harvest the crop because it wasn't worth it, because it wouldn't pay for the price of the fuel to harvest the crop, even at $10 a bushel.

In some cases grain producers who had their crop forward-contracted at $4 to $5 per bushel found themselves unable to fill their contract and had to buy grain at $9 to $10 per bushel to fulfill their contract commitments.

Idaho farmers can often address things like viruses or pests by applying fertilizers or pesticides, but these natural disasters are beyond their control. Whether it is floods, hurricanes or fires, our nation has traditionally responded with aid to those affected by natural disasters. While Idahoans affected by these disasters may not be as visible as other disaster victims, their economic losses and disruption of their lifestyle is no less tragic. The government has a responsibility to come to the assistance of these people and to work to put a safety net below responsible growers who have fallen victim to these circumstances.

Mr. Chairman, I thank you for holding this hearing. This is an important subject, and let me, in conclusion, just say this year we had dramatic fires up in central Idaho, and while the Forest Service is here, I would like to tell you that they did a tremendous job in fighting those fires. They are heroes in central Idaho and the Incident Commander from the Tahoe National Forest, we had to tell her that if she ran for my office she would probably win because she is so popular because of the job the Forest Service did. And I

want to compliment them on the job that they have done in fighting these tremendous forest fires. Thank you, Mr. Chairman.

[The prepared statement of Mr. Simpson follows:]

PREPARED STATEMENT OF HON. MICHAEL K. SIMPSON, A REPRESENTATIVE IN CONGRESS FROM IDAHO

Good afternoon, Chairman Peterson, Ranking Member Goodlatte, and Members of the Committee. I appreciate the opportunity to appear before the Committee to discuss the ongoing disaster conditions in Idaho.

Mr. Chairman, Idaho's agriculture producers are facing significant trials due to catastrophic fires and severe drought. This summer Idaho experienced some of the worst wildfires on record. Over 2 million acres burned and 15 counties were declared disaster areas. The Murphy Complex Fire alone scorched over 600,000 acres, much of which was grazing land used by Idaho ranchers. As a result of losing these grazing lands some ranchers were forced to sell their entire herd. Other ranchers lost livestock to the fire itself. Many were left with no alternative grazing allotments to which they could move their livestock.

While the Federal Government has been responsive to these ranchers by allowing emergency grazing and haying on CRP lands, I am concerned that these accommodations will be short-lived. However, the effects of the Murphy fire will be felt by ranchers for years to come because grazing will not be allowed on these lands until the monitoring objectives of the BLM's Emergency Stabilization and Rehabilitation Plan are complete. Under this plan less than ⅙ of the affected land is scheduled for rehabilitation this season.

These fires were so disastrous in part because of the prolonged drought Idaho is experiencing. This summer was too hot and too dry for too long. This drought is affecting the profitability of agriculture producers, and even the existence of their farms. Idaho narrowly avoided water shortages this year. If Idaho does not receive significant snowfall this winter farmers will face serious shortages of irrigation water next summer. If this happens, water experts estimate that over tens of thousands of farm acres will not have access to any water next year.

The combination of the heat and the lack of water caused a significant reduction in yield, quality, and size of Idaho's potato crop. Also, many of Idaho's wheat and barley producers are unable to take advantage of the record high grain prices because they simply have nothing to sell.

I have seen barley fields in my district that appeared harvested because there were simply no heads on the plant. They never grew. Many growers decided not to bother harvesting what crop there was because it wasn't worth the price of fuel to run their equipment over the field—even at $10 per bushel.

In some cases grain producers who had their crop forward-contracted at $4–$5 per bushel found themselves unable to fill their contract and had to buy grain at $9–$10 per bushel to fulfill their contract commitments.

Idaho farmers can often address things like viruses or pests by applying fertilizers or pesticides, but these natural disasters are beyond their control. Whether it is floods, hurricanes, or fires, our nation has traditionally responded with aid to those affected by natural disasters. While Idahoans affected by these disasters may not be as visible as other disaster victims, their economic losses and the disruption of their lifestyles is no less tragic. The government has a responsibility to come to the assistance of these people and work to put a safety net below responsible growers who have fallen victim to these circumstances.

Once again Mr. Chairman, I appreciate the opportunity to appear before the Committee to discuss these important issues and welcome any questions you may have.

The CHAIRMAN. Thank you, Mr. Simpson. We are going to take a break here after—we still have 9 minutes left on the vote. How many folks in Idaho have crop insurance of the ones affected? Do you have any idea what percent?

Mr. SIMPSON. I don't know what the number is. Most of the people I went and talked to had crop insurance. The barley producers—I went down in August and toured some of the fields down in southern Idaho. It was amazing to look at it. It looked like the fields had been harvested and so forth, but it looked like it was a normal crop. But the fact is fields that would normally get 80 bushels an acre were getting 3, 4, and 5 bushels an acre that is how

severe the drought was. But I don't know the exact percentage of how many of them have crop insurance.

The CHAIRMAN. If you could check on that and get me that information I would appreciate it.

Mr. SIMPSON. Certainly will. You bet.

The CHAIRMAN. Anything else? Mr. Salazar?

Mr. SALAZAR. Thank you, Mr. Chairman. Mr. Simpson, we share kind of the same issues in Colorado as we are potato growers. We are the third largest potato growing state in the country as you are the first. The problem, Mr. Chairman, is that with potatoes it is very difficult to insure potatoes. So many of our potato growers suffer severely because it is so expensive that it is unaffordable at the moment to insure potatoes. I just wanted to make that comment. Thanks.

The CHAIRMAN. Yes. We have heard that before, but I imagine the grain guys are like mine. There are probably quite a few of them, but the majority have crop insurance.

Mr. SIMPSON. Exactly. Most of the grain producers do have insurance.

The CHAIRMAN. All right. Any other questions? We will take a break to vote, and we have the witness from USDA and the Governor—Mr. Etheridge and McIntyre got the Governor on the way and we will convene when we get back from the vote. The Committee stands in recess.

[Recess.]

Mr. ETHERIDGE [presiding.] Thank you, and before we welcome our second panel to the table, I am going to recognize the gentleman from California, Mr. Baca, for a brief opening statement. Mr. Baca?

OPENING STATEMENT OF HON. JOE BACA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Mr. BACA. Thank you very much, Mr. Chairman, and I know that our Minority Ranking Member is not here, but I want to thank you for holding this hearing on disaster. I know what it means to be a platform for agricultural disaster throughout the country, but I want to take a few moments to mention obvious and real disasters going on right now in my own district and throughout southern California. As of this morning the wildfires have exploded in San Bernardino, Riverside, San Diego, Los Angeles, Ventura, Santa Barbara, and Orange County. And this is really a wildfire tornado as they call it that has consumed over 695 square miles of land, destroyed over 2,000 structures, forced one million people to evacuate their homes, and a lot of these have come into my district, which presents a problem that has taken over six lives. For those of you that are not near those fires in that area, it is like a blanket of snow and ashes all over my district, that covers all of Fontana, Rialto, Colton, San Bernardino, the City of Highland, and then of course the fires that have occurred in Lake Arrowhead, Lake Gregory, the Green Valley area, Fontana, Ontario. There are many reasons for the catastrophe. Some are naturally occurring and others are arson. After the smoke is clear everyone is housed, fed and clothed, and of course I plan to come back to my colleagues on this Committee to craft a long-term solution that takes a realistic look

at how we fund firefighters and that becomes very important. How we fund firefighters and what we must do to prevent future disasters of this magnitude. When I asked how many employees we have, I don't believe that we have enough firefighters even currently right now if we have another disaster in the area. And I know that it could conceivably go to the southeast as well. This project will require tremendous bipartisan cooperation and the jurisdiction of several other committees including Natural Resources, Appropriations, and Budget, but if we are to be true agents of change there is something that we must do and we must do it now. But all data indicates that the fire, nationwide, are increasing in size and intensity, and those of us in Congress must respond to those changes. We must have frank discussions about how we can prevent, and I state frank discussions, how we can prevent the extreme loss of trees, properties and life and then how we even deal with the barred beetle too as well that is a tornado waiting to explode, it is a time bomb that is there. The *status quo* can no longer do. Our planet is changing and we must acknowledge that and we must head on to meet our new challenges that are facing us. Again, I thank the Chairman and Ranking Member for their leadership. I look forward to hearing from the esteemed witnesses today and I look forward to working on a bipartisan issue that deals with all of us that are impacted or could be impacted now and in the future so that we are prepared to deal with this kind of disaster. Not only now but in the future to come, and that we have the resources and the funding that is there. Thank you, Mr. Chairman.

Mr. ETHERIDGE. I thank the gentleman. I would recognize the gentlelady from Kansas for a brief comment.

OPENING STATEMENT OF HON. NANCY E. BOYDA, A REPRESENTATIVE IN CONGRESS FROM KANSAS

Mrs. BOYDA. Thank you so much, Mr. Chairman. I would just like to say thank you for coming. In Kansas we certainly experienced years and years of drought only to be followed by a tremendous 100–500 year flood, so this is extremely important. One of the things that I hear most in my district is our policies provide payments when we don't need them, and don't pay them when we do so approaching this issue from a good data-based and good policy standpoint is going to be extremely important to all the farmers and ranchers in Kansas, and on behalf of them I say thank you.

Mr. ETHERIDGE. I thank the gentlelady. Our second panel, and we welcome you to the table, is Mr. Bradley Rippey, Agricultural Meteorologist for the U.S. Department of Agriculture here in Washington. He is accompanied by Dr. Gerald Bange, Chairman of the World Agricultural Outlook Board, U.S. Depart of Agriculture and Mr. Tom Harbour, Director of Fire and Aviation Management, Forest Service, U.S. Department of Agriculture. Mr. Rippey, please begin when you are ready. Your full statement will be included in the record and if you will please try to summarize as soon as possible we would appreciate it. Thank you, sir. You may begin.

STATEMENT OF BRADLEY R. RIPPEY, AGRICULTURAL METEOROLOGIST, WORLD AGRICULTURAL OUTLOOK BOARD, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.; ACCOMPANIED BY DR. GERALD A. BANGE, CHAIRPERSON, WORLD AGRICULTURAL OUTLOOK BOARD, U.S. DEPARTMENT OF AGRICULTURE; AND TOM HARBOUR, DIRECTOR, FIRE AND AVIATION MANAGEMENT, U.S. FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. RIPPEY. Thank you, Mr. Chairman, for the invitation to appear before this Committee to discuss U.S. agricultural weather highlights for 2006, 2007, and an outlook for 2008. With me today as you mentioned are Dr. Gerald Bange, Chairperson of the World Agricultural Outlook Board, and Tom Harbour, Director of Fire and Aviation Management for the Forest Service.

It has been nearly 20 years, specifically 1988, since the United States suffered through a coast-to-coast drought. Since then, there have been very frequent regional droughts, but few have had a major impact on national yield and production values for U.S. crops. I will begin by briefly reviewing the 2006 crop season before commenting on 2007 and discussing the outlook for the next few months.

CY 2006 featured significant drought across the Plains and the South, but generally favorable conditions in the heart of the Midwest. You can look at *Figure 1* on the screens. U.S. corn production totaled 10.53 billion bushels in 2006; the national yield was 149.1 bushels per harvested acre. At the time, the 2006 production was the third largest on record; the yield was the second highest on record behind only 2004. Corn harvested acreage totaled 70.6 million acres. Soybean production in 2006 totaled 3.19 billion bushels representing the largest U.S. soybean crop on record.

In contrast, winter wheat and sorghum crops were affected by drought. Winter wheat production totaled 1.3 billion bushels, down 13 percent from 2004–2005. At the same time, the 2006 sorghum production, 40 percent of which comes from Kansas, dropped nearly 30 percent, reflecting a sharp decline in yield.

The cotton crop was less affected because in some areas irrigation buffered the effects of drought. Cotton production in 2006 was 21.7 bales, just nine percent below the 2005 record high. U.S. production and yields for cotton were the third highest on record.

At the beginning of 2007, conditions on the Central and Southern Plains suddenly turned from drought to excessive wetness and flooding. These conditions negatively impacted yields and quality of the winter wheat crop. Farther east, we saw record-setting March warmth promoting a rapid planting pace for southeastern summer crops. In early April, however, a severe cold outbreak struck the Southeast and parts of the Midwest, harming jointing to heading winter wheat, emerged corn, varying degrees of damage to fruit and nut crops, and there was devastation to specialty and nursery crops. Freeze damage was reported as far north as the Ohio Valley, as far west as the eastern half of the Plains, and well into the Deep South. Since 1980, the National Climatic Data Center has been tracking billion dollar weather disasters which are weather-related disasters that have overall damage estimates of $1 billion or more. When the final data are reported, the April freeze is likely to be-

come the first freeze outside the nation's citrus belt to reach the billion dollar benchmark. In the wake of the April freeze, drought in the Southeast intensified to historic proportions, please consult *Figure 2*, sharply curtailing the regional production of hay and rain-fed summer crops.

For the most part, the U.S. corn crop experienced good weather during the 2007 growing season: 2007 corn forecast is a record 13.32 billion bushels, the largest harvested acreage since 1933, and the second-highest yield on record. On the other hand, and not entirely due to weather, the soybean crop fell to 2.6 billion bushels, down 19 percent from the 2006 record high. While the U.S. corn acreage increased sharply in 2007, the soybean harvest will reflect a drop in acreage from 74.6 to 62.8 million.

Current forecast for cotton production is 18.2 million bales, down 16 percent from last year. However, the yield is up 12 pounds per acre from 2006. If realized, the cotton yield would be the third highest on record. The expected cotton harvested area of 10.5 million acres is down 17 percent from 2006. Notably in Texas, the 2007 cotton abandonment was just six percent, down 36 percent from last year due to favorable growing-season rainfall and temperatures.

While the eradication of drought across the Central and Southern Plains resulted in generally improved wheat yields, rains were too excessive in some areas. As a result the wheat crop was 1.5 billion bushels, up 17 percent from the previous year. The national yield was up a half a bushel from 2005–2006. Meanwhile, sorghum production nearly doubled due to large increases in yield and acreage.

Shifting focus to the water supply situation, I will talk for a moment about California and we will discuss the wildfires in more detail during the question and answer session. But during the summer, drought lingered through 2007 across the Southeast and much of the West. Many concerns about water supplies as we approach the 2008 crop season, specifically in California the state's 151 intrastate reservoirs had above-average storage through all of 2006, but a 2006–2007 sub-par winter wet season and unusually early snow melt has led to sharp declines in water storage. In a normal year, California's reservoirs are drawn down about 2.7 trillion gallons between May and October. This year, between April and September, we have seen that draw down of 3.4 trillion gallons.

Now, the recent development of La Niña has significant implications for U.S. weather between now and next spring. A hallmark of La Niña is a substantial lowering of sea-surface temperatures in the central and eastern equatorial Pacific which disrupts the subtropical jet stream across the southern United States and results in drier-than-normal weather from autumn into spring. Given the current seriousness of drought in parts of the Southeast, several more months of dry weather could have serious implications for fall-sown crops, including winter wheat. However, winter wheat is normally a minor crop from a national perspective, less than five percent of the national production total. More importantly, an extension of the southeastern drought in the next spring could lead to summer crops being planted in dust and require substantial

growing-season rainfall to prevent a third consecutive year of drought-reduced yields. Not including the Mississippi Delta, the Southeast typically accounts for nearly ¼ of U.S. cotton production and more than ⅔ of peanut production.

At present, favorable soil moisture in the Southern Plains suggests that the winter wheat crops should become well established this fall; however, the official National Weather Service Drought Outlook, on the screen as *Figure 3*, indicates the likelihood of drought development in parts of the Southwest as far east as western Oklahoma.

Another potential impact of La Niña is warmer-than-normal weather across much of the country and wetter-than-normal conditions in several areas, including the Ohio Valley and the Northwest. A lack of persistently frigid weather may limit stress on livestock, but pests and disease-related issues could surface in 2008 due to the lack of killing freezes this winter. On the other hand, winter wetness in the Ohio Valley and in the Northwest would benefit small grains and help to ease or eradicate drought.

The effects of La Niña on U.S. weather typically diminish during the spring months. The latest NWS outlook for March to May, issued last week, calls for wet conditions to subside next spring in the Ohio Valley and the Northwest. You can consult *Figure 4* for a complete suite of winter–spring outlook package from the National Weather Service.

Thank you. This completes my statement and we would be pleased to answer any questions the Committee might have.

[The prepared statement of Mr. Rippey follows:]

PREPARED STATEMENT OF BRADLEY R. RIPPEY, AGRICULTURAL METEOROLOGIST, WORLD AGRICULTURAL OUTLOOK BOARD, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Mr. Chairman, thank you for the invitation to appear before this Committee to discuss U.S. agricultural weather highlights for 2006, 2007, and the early season outlook for 2008. With me today is Dr. Gerald Bange, Chairperson of the World Agricultural Outlook Board.

It has been nearly 20 years—specifically 1988—since the United States suffered through a coast-to-coast drought. Since then, there have been frequent regional droughts, but few have had a major impact on national yield and production values for U.S. crops. I will begin by briefly reviewing the 2006 crop season before commenting on the 2007 season and then discussing the outlook for the next few months.

2006 Highlights

The 2006 crop season featured significant drought across the Plains and the South, but generally favorable conditions in the heart of the Midwest (*figure 1*). U.S. **corn** production totaled 10.53 billion bushels in 2006, and the national yield averaged 149.1 bushels per harvested acre. At the time, the 2006 production was the third largest on record, while the yield was the second highest on record—behind only 160.4 bushels per acre in 2004. **Corn** harvested acreage totaled 70.6 million acres. **Soybean** production totaled 3.19 billion bushels, representing the largest U.S. **soybean** crop on record. The U.S. yield of 42.7 bushels per acre was just slightly below the record high established in 2005. **Soybean** harvested acreage was a record-high 74.6 million.

In contrast, the **winter wheat** and **sorghum** crops were affected by drought. U.S. **winter wheat** production totaled 1.3 billion bushels, down 13 percent from 2004–2005. The **winter wheat** yield of 41.7 bushels per acre was down six percent from the previous year. At the same time, 2006 **sorghum** production dropped nearly 30 percent, reflecting a sharp decline in yield.

The **cotton** crop was less affected because in some areas irrigation buffered the effects of drought. The U.S. **cotton** production in 2006 was 21.7 million 480 pound

bales, just nine percent below the 2005 record high. U.S. production and yields were the third-highest on record.

2007 Highlights

At the beginning of the 2007 crop season, conditions on the Central and Southern Plains suddenly turned from drought to excessive wetness and flooding. These conditions negatively impacted yields and quality of the **winter wheat** crop. Farther east, record-setting March warmth promoted a rapid planting pace for Southeastern **summer crops.** In early April, however, a severe cold outbreak struck the Southeast and the lower Midwest, harming jointing to heading **winter wheat**, burning back or killing emerged **corn**, causing varying degrees of damage to **fruit and nut crops**, and devastating numerous **specialty and nursery crops**. Freeze damage was reported roughly as far north as the Ohio Valley and as far west as the eastern half of the Plains. Across the South, pockets of freeze damage occurred as far south as Georgia, Arkansas, northern sections of Alabama and Mississippi, and portions of central and northeastern Texas. Since 1980, the National Climatic Data Center has been tracking "billion dollar weather disasters," which are weather-related disasters that have overall damage estimates of $1 billion or more. When the final data are reported, the April freeze is likely to become the first freeze outside of the nation's citrus belt to reach the billion-dollar benchmark. In the wake of the April freeze, drought in the Southeast intensified to historic proportions (*figure 2*), sharply curtailing the regional production of **hay** and most rain-fed **summer crops.**

With the notable exception of the mid-Atlantic and Southeast regions, the U.S. **corn** crop for the most part experienced good weather during the 2007 growing season. The 2007 **corn** crop is forecast at a record 13.32 billion bushels, reflecting the largest harvested acreage—86.1 million—since 1933, and the second-highest yield—154.7 bushels per acre—on record. On the other hand, and not due entirely to weather, the soybean crop is forecast at 2.60 billion bushels, down 19 percent from the 2006 record high. **Soybean** yields are expected to average 41.4 bushels per acre, down 1.3 bushels from last year. While the U.S. **corn** acreage increased sharply in 2007, the **soybean** harvest will reflect a sharp drop in acreage from 74.6 to 62.8 million.

The current forecast for U.S. **cotton** production stands at 18.2 million 480 pound bales, down 16 percent from 2006. However, the yield is expected to average 826 pounds per acre, up 12 pounds from last year. If realized, the **cotton** yield would be the third highest on record. The expected **cotton** harvested area of 10.5 million acres is down 17 percent from 2006. In Texas, the 2007 **cotton** abandonment was just six percent, down from 36 percent last year, due to favorable growing-season rainfall and temperatures.

While the eradication of drought in the Central and Southern Plains resulted in generally improved **wheat** yields, rains were excessive in some areas. The **winter wheat** crop totaled 1.5 billion bushels, up 17 percent from the previous year. The national yield of 42.2 bushels per acre was up 0.5 bushel from 2005–2006. **Sorghum** production nearly doubled due to large increases in yield and acreage.

Water Supply Situation and Outlook for the Winter and Spring of 2007–2008

Despite improved moisture on the Plains, drought lingered through the summer across the Southeast and much of the West. This has raised concerns about water supplies as we approach the 2008 crop season. While California's 151 intrastate reservoirs had above-average storage through all of 2006, a sub-par 2006–2007 winter wet season and unusually early snow melt has led to sharp declines in the state's water storage. In a normal year, California's reservoirs are drawn down about 2.7 trillion gallons, from 9.6 to 6.9 trillion gallons, from May to October. Between April and September of this year, California's water storage decreased from 9.5 to 6.1 trillion gallons, a draw-down of 3.4 trillion gallons.

The recent development of La Niña has significant implications for U.S. weather between now and next spring. A hallmark of La Niña is a substantial lowering of sea-surface temperatures in the central and eastern equatorial Pacific Ocean. Unusually cool water in this region typically disrupts the sub-tropical jet stream across the southern tier of the United States, resulting in drier-than-normal weather from autumn into spring. Given the current seriousness of drought in parts of the Southeast, several more months of drier-than-normal weather could have serious implications for fall-sown crops, especially **winter wheat**. It should be noted, however, that **winter wheat** in the Southeast normally accounts for less than five percent of the national production total. More importantly, an extension of the southeastern drought into next spring could lead to **summer crops** being planted in dust and could require substantial growing-season rainfall to prevent a third consecutive year of drought-reduced yields. Not including the Mississippi Delta, the Southeast typi-

cally accounts for nearly ¼ of the U.S. **cotton** production and more than ⅔ of U.S. **peanut** production.

At present, favorable soil moisture levels in the Southern Plains region suggest that the **winter wheat** crop should become well established this fall. However, the official National Weather Service Drought Outlook, issued on October 18, 2007, and valid through January 2008, indicates the likelihood of drought development in western Oklahoma and nearby areas (*figure 3*).

Another potential impact of La Niña is warmer-than-normal weather across much of the country and wetter-than-normal conditions in several areas, including the Ohio Valley and the Northwest. While a lack of persistently frigid weather may limit stress on livestock, pest- and disease-related issues could surface during the 2008 crop season due to the lack of killing freezes. On the other hand, winter wetness in the Ohio Valley and the Northwest would benefit **small grains** and help to ease or eradicate drought conditions.

The effects of La Niña on U.S. weather typically diminish during the spring months. The latest National Weather Service official outlook for March–May 2008, issued on October 18, calls for wet conditions to subside next spring in the Ohio Valley and the Northwest (*figure 4*).

Thank you. That completes my statement and we would be pleased to answer any questions the Committee may have.

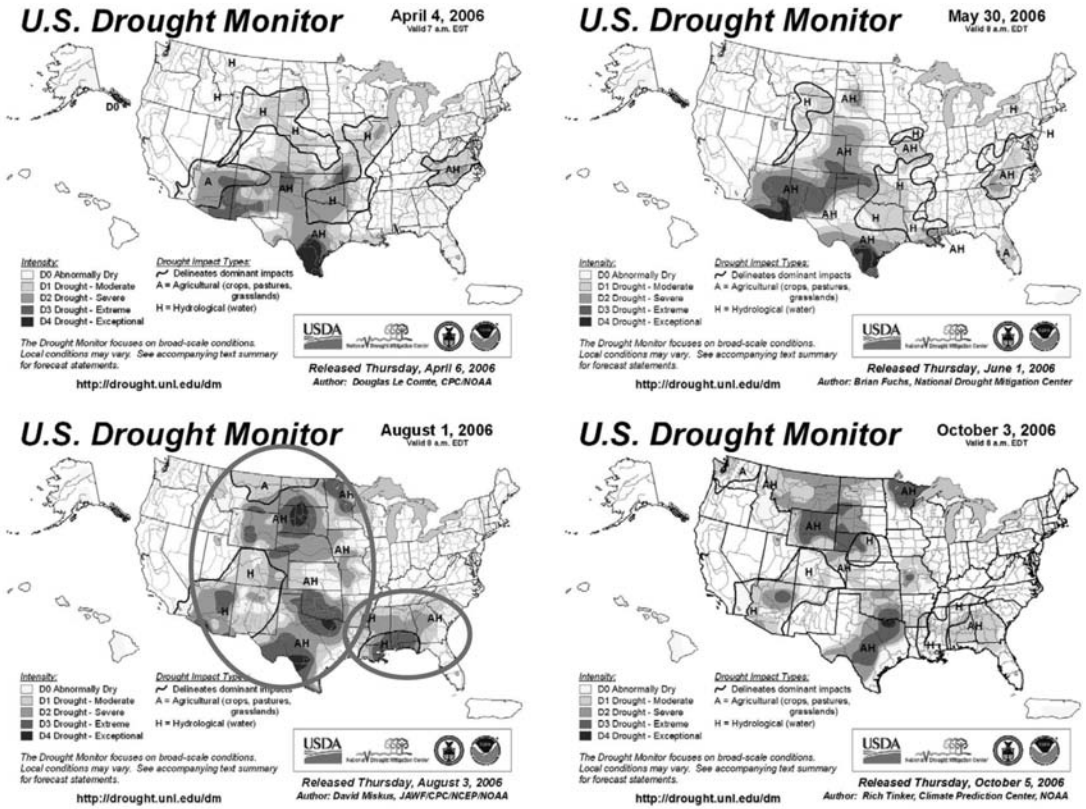
U.S. Drought Monitor
April 4, 2006
Valid 7 a.m. EDT
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
http://drought.unl.edu/dm
USDA
Released Thursday, April 6, 2006
Author: Douglas Le Comte, CPC/NOAA
U.S. Drought Monitor
May 30, 2006
Valid 8 a.m. EDT
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
http://drought.unl.edu/dm
USDA
Released Thursday, June 1, 2006
Author: Brian Fuchs, National Drought Mitigation Center
U.S. Drought Monitor
August 1, 2006
Valid 8 a.m. EDT
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
http://drought.unl.edu/dm
USDA
Released Thursday, August 3, 2006
Author: David Miskus, JAWF/CPC/NCEP/NOAA
U.S. Drought Monitor
October 3, 2006
Valid 8 a.m. EDT
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
http://drought.unl.edu/dm
USDA
Released Thursday, October 5, 2006
Author: Rich Tinker, Climate Prediction Center, NOAA

Figure 1

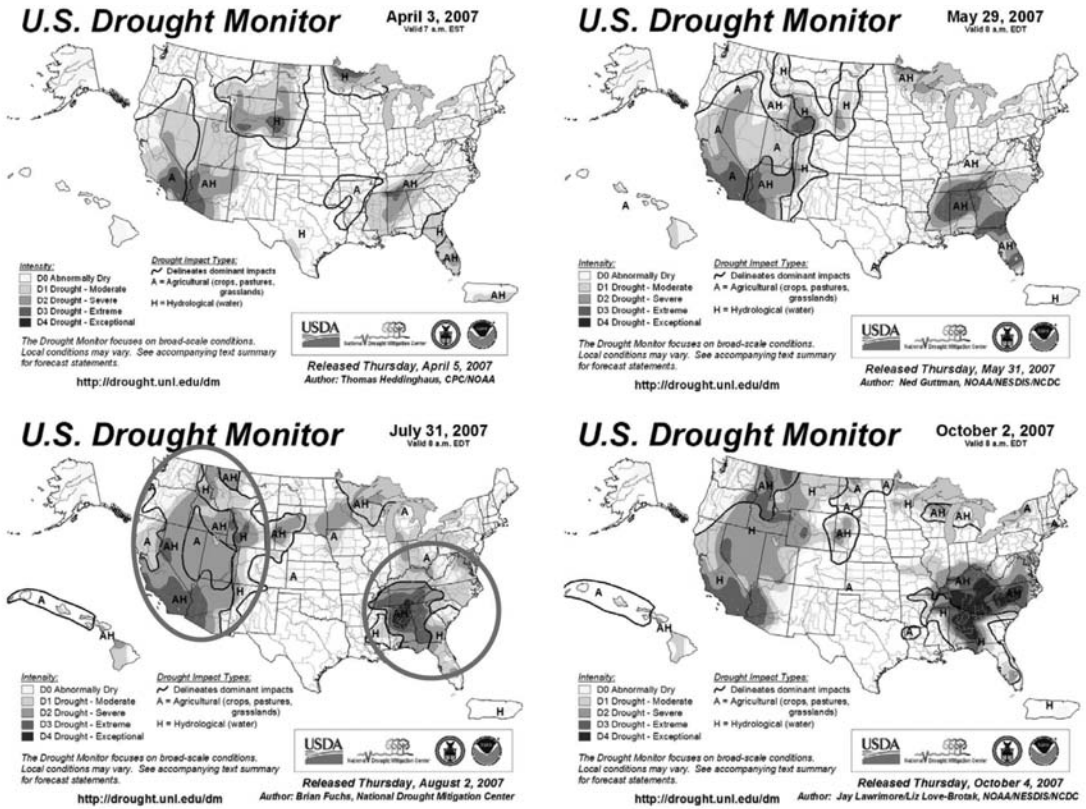
U.S. Drought Monitor
April 3, 2007
Valid 7 a.m. EST
Intensity:
D0 Abnormally Dry
D1 Drought - Moderate
D2 Drought - Severe
D3 Drought - Extreme
D4 Drought - Exceptional
Drought Impact Types:
Delineates dominant impacts
A = Agricultural (crops, pastures, grasslands)
H = Hydrological (water)
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
http://drought.unl.edu/dm
Released Thursday, April 5, 2007
Author: Thomas Heddinghaus, CPC/NOAA
U.S. Drought Monitor
May 29, 2007
Valid 8 a.m. EDT
Released Thursday, May 31, 2007
Author: Ned Guttman, NOAA/NESDIS/NCDC
U.S. Drought Monitor
July 31, 2007
Valid 8 a.m. EDT
Released Thursday, August 2, 2007
Author: Brian Fuchs, National Drought Mitigation Center
U.S. Drought Monitor
October 2, 2007
Valid 8 a.m. EDT
Released Thursday, October 4, 2007
Author: Jay Lawrimore/Liz Love-Brotak, NOAA/NESDIS/NCDC

Figure 2

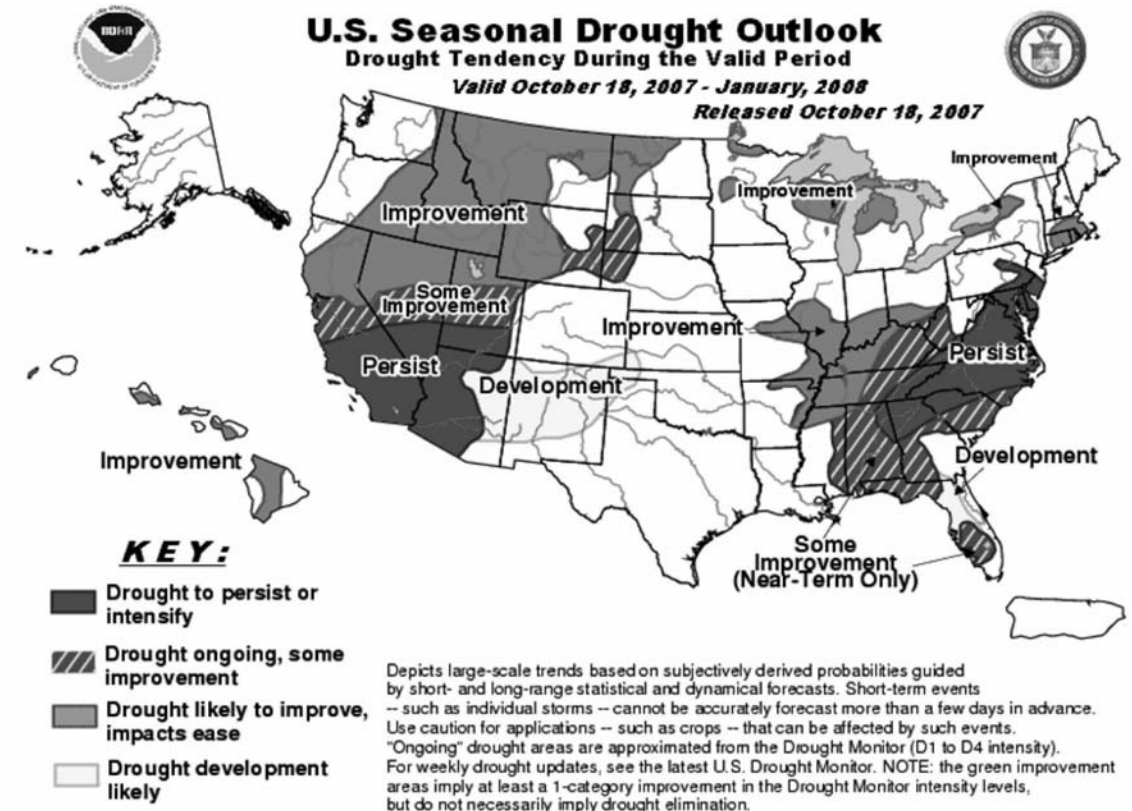
U.S. Seasonal Drought Outlook
Drought Tendency During the Valid Period
Valid October 18, 2007 - January, 2008
Released October 18, 2007
Improvement
Improvement
Improvement
Some Improvement
Improvement
Persist
Development
Persist
Development
Improvement
Some Improvement (Near-Term Only)
KEY:
Drought to persist or intensify
Drought ongoing, some improvement
Drought likely to improve, impacts ease
Drought development likely
Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.

Figure 3

National Weather Service Temperature and Precipitation Outlooks, December 2007 - February 2008 and March – May 2008

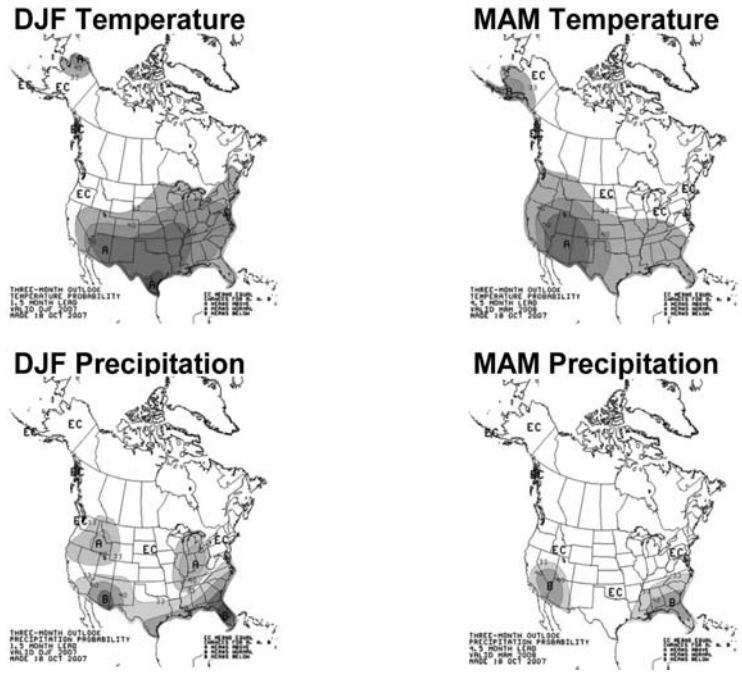

Figure 4

Mr. ETHERIDGE. I thank the gentleman, and let me just to say Members of Committee, we will recognize each Member for 5 minutes. You will be recognized in the order of seniority if you were here as the gavel sounded, otherwise, as you came to the Committee and I will recognize myself for 5 minutes. Mr. Rippey, let me ask you, your testimony covered a pretty broad range of agriculture, as it should, but my question is as you look at the map on the Southeast now into the second year, moving to the third year, and actually your numbers cover the whole country when you talk about averages and total production. By and large, across the country now, we are seeing a lot of commodity prices rise. My question deals with the Southeast, where production is down and in some cases nonexistent depending on where you are within rate region. My home State of North Carolina happens to be the hardest hit of all the southeastern states. Would you comment on how this affects, because the overall price structure is up, but your overall expenditure and investment in that crop hasn't gone down, so if you lose ½, ⅔ or all of it, you are in pretty bad shape and the whole regional effects, especially in rural areas, I would be interested on your comment on that and what that may project over the next several years if this continues.

Mr. RIPPEY. Dr. Bange, would you like to address the economic implications of that?

Dr. BANGE. Mr. Chairman, I would say that is pretty much a worst-case scenario for those who are in the midst of a drought, such as in the Southeast now. Unfortunately for them, we have very, very good crops elsewhere in terms of some of the row crops, in particular: the corn crop was good; the wheat crop was good; and the soybean crop was good. Those people, unfortunately, did not—in the Southeast, many of those people are not going to benefit from the prices that we have seen generally higher, because even though we have had these good crops, we have seen very strong commodity prices especially because of the utilization of corn for ethanol. It has tended to raise the whole price structure for the grain complex, so for those who have grain, it is not bad for those in the Southeast, for example, and other affected areas it is a pretty bad scenario.

Mr. ETHERIDGE. Thank you. I have other questions, but in the interest of time I will submit them for the record and ask you to respond. I will now yield to the Ranking Member for questions.

Mr. GOODLATTE. Thank you, Mr. Chairman. We are all too aware of the situation in southern California where drought, winds, and hazardous fuels are leading the catastrophic wildfires, burning thousands of homes, a million people are out of their homes right now, some lives have been lost. I know that much of the area is chaparral or shrub land, an ecosystem where fires normally occur; however, over the past year nationwide we have had the second worst wildfire season on record with over 8.3 million acres burning in all types of forests. To give a comparison: so far in southern California there are under a half-million acres—16 times as much acreage of wildfires of what people are seeing on television these past several days in southern California is what the nationwide damage has been thus far this year. Earlier this year, we saw Florida and Georgia suffer damages of over 500,000 acres in one mas-

sive fire. In my home State of Virginia, the wildfire risk is extremely high right now especially in the southwestern part of the state. I would like to ask perhaps Mr. Harbour, who I know is with us from the Forest Service, but any of you please jump in. Do you foresee these wildfire seasons getting worse?

Mr. HARBOUR. Yes, sir. The short answer is we do foresee wildfire seasons getting worse and why—confluence, sir, of the weather which we have been briefed on here—the drought—the conditions especially in forested lands where we accumulate fuel. As a fireman, we accumulate burnable vegetation, and, finally, the increasing juxtaposition of homes and values at risk with those forested lands all lead to a situation where we do foresee more intense, more severe fires in the future.

Mr. GOODLATTE. And will hazardous fuels reduction help with the severity?

Mr. HARBOUR. Yes, sir. As a fireman, there is not only the response to the fire that we need to be concerned about, but there are the conditions prior to the fire that give our firemen a better chance of containing that fire at a small size. The condition of our national forest and grasslands, in our state and private forest and grasslands, is very important to folks in the firefighting service, Yes, sir.

Mr. GOODLATTE. And I take it that would be true even with the long-term drought predictions that we have seen here.

Mr. HARBOUR. Absolutely. Just to give us a better chance of dealing with the fire, when we have better conditions that we manage for on those lands.

Mr. GOODLATTE. And while forests are certainly a long-term crop and 1 year of drought will not likely kill forests as it does traditional agricultural crops, how has the drought impacted private forest lands in the South where we have seen on these drought monitors just a devastating severity here in recent months?

Mr. HARBOUR. You bet, sir. It has impacted lands in the Southeast. As you are aware, as we utilize those lands and harvest crops, we also use replant. And the small trees, in their formative years, are especially susceptible to drought. They have a high mortality when they are small and they can't overcome the drought conditions that larger, more mature trees could. It has impacted forested lands all over the nation, especially in the Southeast.

Mr. GOODLATTE. Thank you very much, Mr. Harbour. Let me turn to another subject. With regard to the impact on livestock producers, of which there are a great many in the Southeast and other parts of the country that have been drought-impacted and certainly in my Congressional district in the Shenandoah Valley in western Virginia, Mr. Rippey, the Senate Finance Committee recently passed a disaster portion that allocates $35 million per year for livestock-related disaster. When the USDA has made disaster payments to livestock in the recent past, what has been the annual amount?

Mr. RIPPEY. We received a note this morning from John Johnson at FSA. I think Jerry Bange is going to address that question.

Dr. BANGE. Sir, that number would seem to be rather low to me based upon recent experience, although we are talking about numbers here that are highly variable from year to year depending

upon the circumstances obviously. According to CBO, they support the current program at about $1.2 billion for the past 3 years. Looking at 2005, 2006 and 2007, I guess that would turn out to be about $400 million a year which would seem to me to be quite a bit higher.

Mr. GOODLATTE. So what the Senate has provided is less than 10 percent of what the need has been in the past 3 years on average. And I would dare say there are some individual states that have received more than $35 million.

Dr. BANGE. Yes.

Mr. GOODLATTE. And I must share your concern that the amount provided by the Senate Finance Committee will be inadequate if there is a wide-spread national disaster affecting livestock producers, and quite frankly, I think that is happening right now. Do you think my concerns are justified?

Dr. BANGE. Yes, sir. I do.

Mr. GOODLATTE. Okay, and what would you say the long-term impact upon production agriculture would be of these weather-related disasters?

Dr. BANGE. Brad, you want me to answer that?

Mr. RIPPEY. Certainly we have seen so many regional droughts in the last 20 years, I don't see any sign of that changing. As these droughts seem to move around from place to place I don't expect in coming years we are going to see much change at all from what we have been seeing, where we see droughts, they will move from the Plains to the Southeast to the Southwest, Northwest. Really the only area of the nation that has not been severely impacted by drought in the last 20 years ironically enough is the breadbasket, or the midwestern states. That is certainly a possibility. We have seen some fairly significant droughts infringing on the Midwest, including this year, across southern parts of Illinois, Indiana, but that is something that we will have to watch from a livestock perspective. Obviously, a lot of the inventories across the Plains and the Southeast, both of those areas have had substantial drought impacts over the last decade, and I really don't foresee any change in that in coming years.

Mr. GOODLATTE. Thank you, Mr. Chairman.

Mr. MCINTYRE [presiding.] Thank you, Mr. Goodlatte. Mr. Rippey, you also mentioned the April freeze we experienced on the East Coast. It was particularly hard on specialty crops, I know, in my home State of North Carolina. This is, of course, known as the Easter freeze back in April before we ran into the situation with the drought this summer. I know you visited some farms there. Many of the farmers have said they have had to start from scratch just because of the result of the freeze, even before the drought, because they lost so much. Can you tell us what you expect the long-term impact to be on these specialty crops in states like the situation we had from the Easter freeze in North Carolina?

Mr. RIPPEY. As I mentioned in my testimony, it was absolutely devastating to some orchards and nursery crops. It will take years to recover for some of those producers. Some of the other impacts were more shorter term, such as for corn or for winter wheat where it is just a 1 year recovery period. It is really in the specialty sector which is, obviously, a high cash flow for that as the prices are high.

It is going to take a long time for folks in a 10 or 11 state southeastern and midwestern area to recover from this. Fruit trees will bounce back for the most part because there was not physical damage, but it is, again, looking at some of these nurseries that lost trees that will have to be restarted. A lot of specialty crops and nurseries seem to be the hardest-hit sector and will take a long time to recover.

Mr. MCINTYRE. I know we have a vote underway that we may have to suspend for Mr. Lincoln Davis. Have you already been to vote?

Mr. DAVIS. I haven't, and I probably will go vote and I will come back, and I would love to yield to someone else until I come back and claim my time.

Mr. MCINTYRE. Thank you, sir. Do you have any question of this panel, Mr. Davis?

Mr. DAVIS. More or less of a comment.

Mr. MCINTYRE. If you go ahead and make that quickly because what I may do is dismiss this panel because I know that we have other panels coming in and the Governor of North Carolina will be coming in, so if you make your comment and then we may dismiss this panel.

Mr. DAVIS. Thank you, Mr. Chairman. In my earlier comments I talked about basically the two-edged sword that cut both ways in Tennessee: the early warming period and then ultimately, a huge freeze that came and lasted for about 5 days which totally disrupted early April. It totally disrupted the normal spring that we would have, and then the drought came on and just strangled us. If you look at this map, you will find that most of what you see in Tennessee is in my Congressional district. I have 10,000 square miles of Tennessee's 40,000 so I have lived with that for the last 6 or 8 months. What many of our farmers are saying now is that we really don't need a law on this. Is there any way that we can find money just to buy feed for out cattle? I mean a lot of the folks who had commodity crops have insurance but in the horticultural interests, for instance, most of those had just the CAT Program, and there are questions whether or not they will even recover anything from that. We have been meeting with the RMA this week to talk about maybe revisiting the rules and the procedures of how a loss claim could be actually accessed by some of our farmers. So we are looking at several things in my district because it appears we have been the hardest hit, even in Tennessee, in the district I represent. Is there a possibility that there will be—I know we may have to act here—but is there any possibility that there will be some assistance to farmers to help recover herds that they have lost, hay that they cannot afford to buy? Do you foresee that coming from USDA?

Mr. MCINTYRE. If I can suspend the hearing, we will let you answer that and come back. I have been informed there are a couple of other Members that did have questions of this panel, but I know the time is running out on the vote, so we will just temporarily suspend and come back to this panel. Thank you very much.

[Recess.]

Mr. ETHERIDGE [presiding.] We are going to go ahead, if the witnesses will just hold the answers to Mr. Davis' question. I will as-

sume you remembered the question. I was out. I apologize, and we will let you answer that assuming he comes back. If he doesn't get back, we will go ahead and get the answer for the record. Well, maybe we ought to go ahead and take the answer for the record so we will have it. It will be in an appropriate place. We will go ahead and take that answer now, if you would.

Dr. BANGE. Sir, I believe the way the question was posed by Congressman Davis—is there a chance that these people would receive disaster assistance: the general answer would be yes, but it requires specificity, that I obviously don't have, with regard to a case-by-case basis. With your permission I would like to take that question back to the Department and pose it to the proper people in USDA.

Mr. ETHERIDGE. If you would, please, and submit that to the Chairman and to the Members of the Committee.

Dr. BANGE. Yes, sir.

Mr. ETHERIDGE. That would be great. Thank you, sir. I now recognize the gentleman from Georgia, Mr. Marshall, for 5 minutes.

Mr. MARSHALL. Thank you, Mr. Chairman. Could we go back to the prior screen? Is the technician able to that? Drought persistence. Is that it? Okay. Thank you. Your prediction here is that this drought is going to persist in north Georgia and all through the Carolinas until January of 2008. When you say persist, what do you expect?

Mr. RIPPEY. That means that based on the D level conditions that we see on the Drought Monitor, those conditions will remain at the very best, they will remain the same. So where we see the D3s and D4s we will expect to see a continuation of that level of drought through the end of January.

Mr. MARSHALL. We have had estimates provided to us by the Department of Natural Resources in Georgia that Atlanta is going to run out of water at present consumption levels—and those consumption levels by the way have diminished dramatically because we are banning all outdoor watering. I mean we have taken a number of steps already to try and decrease the consumption level—but that the City of Atlanta is going to run out of water in something like 70 to 80 days. If I understand this screen correctly, what you are saying is that Atlanta is not likely to get any relief from the drought for longer than that period of time. Am I correct about that?

Mr. RIPPEY. Yes, we are expecting drought to continue, at least at the current intensity, through the end of January, which indicates that rainfall would be below normal between now and the end of January 2008.

Mr. MARSHALL. When you say rainfall below normal, are you saying that the current severe drought that we are experiencing in north Georgia is going to continue or are you expecting that there will be a return to some water collection that might stave off this threatened end of the water supply for Atlanta if we continue to consume at current levels?

Mr. RIPPEY. The only thing to consider is that water usage for agricultural and for forest purposes drops off in the fall and winter months, but at the same time we are still expecting drought to persist at its current intensity. So we may not be losing water at the

rate that we have been through the summer and early fall months, but we do not expect any improvement in the drought depiction into early 2008.

Mr. MARSHALL. You are worried about the weather. Are you also focused on water use?

Mr. RIPPEY. We look at it from very general terms. I have been around long enough to know that each basin, each catchment basin has its very own specific requirements and has to be looked at individually. I am no expert on Atlanta's catchment basin.

Mr. MARSHALL. So you don't know what the likely diminution and consumption would be as a result of it being the fall now and agriculture is not using as much as water, you wouldn't know that up in that area?

Mr. RIPPEY. That is correct. I can only speak to that in very general terms.

Mr. MARSHALL. Well, then let me just describe the north Georgia agriculture as being principally in the—actually, Zippy, if you could just step up real quickly and describe what agriculture there is in north Georgia. You can do a better job than I will. This is Zippy Duvall and he is the head of the Georgia Farm Bureau. He also farms up in north Georgia. Do you expect that there is going to be a substantial drop in water usage in north Georgia agriculture over the next few months?

Mr. DUVALL. No, sir. In north Georgia, we mainly are poultry, livestock, we do have some row crop areas up there but those crops have been made now and there will be some winter rice and stuff planted but they won't be irrigated.

Mr. MARSHALL. Frankly, the amount of row-cropping and whatnot up in north Georgia is pretty small compared to poultry and cattle.

Mr. DUVALL. Very much so. The concern in the poultry industry is the possibility of restrictions going on water going into the processing plants. If that happens, that could cause a delay or downtime of bringing chickens to the farm which would be absolutely critical or disastrous to our poultry farmers. And most poultry farmers are the small family farm.

Mr. MARSHALL. Mr. Rippey, it would be very helpful to me and to the Georgia delegation if you and your office were in a position to sort of firm-up your estimates for that particular catch basin. What is going to happen over the next few months could be very helpful to the Department of Natural Resources in Georgia, as well. As I say, there are projections right now that Atlanta, the City of Atlanta, metropolitan Atlanta, is going to—that is millions of people—run out of water in about 2–3 months.

Mr. RIPPEY. We will certainly look into that, and perhaps in partnership with other agencies including U.S. Geological Survey, which deals with water issues, we will take a look at that.

Mr. MARSHALL. Well, if you could get back with my office, could you get back with me?

Mr. RIPPEY. Yes, sir.

Mr. MARSHALL. Thank you. Thank you, Mr. Chairman.

Mr. ETHERIDGE. The gentleman yields back, and let me just echo that and if you would make sure that is not just to his office but to the Members of this Committee and the Chairman, I think that

would be most appropriate because this issue is serious enough and the issue just raised as it relates to poultry, these small farmers by and large have contracts. Those contracts are tied to payments to banks, and so if they get stretched out and they find themselves in a situation where they can't pay the bills; it would be a catastrophic issue over a long period of time. The gentleman from Tennessee had not quite finished so I am going to allow him the opportunity to follow up with one final question. Mr. Davis.

Mr. DAVIS. Mr. Chairman and members of the USDA that are here, the question I asked, I believe you have already answered and the response was that you will take it back. I am not sure who you are going to take it back to, but—for the last 6 years we have been passing a supplemental, properly so, for our war efforts to defend our country against those who have perpetrated terrorist acts against this nation. I have been told that the soldier's ability to perform their duties depends on the food that is in their belly. There have been some armies throughout the history that have not been able to complete their missions because they were unable to have enough food, so there is obviously no comparison when we are talking about supply and funding for our troops to protect them and provide them for their basic needs. But coming secondary to that would be being sure that we have the food supply to provide this country with our basic needs as well. There is now hope that when you go back to this Administration and talk to them that you will explain to them that there is a request for a supplemental now, and that is for the supplemental appropriation. The big part of that has always been and will continue, perhaps, to be funding of the war in Iraq and in Afghanistan, so it is my hope that you include in that a request for the funds for some of these farmers who have been devastated and perhaps may not be able to continue the family farm. And I would hope that you would carry that message back. I hope that when the President sends his request to us it will have included in it supplemental appropriations for agriculture as well. Thank you, Mr. Chairman.

Mr. ETHERIDGE. I thank the gentleman. I now recognize the gentleman from California, Mr. Baca, for 5 minutes.

Mr. BACA. Thank you very much, Mr. Chairman. Mr. Rippey, a question for you. But keeping in light of global warming and its impact it is going to have on us and looking at drought and the possibility of the need for water, not only for our farmers but throughout our area, in your testimony you briefly mention the amount of water stored in California's 152 reservoirs. Through September of this year, according to your information, our reservoirs contain about 6.1 trillions gallons, a decrease of 8 million gallons from last year. Can you estimate for us how the wildfires this week have changed the reservoir level?

Mr. RIPPEY. In terms of water usage for wildfire fighting, I will defer to Mr. Harbour. He may or may not have an answer to that.

Mr. HARBOUR. Mr. Baca, I am indeed a firefighter and we obviously use water in our firefighting efforts, but I don't have the expertise to answer that question, sir.

Mr. BACA. All right, but in that process the firefighters and others in forestry use, they use helicopters, they use air jets, aren't they then draining some of our water that we have because wheth-

er it comes from Lake Arrowhead, Lake Gregory in my area, near my area. That impacts our water and the ability to supply water and it also impacts the reservoirs in our area if they are actually using water from these lakes to fight the fires, and then we have a drought because we don't have snows, we don't have rains now.

Mr. HARBOUR. Yes, sir. I think I understand your question, and you are correct. We do use water, especially with our helicopters and with our air tankers to help the firefighters on the ground. We do, in fact, listen to the local authorities about their concerns about water. Water, however, in these emergency situations is very critical to us also. Not only do we use water from lakes and ponds, but we derive water from hydrants and so forth to help us in our firefighting efforts. I don't have an estimate of the gallons of water that we have used in the fight, but yes, sir, water is a key component of what we need to do to fight those fires.

Mr. BACA. Thank you. Hopefully at one point we can get the statistics or the numbers because that impacts the drought, the water we had and when we look at global warming and supply of water to our area, and especially the State of California that relies a lot on the Colorado River and other reservoirs as well. The other question that I have for you, Mr. Harbour, do we have enough resources in manpower to meet future disasters as we look at the one that has hit California?

Mr. HARBOUR. Mr. Baca, we are certainly going to have to sit down with Members of Congress and think about the impacts of these combined interactions of the changing weather that we have, the more severe weather, more homes and more improvements that we must protect and worsening conditions in our national forest. So we felt very good about the assets we had on hand to deal with these fires over the last week, but as we look ahead 5, 10, and 20 years it is certainly something that we want to discuss with you about how we position the combination of immediate assets which fight fire and the conditions that we put those firefighters into, the conditions of the land, the proximity of homes, all which affect the firefight that we are in.

Mr. BACA. Okay. Thank you. Another question that I have, Mr. Harbour, we have one of the leading transportation hubs of southern California that runs through my area. On Tuesday, I was briefed by a few of your colleagues from the Forest Service, Danny Truesdale and Rick Cooksey. One question I had for them was on the transportation of hazardous materials and chemicals during a time of disaster, can you explain to the Committee what the standard procedure is for the transfer of hazardous materials by rail during an emergency, like the fires we have had this week?

Mr. HARBOUR. I can tell you in general, sir, that we exercise our cooperative interagency relationships during emergencies. We have experts from the Department of Transportation at the Federal, state, and local level that talk to us and deal with us as we have an emerging situation, and so we do at times, as you know, sir, we stop traffic, we detour traffic, we may in fact impact rail or ground transportation routes because of fire. That, again, is not the particular expertise I have, but the answer, sir, is yes, we are in close cooperation with folks like Caltrans and CHP and the Department of Transportation for rail lines to determine how safe it is for those

kinds of hazardous materials to go through an area that is either being impacted by fire or is expected to be impacted by fire.

Mr. BACA. Okay. Thank you very much.

Mr. ETHERIDGE. I thank the gentleman. The gentleman from Nebraska, Mr. Smith, is recognized for 5 minutes.

Mr. SMITH. Thank you and I thank the leadership of the Committee for holding this hearing. Certainly, drought has affected Nebraska for quite some time. My question is for Mr. Rippey. The National Drought Mitigation Center at the University of Nebraska—Lincoln has published a 10 step checklist for drought preparedness planning. What do you think Congress could do to encourage states and localities to being proactive and develop long-term drought preparedness plans that will allow earlier recognition of drought conditions and promote thoughtful, and certainly pre-planned, strategies for response and mitigation that incorporate sound science policy and education? And, I guess as an aside, that as of 2006 only two states, Illinois and Washington, were developing long-term plans.

Mr. RIPPEY. Yes, Dr. Michael Hayes is the Director of the National Drought Mitigation Center and Dr. Donald A. Wilhite, who preceded him, are at the forefront of this whole aspect of trying to get ahead of drought. We know it is going to happen. It is going to move around. And those folks have really been in the leadership. They have a great plan, but it needs to be implemented, it can't just sit there. Right now, for a lot of states, it is just on paper. I have been involved with the drought monitoring process since the beginning of 1999. We have seen a lot of improvement of the coordination in various states. North Carolina is one where we have a real good plan in effect where there are frequent meetings. I think that is the key. You pretty much mentioned it yourself that we need to get states involved at the state level and deal with this. If Atlanta had cut back on water years ago maybe we wouldn't be in this mess right now where there is, purportedly, just a short supply left. Take the National Drought Mitigation Center's ideas, work this down to the state and local level, and I think we would be much more prepared to confront drought on a national scale.

Mr. SMITH. Thank you, and I yield back.

Mr. ETHERIDGE. I thank the gentleman. Let me thank all of the other Members. I think we have been through those who would like to ask a question. Would anyone else like to ask a question who has not had an opportunity?

Mrs. MUSGRAVE. Mr. Chairman?

Mr. ETHERIDGE. Five minutes.

Mrs. MUSGRAVE. Thank you, Mr. Chairman, very much for recognizing me. First of all, when I look at the map and don't see anything except in the very corner of Colorado and the southeastern corner I am rather amazed because I have been in Congress for 5 years, and for 4 of those Colorado, of course, has been in a very severe drought. When our former governor assessed it, he said it was a drought of 300 year proportion. It was staggering in Colorado. I, again, am amazed that I see very little in regard to information on Colorado, and I would like you to comment on that if you could. I also would like to say that we are talking about drought here, but in Colorado we had a blizzard last winter that

was very dramatic. Between 8,000 and 10,000 cattle died immediately. Of course, the calf production was severely damaged, much of those—probably a fifth of calf crop, perhaps even a fourth—are gone, and as high as 15,000 cattle were lost in that. And so you are looking at a 2 to 5 year recovery from that blizzard, and the blizzard came on top of the continued drought. We in Colorado have faced severe damages, so that is out on the eastern part of the state. Then another issue that we have to deal with is wildfires. Additionally, I would like you to comment on—I assume that you are already into Fiscal Year 2008 dollars: but I want to know about funding for 2007, and if you had adequate funding. And if you didn't, where did you get more money for 2007? Those are the issues I would like whomever to address please.

Mr. HARBOUR. I think the question about fire funding is mine, ma'am. The Forest Service, in terms of our wildfire suppression spending in Fiscal Year 2007, spent just under $1.4 billion in our wildfire suppression efforts. The funding that you allowed us was sufficient to meet with the need; however, the expenditure of $1.4 billion to deal with fires points out a problem that the Forest Service is confronting, which we would love to discuss with you in that close to half of the Forest Service budget now is a fire budget. We have always viewed the U.S. Forest Service as an agency which needs to not only manage the 200 million acres of national forest system lands in the U.S., but reach out to our state and private partners. And we are finding with the focus and stress with the fire program that the agency simply lacks the ability to continue to have vibrant programs in those other areas. And so we appreciate the funding that you have allowed us, and we certainly would like to talk about how we can, for the future, engage in discussions that allow us to have a more balanced program in the agency.

Mrs. MUSGRAVE. Thank you. How about specifics in Colorado please.

Mr. RIPPEY. Looking at the weather situation, you spoke about the blizzard last January—and December and January. We always look at these weather disasters, and you have to look at them in two lights, and it was a devastating storm for the livestock. We saw pictures on TV of the hay being dropped by helicopters. At the same time, Colorado ended up with one of the best winter wheat yields in a very long time with the production at 40 bushels per acre, so at the same time it was devastating livestock, the wheat underneath—we didn't know how it was going to look when it came out—turned out looking great and it escaped the freeze so that is, again, a double-edged sword with that big blizzard because it did protect the winter wheat beneath. In terms of drought vulnerability, Colorado looks like they will dodge most of the bullet in the near future, but drought will strike again. And the better part of the last decade has been very difficult with drought, not just on the Plains but also in the mountains with water supply issues.

Mrs. MUSGRAVE. Yes.

Mr. RIPPEY. Currently, things are looking very good. We might see some drought vulnerability in the far south because of the dry weather associated with La Niña, but the rest of the state looks to be in a sort of transition zone from drier conditions to the south, wetter to the north, so we don't foresee a near-term problem with

drought in Colorado. That will be something that will surface again sometime down the road, and we will have to deal with it again.

Mrs. MUSGRAVE. Thank you very much and thank you, Mr. Chairman.

Mr. ETHERIDGE. I thank the gentlelady and we just had a vote call and let me add, Mr. Conaway had to leave. Let me ask this question for the record and ask you, if you would please submit your responses to the Committee. What has the forest fire situation been in Canada and Alaska compared to the Continental United States, and what do they do in Canada that makes forest fires worse or less severe in that case whatever it may be. And if you would provide that and submit it to the record we would sure appreciate that. And with that let me thank each of you for coming today, for your testimony. The Ranking Member and I were just talking here. Looking at this map that you provided, the seasonal drought outlook, through the next several months, there is not a lot of encouragement on it for the far West, nor for the Southeast, especially those hard-hit states of North Carolina, Virginia, all the way up to Delaware and as far south as Alabama. I do hope in this case you are wrong, and I am sure you do. But that being the fact, that is why we are having the hearing today, but I think that we have to be prepared to handle that. With that, let me thank you. The Committee will stand in recess while we get ready for our next panelists, and that will be as soon as we can vote, probably about 7 to 10 minutes.

[Recess.]

Mr. ETHERIDGE. I am not sure I am going to get their attention. Governor, it is hard to get these guys to stay on task.

Governor EASLEY. Well, I know there are a lot of fun and games going on today, so——

Mr. ETHERIDGE. Well, let me thank you on behalf of the Members of this Committee and Chairman Peterson and all of us for agreeing to our request as we hold this full hearing. The Chairman was kind enough to call a full hearing to talk about the Southeast, but specifically as we heard from the last panel that North Carolina is the hardest hit, really, as a full state. Even though, as my good friends in Georgia would probably take some umbrage to that with what is happening in Atlanta, but as a state in agriculture our whole state is covered. So let me welcome you, Governor, and thank you for accepting our invitation to appear today before this Committee to share your unique perspective on this urgent crisis that is affecting not only our state, but the whole Southeast and, as we saw earlier, parts of the far West. I want to thank you for your leadership in this pressing matter. You have been out front in our state and I assume you are going to share that very shortly as you talk about having been a clear voice on behalf of our farm families and rural communities. For my colleagues here, Governor Easley has spent nearly 2 decades—well, actually over 2 decades now—as a public servant, fighting crime, protecting children and the elderly, and standing up for working families. Since taking the oath of office in 2001 as the Governor of North Carolina, his theme was, in North Carolina where every citizen in every county has the opportunity to succeed. He has worked at that goal. Governor Easley is a product of eastern North Carolina coming out of Nash

County. He sort of knows what it is when you talk about row crops and tobacco and corn, soybeans and all those other crops that we have heard about today. He grew up on a tobacco farm. His roots are deep in the North Carolina soil, as mine are and the Members of this Committee my colleague Mike McIntyre, who joins me and Robin Hayes from North Carolina. He understands the Southeast region, but he also knows that we have the worst drought of a tragic proportion that we have had in many, many years. And he understands that there is a huge need for Congress to deal with it and to step in. It is my hope that Congress will work together, that we will press for an agricultural assistance package that the President will sign. By joining us here today, Governor Easley continues his strong leadership for agricultural families, for rural communities in North Carolina, and really our whole Southeast region. I want to thank him for that. We have been joined by another one of our colleagues who sits on a number of committees for North Carolina, Heath Shuler. Heath, we welcome you and glad to have you with us. And with that the Ranking Member is not here for an opening statement, so I will turn to my other colleague from North Carolina who might want to have a opening statement before we recognize you for your statement, Governor. Congressman McIntyre.

OPENING STATEMENT OF HON. MIKE MCINTYRE, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

Mr. MCINTYRE. Thank you, Mr. Etheridge, and we are pleased to have the Governor here with us today. For those who are joining us today, I am so pleased that our Governor would take the time to come from North Carolina, which helps emphasize clearly the distinct, unusual and unique situation we have in some areas what is being called a 300 year drought in North Carolina. The severe drought that is gripping the southeastern United States, and particularly our Tar Heel State, has destroyed millions of acres of valuable crops in our home State of North Carolina. Unfortunately, we know this situation has only gotten worse with the passage of time. We have had month after month of high temperatures, scorching sun, little to no rain except perhaps for today back home. We have seen what has happened to our crops; soybeans, corn, hay, cotton and nursery crops in particular. I know that back in the summer, when I was traveling around southeastern North Carolina, in our district I met with farmers who were already then facing up 80 to 90 percent loss of their crops; especially in areas such as soybeans and hay and knew that the matter was only going to get worse if we didn't get rain by Labor Day. Well, we know Labor Day has long come and passed and we still, in many, many areas, have not hardly had any rain, if any at all. Where lush green fields of corn once stood, we now have ragged brown stalks beat down by the sun and they dot the rural landscape. They are constant reminders as we go home every weekend to our districts, and as I am sure as the Governor knows traveling throughout North Carolina of what has happened with this drought. I want to particularly thank the Governor and thank his office. I know that his Chief of Staff and I, Franklin Freeman, spoke several times back in August as I was meeting with farmers down our way. I want to thank Jim McClos-

key from the Governor's office here in Washington, who we have talked with about this issue many times, back in August. We were working with the Governor's office and he then requested help from the Secretary of Agriculture, we were really pleased to be able to get that good cooperation as we have always had with the Governor's office on the state and Federal levels. We know that as Members of the Agriculture Committee and our work with the USDA, when we see the 85 of 100 counties in North Carolina suffering that this is an issue that affects folks everywhere, and it also affects folks beyond the farms. Many people forget that this House Agriculture Committee also has authority over rural development and our rural communities. And when we consider now the restrictions on watering lawns and washing cars has turned into using paper plates in schools and asking folks to conserve water and realizing that our reservoirs are on the verge of running dry we have a serious situation. Governor, I want to thank you particularly for your efforts, for the efforts you have already made. I know at the League and Municipality Meeting in our district in Fayetteville just a week ago, you addressed the communities about this issue and what communities can also do as we deal with this situation with the drought. Thank you and welcome. We are glad to have you with us today.

Governor EASLEY. Thank you.

Mr. ETHERIDGE. The gentleman yields back. The gentleman from North Carolina, Mr. Hayes.

OPENING STATEMENT OF HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

Mr. HAYES. Thank you, Chairman Etheridge, and I do appreciate you being here today, Governor. I want to point out to Heath Shuler it has not rained for 4 days now before he finally shared that with us further to the east so keep it coming. Seriously, you have a great delegation here, both on the Agriculture Committee with Representatives Foxx, McIntyre, and Etheridge, and we are all working very, very hard together with you, Commissioner Troxler, to try and get the appropriate disaster assistance due to the severe drought conditions that our farmers have been plagued with for some time. We had several letters. Bobby and others have initiated many conversations, with leadership and the White House, and we are still looking to see where we can find the funding assistance that we need. As you and I talked a moment ago, we are not at all happy that the President has not included it in the supplementals. This is the quickest and most available bill that the Congress is responsible for appropriating and I feel confident that with our continued joint efforts from Georgia, Tennessee, and South Dakota we can ultimately prevail. I too was at an Ag Town Hall Meeting in Skyline County recently and heard about the losses firsthand, have seen it every time I travel. We are certainly open and willing to do whatever we can do to be of assistance and look forward to working with you and Mike, Bobby, Heath, Virginia, and all the rest of our colleagues particularly on the Agriculture Committee to do what we need to do and can do for the farmers. So, again, thank you for your efforts and we appreciate you being here. I yield back.

Mr. ETHERIDGE. Thank you. The gentleman yields back. Governor, thank you for such time as you may consume to—let me just say to you your full statement will be entered into the record. Governor Easley.

STATEMENT OF HON. MIKE EASLEY, GOVERNOR, STATE OF NORTH CAROLINA, RALEIGH, NC

Governor EASLEY. Thank you, Mr. Chairman. I appreciate that. I would rather put the statement in the record than read it.

Just to kind of give you an overview of what is going on in North Carolina, which is somewhat emblematic of what is going on in the Southeast, with the South. I think you will find the other states that you have discussed are going to be seeing about the same thing that you are going to see in North Carolina.

Before I move into that, though, let me thank this Committee. Thank you, first of all, for your leadership on the farm bill. I can promise you the farmers wanted me to send the message loud and clear that they like the House version of the farm bill better than they did the Senate version, so I will make sure I get that in the record. And, second, thank you for helping demonstrate that there is a need for Federal assistance for farmers in the southeastern states. The problem is worse than most other Members would understand. I hope I can shed a little light on that today.

This is the worst drought that we have had in North Carolina. We started keeping records in 1895 and it is far worse than anything we have had since then. All 100 counties are now under some category of either exceptional, extreme or severe in North Carolina, and it does not look like it is going to get much better. The National Weather Service forecast is for a drier than normal winter, and the problem there is if we don't replenish our lakes and ponds and streams during the winter, then we really are going to face some tremendous challenges in the spring. We are trying to prepare for the spring now and taking steps to do that, but it does look like this is going to continue to be a problem throughout the winter and then on to the spring that we are all going to have to deal with in one form or another.

The first signs of the drought began to manifest themselves about the end of March, mostly in Congressman Shuler's district up in western North Carolina. I want to point out that Congressman Shuler, though not on the Committee as well as Congressman Butterfield, have already been here today expressing their concern and interest in promising their assistance, so I appreciate that. Once we got some idea of the drought beginning to take effect, we started restrictions in April in certain parts of the state. We have continued to move those restrictions as the drought moved across North Carolina so that now every community is under some restriction whether it is voluntary or mandatory in the state.

We have done some things, I think the right things, and have continued to do the right things. The obvious that you would anticipate: conservation and water restrictions for our citizens, interconnectivity from one water basin to the other, one city may not have water where another has a lot and we hook those up. We did an awful lot of that, you may recall, in 2002. We had a pretty severe drought and we did a great deal of long-term solution work,

which is connecting the water basins and that has helped us a lot this year. We continue to do that. We are transporting hay from one part of the state that had excess to the parts that do not. And we are transporting hay from out-of-state in to our state for livestock. And we have used a contingency emergency fund to get money out to farmers to go on and invest in cover crops now so that they will have something for livestock in the spring, after the first of the year. We hope that program will be effective.

But North Carolina is often viewed as a biotech state or high finance state, the Research Triangle part. We are still—17 percent of our workforce is still agricultural—$66 billion of our economy is still agriculture. The ripple effect is very dramatic as to how it affects every little community that gets agricultural dollars in there. We estimate at this point, and we know it is going to grow a lot, but $325 million in losses already. And let me just give you a thumbnail sketch of where these losses are, and this is probably going to be exactly what you see in the other states. Soybeans are 20 bushels an acre lower than they were last year, the lowest they have been since 1983, almost a quarter of a century ago. Corn is down 89 bushels an acre, and keep in mind, a lot of our farmers in the south went to corn and away from other crops because of the interest in ethanol. I think we want to continue to encourage that. Cotton is down below 2,000 pounds an acre, which is a drop of over 50 percent. This is a bigger issue. This is a global issue because the quality is also down, so it affects us nationally and internationally, and we can talk more about that if we need to. Beans—in the South, we don't have many 4s and 5s. Those that were planted 4 or 5, which affects the maturation date when they can be harvested, they did all right. Some loss there, but what we usually plant are 6s, 7s in our region of the state—6s and 7s didn't do very well and the 8s didn't even come to yield, so they are down dramatically. Apples, up in the west, last year was 173 pounds an acre; this year, 49, and peaches are down 82 percent. And the apples and peaches, I just want you to keep in mind, this affects more than just agriculture.

If these farmers can't make it and they sell out, it is a big environmental problem for us and for the nation because you then begin to see development on what was farmland and we don't have enough percolating water throughout the state. And that is something I think we all have to be mindful of as we look at these issues in the broader perspective. As far as livestock goes, hay is down 45 percent. I'm talking production, not yield. And so that is a major concern for us because there is not much to graze on out there, so the demand for hay is going to be greater where the supply is less. Ponds and streams are drying up so the water is not available for the cattle. This affects not only the beef cattle, but the dairy products—you don't get the yield on milk that you otherwise would get and the health of that livestock is endangered.

I don't want to fail to mention poultry and swine. At the same time the processing plants use a lot of water; they don't have the ability just yet, the technology available to recycle a lot of that water when they are processing chicken and swine. Just to give you one example, in Congressman Etheridge's district, Siler City, they have two chicken processing plants. That's 1,700 jobs. They

use a million gallons of water a day. The town uses three million; they use a million of it. Now, if they close down not only do we lose the 1,700 jobs but all of the farmers in that region who are in the poultry business then don't have a market to take that poultry and have it processed. So there is a huge ripple effect to agriculture in general, but that is just one example.

The long and short is for residential customers and our citizens, we are conserving. Restrictions are out there. We cut back 20 percent early, went to 30, and I've asked, just for this week at least, for everybody to cut back 50 percent. By that I mean just halve it. Whatever you use in water, try to cut in half. Let us see how difficult it is and what it does over a week's time because we get our water reports from every water system daily and we try to look at them and combine them weekly to see what sort of use and cooperation we are getting.

I am pleased to report, we are getting tremendous cooperation from our citizens and from our local government officials. They are doing a great job as you would anticipate that they would. For our industries, we are encouraging the use of technology in recycling the water, reusing the water, and we are looking at the possibility of some sort of tax credit as incentives to get industry to recycle more of this water as this water becomes more of a more precious resource. I think all of us need to look at doing some of that, looking at our tax system to see if we have the proper incentives in place.

But for the farmers and agriculture, they need rain. There is no replacement for rain. There is not much you can do to conserve and cut back in agriculture. You have to have the rain for the crops to grow. As a matter of fact, right now the cover crops that I have talked about that need to be planted can't be planted until we get some water, some rain in place. Otherwise, the farmers are going to have to irrigate fields without crops in them. So they have to irrigate so they can germinate and get wheat planted, fescue, rye, whatever it takes to get them through the winter especially with the shortage of hay.

Let me close by saying I think for America to continue to be strong and be self-sustaining, we have to have a strong agricultural community. The farmers have to continue to be strong and have to know that when the weather knocks them down, there will be somebody there to help them out. And that is why I am here today, to ask you to continue to move forward on your support to extend the Federal funding for this disaster assistance and these assistance programs that are now hung up. I have not declared an agricultural emergency simply because I know there is no money available. Those programs ran out at the end of February and if I were to send the signal that we are trying to get the money now, that may raise false hopes for the farmers. I don't want to do that at this point. I want to see that move forward. I know you are trying to move it forward now.

I think Congressman Hayes alluded to the fact that a lot of this is tied up with the funding for the war in Iraq. The sooner we could move this forward would alleviate a lot of anxiety. A lot of these farmers are trying to make decisions about: whether they are going to stay in the business; what they are going to plant next year;

whether they are going to continue to try and save the harvest. Livestock, especially, has got to decide what they are going to do with the herd at this point. And keep in mind, I hope all citizens keep in mind agriculture is not just about agriculture. It is about biotechnology. We are third in the nation of biotechnology, very proud of that in North Carolina, but you need agriculture to be strong in order for biotech to be strong. It is about energy, energy independence. We are trying to move in the direction of ethanol as one of the solutions. We need our corn farmers to do that. It is about food, it is about clothing, it is about tourism. Agriculture is about "nutraceuticals," which we are moving into. In fact, it is something that people need to—it is about the environment and protecting and maintaining and conserving the great nation that we have.

So with that let me close, Mr. Chairman. Thank you for the ability and opportunity to appear before you today. I thank you for all you are doing, and I encourage you to continue to try and push these programs through.

[The prepared statement of Mr. Easley follows:]

PREPARED STATEMENT OF HON. MIKE EASLEY, GOVERNOR, STATE OF NORTH CAROLINA, RALEIGH, NC

I also want to thank Rep. Bob Etheridge of North Carolina and the delegations from across the Southeast for leading the charge in sharing concerns about the economic impact of the drought. They are helping make clear to the Congressional leadership and the President the need for additional Federal assistance for farmers. We appreciate your support.

In many areas of North Carolina, drought conditions are the worst in our recorded history and the long-term forecast is for a drier than normal winter. Several communities have as little as 3 month's water supply remaining. The simple fact is that if we do not get significant rainfall soon, some areas may face water rationing and the possibility of running out of water entirely.

Since the first signs of the drought appeared in March, we have urged, and in many cases mandated, residents, businesses and government agencies to conserve water. We have made state water conservation experts available to be dispatched to help water systems that need help.

Today five million North Carolinians who are served by about 250 public water systems are under some type of water restrictions, either voluntary or mandatory. But as you know, asking citizens to stop watering their lawns, taking shorter showers and avoid washing cars, is only one solution in a sea of problems created by the drought.

I have warned that if volunteer and mandatory conservation on the local level does not work, I will be forced to declare an emergency and even require water rationing.

As North Carolina is drying up, our state's number one industry is also suffering. Agriculture and agribusiness generate $66 billion a year in North Carolina and employ 17 percent of our workforce.

Our pastures are burning up one blade of grass at a time. Our fields are baking one pod of soybeans; one bowl of cotton; one leaf of tobacco; and one stalk of corn at a time. This may not be as dramatic as news photos showing the wildfires in California. But the devastation to the thousands of hard working farm families in North Carolina is just as tragic. Behind every dusty field of sun-baked crops is a family worried if they will be able to keep the farm going for another season.

I have waived weight restrictions for trucks to make sure hay gets quickly to our drought-stricken farmers. The U.S. Agriculture Department has positively responded to my August request for Federal disaster aid for farmers facing drought losses.

Let me give you some numbers that illustrate the extent to which this drought has ravaged our state's top industry.

Soybean yields are now projected to be at 20 bushels per acre. This is the poorest yield on soybeans since 1983.

Peanut yields are down 800 pounds per acre from last year. This loss comes in a year when the North Carolina farmers planted an additional 8,000 more of peanuts.

This year's corn crop was expected to be the largest in North Carolina in decades. Boosted by good prices and nationwide interest in ethanol production, our farmers planted 1.1 million acres of corn. But lack of rain has stunted growth and extreme temperatures have wilted the plants. Corn yields are now at 89 bushels per acre. That is the smallest yields have been since 2002. Cotton production is now expected to total 2,000 pounds an acre, a 51 percent drop from production last year.

The drought has not been the only slap to our farmers this year. After an Easter weekend freeze, our apples, peaches and grapes were nearly wiped out. For those crops that managed to survive the freeze, the months without significant rain have resulted in a forecast cut to North Carolina apple production down to 50 million pounds from 173 million pounds last year. Peach production is estimated at 1,000 tons, down 82 percent from last year. Both of these crops are experiencing the smallest yields since 1955.

As I mentioned earlier, hay is a major concern for those with livestock. This year we are looking at production of about 897,000 tons of hay, a 45 percent drop from last year. Total row crop and hay loss as a result of the drought is unofficially estimated at $324.8 million.

Many of our farmers do not know how they will feed their livestock this winter. They face the hard choice between paying for expensive hay from other states or selling their animals early. Many have already chosen to sell their cattle prematurely.

Farmers across the state have reported that they will need 800,000 additional bales of hay to get them through the year. During the drought of 2002, our state Department of Agriculture helped deliver 10,000 bales of hay to farmers in need. But that drought only affected a portion of the state. This time, the need is widespread and 80 times greater.

Farmers whose corn and soybean crops have been ruined by the drought are now, as a last resort, baling it for silage or selling it for animal feed. On the state government level we are doing all we can to help our struggling farmers. We have set up a Hay Alert program to get feed to farmers that need it most. Thanks to the generosity of some farming organizations and creativity of farmers, some families will get enough hay for their animals to make it through the winter.

As the drought continues, farmers are exploring alternative resources for livestock water. With 71 of our counties classified as under exceptional drought, the most serious drought classification, many of our streams have stopped running and our ponds have dried up.

The agricultural losses I mentioned earlier do not take into account the production cuts faced by our nursery/greenhouse industry, Christmas Trees, aquaculture, potatoes and sweet potatoes, and other fruits and vegetables. Dairies are seeing lower milk production per cow due to the extreme heat and water shortage. Swine and poultry operations have also suffered because of the drought.

Unless we can figure out a way to make it rain and I am not joking here, the conservation measures, both voluntary and even ordered by state and local governments, probably will not be enough to revive an entire industry. We have already lost too much. The bottom line is that our farmers need more money.

They do not need more loans that they will be unable to repay when their crops fail to bring in enough income. They need grants so they will be able to continue to farm next year and many years into the future.

Thank you for your continued support in helping our farmers recover from this devastating drought and sustaining our state's number one industry.

Mr. HAYES. Mr. Chairman, if I might?

Mr. ETHERIDGE. Mr. Hayes of North Carolina.

Mr. HAYES. Governor, you have done a wonderful job of painting the picture. The one thing that we have left out and people need to really know and understand, on top of the items you have mentioned we had a horrific freeze back in the spring that got the apples, the peaches—that piggy-backs on top of the drought problem, making it even worse. And as far as a vehicle to get the money, the first readily-available—the first available vehicle is the supplemental, so that is why we are trying to go there. Thank you, Mr. Chairman.

Mr. ETHERIDGE. Governor, thank you for your testimony and we will allow the Members to have questions and let me personally thank you, and I will recognize myself for 5 minutes, because we are going to restrict each Member to 5 minutes. We don't do that to you, of course. But let me thank you. Thank you for your leadership, and as it has been stated, we wrote the President, 54 Members signed the letter that I sent over as a delegation from Maryland to Alabama asking the President to include some funding for drought assistance in the supplemental that is coming over. It came this week. Unfortunately, it was not included, so it will be up to those of us in Congress to find a way to include that in that supplemental and I think it is important. I couldn't agree more that food and fiber are just as important to our national affairs as some of the other things that we do. But let me ask you a question. You, in your testimony and in your written statement, said that the estimated loss, and I understand it is accumulating, was about $325 million. My question is do you know if in that number the green industry is included? By that I mean the nursery, the greenhouse business, Christmas trees, the aquaculture and vegetables, because a lot of times vegetables are not included in some of our insurance. Do you know if that is in that number?

Governor EASLEY. I do not know for certain. I have gathered a lot of this information from Commissioner Troxel who has been accurate on this. However, I do know that most of the green that you refer to, the nurseries, the landscaping, Christmas trees, we think we probably lost 50 percent of that crop. However, we can't calculate a lot of this because we are not allowing any watering right now, so we don't know what the landscapers have lost. We know the nurseries are down substantially, 20 percent off just last month in sales, and they are going to have a lot of inventory that is going to be pot-bound. They are going to have to make arrangements for that. We also know that with the Christmas trees, and by the way, the White House will have a North Carolina Christmas tree this year, but the saplings in the Christmas trees 5 and 6 years out will create a problem. That is, we lose these saplings this year, so in 2012 and 2013 they will not have anything—a product—that will have matured to sell, so all of that has to be accumulated a little bit later. So I think you are correct in assessing the number is going to grow pretty much in that area especially.

Mr. ETHERIDGE. Let me thank you for raising the issue. And one other point I want to make and ask you to comment on it because as you noted in your testimony, we got a little rain today in North Carolina. Thank God for that. But what we need to do is make people understand that that is a down payment on a huge deficit, and that we can't let people get into thinking is that the crisis is nearing an end, when we are up to 20 inches below normal in some parts of North Carolina and most places we are in double-digits all over. And as I talk to farmers, and I am sure you hear the same stuff, the damage has already been done, and if you look forward, as you have indicated, is they start looking at putting in crops for next year. If we are going to have a dry winter that damage is going to continue to move forward into the 2008 crop and the impact could be even more substantial as we move forward for a lot of these folks who are on the edge.

Governor EASLEY. I think you are exactly right. The thing to remember is that we can do things like take shorter showers and not wash the cars. Don't run the garbage disposal and don't run the water when you're brushing, that type of thing. But the farmers, they have already lost it for this year. Those numbers that I gave you are very real and behind each one of them are a lot of dollars and a lot of family farms and a lot of faces of people who work really hard and are outstanding citizens in this state and the country. But you're right. It does not stop there, especially for livestock. I am concerned that the lack of hay as well as a lack of water is going to create a problem as we go forward for the spring. And the baling process we have tried to take the corn that didn't come to yield and the soybeans and bale that up and get it out to the farmers and it looked like it was going to work well, but it is just tearing up the baling machines and so I don't think that is going to work as well as we thought it would.

Mr. ETHERIDGE. Well, let me thank you and my time is about up. Let me thank you and all the members of your Administration working together to help the folks in Siler City in a dire situation. And as you said in your testimony, it reaches much farther than the city and further than the people who work there and the farmers. It looks like with the help of your staff they are going to be able to start running a water line, I believe, tomorrow, so I thank you for that. That will save, hopefully, a lot of jobs and keep some farmers in business. With that my time has expired. I recognize the Ranking Member Bob Goodlatte.

Mr. GOODLATTE. Well, thank you, Mr. Chairman. Governor Easley, as a Virginian, I want to welcome you as a neighbor. I don't have any questions for you, but as a neighbor I can tell you that we share the same problems in Virginia. In many parts of the state—78 counties have now been declared disaster areas by the President and we look forward to working with you to help make sure that North Carolina farmers, Virginia farmers, and in about 29 other states those who have been severely damaged by drought, do not face the prospect of going out of business because of these circumstances. We will continue to work to write a farm bill that helps farmers address their long-term needs with measures to help improve their environmental conditions, measures to help them get good crop insurance and so on. But what we can't write into the law is the kind of rain and the kind of other weather conditions that farmers, who are in one of the highest risk businesses there is, have to deal with whether they like it or not and we can help them under the right circumstances. We will try to make sure that there is some assistance coming to them, and I thank you for taking the time to come up here today to impress upon us how serious this problem is in North Carolina and in other places as well.

Governor EASLEY. Thank you, Congressman.

Mr. GOODLATTE. Thank you, Mr. Chairman.

The CHAIRMAN [presiding.] I thank the gentleman. He yields back. The gentleman from North Carolina, Mr. McIntyre, for 5 minutes.

Mr. MCINTYRE. Thank you, sir. And thank you again, Governor, for coming to share your testimony with us today and for the action that you have taken and the folks working with you in North Caro-

lina have taken across our great state. You mention in your written testimony that several communities have as little as 3 months water supply remaining, and with the drought affecting these rural communities' water supplies, can you tell us what their ability is to access other water supplies if things do not significantly improve during the next 3 months?

Governor EASLEY. Well, it varies from community to community obviously. We are in this situation just like everyone else. When you have a shortage of a resource you either have to use less or create more. It is hard to create more water, so we are asking people to use less and conserve and they are responding very favorably with a spirit of cooperation. But we also at the same time are waiving all the permits and interconnecting as many communities as we can. A good example would be the one Congressman Etheridge mentioned, Siler City. For example, they probably only have 50 days of water left. They are right there in Chatham County next to Sanford. We are getting the water system from Lee County into Chatham, which is a neighboring contiguous county. It takes about that same amount of time, about 50 days, to get the water system done. But what we are doing as we are working, we are going to try and work it 24/7 which basically cuts the time in half. The same time for the chicken processing plants, they are hauling 450,000 gallons a day in tankers up there. I am looking long term—quite honestly—we have a long-term plan if we have to go there, using the National Guard and some contracts with private contractors for the hauling of some water for emergency purposes, potable water that you can drink and use and bathe with. The other thing we are looking at is using waste-water. We call it tertiary treatment so that it is treated to the level that you can use it in your yard or for washing outside, but you wouldn't drink it. Some of our cities, like the Town of Terrells, has two pipes come into a home. As long as you don't get them mixed up, you are okay, which one is for outdoor use, one is for indoor use. We look at all of that long term and we are trying to put into place a system that works long term, not just solve the problem in the short term. That is what we started doing in 2002, and that is what we are doing now. We put in place then the Drought Management Advisory Council; DMAC is what we call it. They meet every Thursday and give us a report and we know exactly where every county is and what everybody is using, so the interconnectivity is the way to go so that we have every city connected with another and that is what we are going to continue to work on.

Mr. MCINTYRE. Thank you, and if you can—you had mentioned earlier about the $325 million figure representing losses from the drought and I know Congressman Etheridge referred to that when you were answering his question about some of the green crops, agriculture, Christmas trees, fruits and vegetables. With the freeze that we all were concerned about originally back at Easter prior to the drought, do you have an additional figure for the general loss of crops that resulted from that freeze before we hit the long drought.

Governor EASLEY. No, and I will tell you why is that when we looked at it at the time, the freeze was around Easter, and Congressman Shuler was up there with us when we met with the

farmers. The problem is with that freeze you don't know how much damage is done to the tree, whether the sap is going to move or the tree is going to bear fruit when the summer comes. With this drought we still don't know, so we still don't have an accurate assessment of how much damage the freeze did, so we can't really figure that in at this point to how much damage the drought did. And with some of those apple and peach orchards, we don't know whether it is all freeze-related or all drought-related and we are trying to—but either way we are still gathering the numbers, but that is a particular problem. I just want to mention this to you. When I was up there in Easter, the farmers were saying to me then we don't need another loan.

Mr. MCINTYRE. Right. Absolutely right.

Governor EASLEY. We need assistance, and I know they are certainly not going to say now a loan would be great, so it has gotten pretty tough for them. And if they sell off, like I mentioned earlier, if they sell off—the development up there, everybody wants to be in the mountains. Everybody wants to retire to the mountains, have a home in the mountains, and the development is moving so rapidly I am afraid that all of these farms will get developed and that will be bad for our environment in western North Carolina. Which, as you know, is absolutely beautiful.

Mr. MCINTYRE. Thank you, Governor, and we know we would like to get that grant help instead of just loans. Thank you. Thank you, Mr. Chairman.

Mr. ETHERIDGE [presiding.] I thank the gentleman. And, Governor, I can assure you that from this Member's standpoint and this Committee, we are not looking at loans. We are looking at assistance and that is what this hearing is about. If we can help people around the world; we sure can help our farmers who help pay the taxes in this country. I recognize the gentleman from Kansas for 5 minutes.

Mr. MORAN. Mr. Chairman, thank you very much. Governor, thank you very much for joining us and for your advocacy on behalf of drought-stricken farmers, agricultural producers in North Carolina. As a Member of Congress from Kansas, we have lived with this issue for much of the time I have been in Congress, and it is pleasing that our weather conditions are somewhat better this year. But the consequences of multi-year drought have been very damaging to the agricultural economy as well as the human lives of individual farmers in Kansas and across the Midwest, and I just want to make the remark that you may consider me an ally. Despite the fact that the weather conditions have improved in our state, we very much recognize the importance of the message that you bring and I am committed to continuing the effort to see that we not only provide ad hoc disaster assistance if we can expand the program that is in place, change the date, add additional dollars. I want to assist in that effort. We need to continue our effort in regard to improving crop insurance. Many times as I have made the rounds asking my colleagues to support disaster assistance, the answer is, "Well, that is supposed to be taken care of in the farm bill." Well, they don't understand that the farm bill deals with market-related losses, ready-to-price, and the cost of production. Oftentimes the response is, "But we have crop insurance in place that

should be addressing these issues." We have seen too many times that crop insurance is inadequate in regard to the operations and crops that are covered and in regard to what happens when there are multi-year disasters. And what does happen is the premiums go up, the coverage goes down, and our farmers are left short changed. So I am committed to work with my colleagues from North Carolina and elsewhere to see that disaster assistance includes the necessary provisions for farmers in the South and elsewhere in the country. And, Governor, I apologize that on—when you are sitting there that I want to take the opportunity to send a message to the Department of Agriculture. Unrelated to the story that you bring, we do have a disaster program in place. It is being implemented at the moment in regard to livestock losses, soon to be implemented in regard to crop losses, and as you pointed out those losses had to occur before February 28 of 2007. Even in the implementation of the existing disaster program we have had significant issues and challenges related to that implementation. I met recently with Secretary Connor in regard to this issue, and I would again reiterate in the hope that someone from the Department of Agriculture besides the Meteorologists that are here that we have significant problems in regard to livestock. With cattle operations that are conducted in multiple counties, FSA has taken the position that you cannot receive benefits if you graze cattle in one county where the loss occurs, but at the beginning of the disaster period, January 1, they were in a different county. That's a very common operation in cattle operations, is to have cattle in one county, you move them to another to graze and FSA says that is not a covered practice. And I would again ask USDA to resolve this, and the other one that is preeminent in Kansas is that feed yards are being denied compensation under the Livestock Compensation Program because they are told they are in the business of fattening cattle as compared to being livestock producers. And so in both instances, I want to use my time and perhaps your time, Governor. Again, I apologize that it is on your time, but to express my desire to work closely with USDA and request they take a serious look at both these issues, neither one of which appear to me to be required—an outcome required by the law, the disaster legislation that we passed in this Congress. But, really the interpretations by USDA that are creating a lack of common sense and solutions to problems that livestock producers in Kansas and across the country face. Mr. Chairman, I appreciate you recognizing me and I welcome your Governor to Washington, D.C.

Mr. ETHERIDGE. I thank the gentleman, and the gentleman yields back. The gentlelady from South Dakota, Ms. Herseth Sandlin, for 5 minutes.

Ms. HERSETH SANDLIN. Thank you, Mr. Chairman. Governor Easley, it looked like maybe you had a comment in response to Mr. Moran's point.

Governor EASLEY. I just want to say one thing on two points if I could. One is I appreciate you taking note that the 50 percent insurance, and we are trying to encourage all of our farmers to get insurance, but it doesn't always work on every crop. It is a lot more complicated than it would appear on its face. And, second, when you mention cattle, one of the concerns that we do have and I

should mention this, this is going to be with all of the states, is that with the lack of cover crop and the reduction in hay a lot of our cattle farmers are going to be faced with the decision of whether to sell this herd or a good portion of it early, or buy very expensive hay. And if they do that it could depress the market by having too much supply and lower the prices even more for the cattle that is already underweight, so that is something else we have to look at in the future. I appreciate you giving me a chance to mention that.

Mr. ETHERIDGE. Thank you, sir.

Ms. HERSETH SANDLIN. Well, Governor Easley, it is good to see you again. I appreciate your service and leadership for my maternal grandmother's home State of North Carolina, and just along the line of—just like in Kansas and South Dakota—when we look at today's Drought Monitor that dark red and bright red used to be right over the Great Plains and, unfortunately, has moved down to your region throughout the Southeast. But we struggled with years of severe drought as well, and as you have articulated for livestock producers especially younger producers who can't—they just don't have the savings. Well, a lot of the older producers don't either when you are faced with multi-year drought to survive until the next season and so they do sell off, they do cull, they do fear for what the pastures are going to look like in the spring. So just because you are getting some rain today, as Mr. Etheridge said, certainly doesn't address the longer-term needs of your producers in your rural communities across the State of North Carolina. And it is important that those of us that have struggled with these weather conditions, especially drought, which I don't think is viewed, unfortunately, the same as other types of natural disasters warranting the same kind of assistance for individuals and businesses to try to regain some degree of economic health to weather the storm, and our storm are these droughts. We do show support for one another in their request for direct assistance. Fortunately, some of my constituents will be getting some of the direct assistance that was authorized and to overcome a veto—repeated veto threats of this Administration included in the supplemental that also included war-time spending. We may be faced with that situation again, but I will certainly support direct assistance. Not more loans, but direct assistance to those who are suffering this drought, just as my constituents have suffered in past years. Like Mr. Moran, I would like to just—while South Dakota is in much better shape this year in terms of crops than we were last year, we still have isolated pockets, especially for livestock producers in central and western South Dakota that continue to struggle because of multi-year drought. But we also had—and I just want to bring this to the Chairman and Ranking Member's attention and work with them, others on the Committee, and USDA—from July 23 to 27 in South Dakota, northeastern South Dakota, we had almost this perfect convergence of weather conditions. Sort of a wrinkle on what Mr. Moran was saying in livestock. We had very high heat, very high humidity, and absolutely no wind. Unusual for South Dakota, but no wind, and that devastated a number of cattle herds because at that time many of the feed lots in northeastern South Dakota were full. They were full with fat cattle and they collapsed and

they died due to this weather event. So we had in 5 days almost 2,600 head of cattle in three counties die because of this heat and many of the individual producers literally lost hundreds each in their herds. And so we have again been working with acting USDA Secretary Mr. Connor on this situation to see what options are available. But, again, we want to address all of the concerns we have had with various types of disasters, whether they are widespread or more localized. Not only in the short term for the assistance that may be necessary to get these people through a tough time, but the longer-term issues of re-evaluating how we have constructed the insurance options for producers. But, again, Governor Easley, we look forward to working with you, with your entire delegation here in the Congress to, again, address the short-term solution but look at our long-term strategy as well. Whether that is a permanent disaster program that is being constructed in the Senate right now or other options within the insurance market. So thank you and, Mr. Chairman, I yield back.

Governor EASLEY. Thank you.

Mr. ETHERIDGE. The gentleman from North Carolina, Mr. Hayes, for 5 minutes.

Mr. HAYES. Thank you, Mr. Chairman. Governor, as we said earlier, you have done a great job of outlining the severity and the magnitude of the drought, and you have also touched on some issues that I think are important as we complete the hearing and those are the things being done by you and Commissioner Troxler and all of our farm-related folks across the state that deal with this on the state level. You mention baling corn. Fortunately, with round bales you can kind of do that. With square bales we would have no help at all. You also mention how we are hauling water for poultry plants. Would you expand on some of the other things, particularly on livestock, that we are doing to demonstrate that we in North Carolina are doing our part and asking for Federal help is certainly appropriate. So if you could elaborate on a couple of those things that would be very helpful.

Governor EASLEY. Well, one of the things that is going to be most helpful is getting that contingency and emergency money out there that the Council of State approved to get the cover crops out. That is critical because you have to, as others have pointed out, look past this month and between now and the first of the year to look into the spring as we know it is going to be a dry winter. Second, we have gone to the Golden Leaf Foundation, which is unique to North Carolina; paid for with tobacco settlement money for these tobacco-dependent communities. They have come up with significant money to help us transport hay from one part of the state to another or from out-of-state, wherever we can find it. I do think I ought to point this out to you. In 2002, I mentioned we had a pretty significant drought, which helped us prepare for this one, but I remember taking the survey of farmers and what they needed in hay to get through that drought, and it was 10,000 bales. We surveyed them in June of this year and it was 200,000 bales and most recently it is 800,000 bales, and we don't know where we would go to get that to begin with or how we would transport it in. So we are going to have to do something different. Whether it be grain or cover crops. We also, as I mentioned, have some plans in place.

One even includes the use of the National Guard to try and move hay and other fodder from one place to another. Our Ag Commissioner, Commissioner Troxler, has started putting in place the baling of other products that didn't yield, whatever they can bale. As we talked earlier, it is difficult to get the baling machines, equipment to bale some of these products. And then when they do, it costs them more to do it than they can get for it, although, I think that will probably change as the demand grows. But we are looking at all of those crops that didn't make it as potential fodder for the cattle. We are trying to find ways to make sure, especially that the dairy operations get the water that they need. As you know, the cattle—if the cows don't get the water they can't produce the milk. Also, if they are undernourished and their health fails they don't produce nearly as much milk, so the dairy farmers start to go under, and then the prices of milk grow rapidly. So those are things that we are at least looking at at this point, but at the end of the day it is going to be a tremendous economic loss for all of the livestock industry and they are going to need some assistance.

Mr. HAYES. Thank you very much, and I think all of us here, Mr. Chairman, thank you for having the hearing, but the drought is serious. The freeze added to it, but North Carolina and everyone are working together as a team to do our part so we are certainly positioning ourselves, as best we can, to get the help that our folks need. Thank you and I yield back.

Mr. ETHERIDGE. I thank the gentleman. The gentleman from Georgia, Mr. Marshall, for 5 minutes.

Mr. MARSHALL. Thank you, Mr. Chairman. Governor, I very much appreciate your testimony. It seems very, very sensible, practical, and one of the things that you mentioned was that in light of the situation in North Carolina, you are waiving various rules that might otherwise apply with the development of water systems and those sorts of things. You may be following what is going on in Georgia, but one of the major disputes has to do with releases of water from Lake Lanier in order to keep the Chattahoochee wet and to supply water to a couple of endangered species down in Florida. The Alabama delegation has weighed in and wants the Corps to continue this practice. The Georgia delegation wants the Corps to stop this practice. Alabama and Georgia share in common two borders, two sides of the Chattahoochee, so Georgia's interest matches Alabama's interest, and yet then diverges because Georgia is really suffering from a major drought and Atlanta is quite threatened. You weren't here for earlier testimony by USDA meteorological experts. They anticipate, unfortunately, that the drought that affects North Carolina and north Georgia will continue for a minimum through January. That poses quite a few challenges for you. It poses challenges for Georgia as well, and one of those challenges is illustrated by an estimate from our Department of Natural Resources that Atlanta, the City of Atlanta, the metropolitan area will run out of water altogether in about 70 days if water consumption continues at the restricted levels that it is currently being consumed at because we have already taken an awful lot of steps to cut back on water use. I say all of that because of the fact that you mention that in your state, as an executive you are making some decisions to waive various rules. And I was wondering

whether or not you have an opinion or care to voice an opinion on this question whether or not the Corps should continue to release water from Lake Lanier or instead should there be a recognition of the danger both economic and to human life posed by this particular threat, this drought, which is quite extreme and projected to continue and modify that practice. Stop draining Lake Lanier. Admittedly, that risks a couple of endangered species. Any opinion about that?

Governor EASLEY. Well, I probably don't know as much as I should know to have an opinion. I do know this much. I do know Sonny Perdue, Governor of Georgia, and Bob Riley, Governor of Alabama, are both good friends of mine and good friends of each other, and I think this is going to have to get worked out in a spirit of cooperation. It would seem to me, though, that if I were in that situation in North Carolina, I would demand as much conservation as possible. All of us can conserve more than we are now. All of the restrictions can be higher, but certainly you have to make sure that people who need water get water. People can't live without it. Hospitals can't function without it. The nursing homes can't operate without it. Businesses can't operate without it, so the economy is at stake. I think that is probably where your first priority would have to be. Between the two states, though, my suspicion is that they will get something worked out and that if citizens are called upon and they know what to do, they are given something specific to do in terms of restrictions, it is amazing as to what they can do. They will rise to the occasion, so that is the way I probably would attack it. If I knew more I could give you a legal opinion from my days as Attorney General. We never did too much except fight with Virginia over whether they could take water from Lake Gaston, which we eventually lost.

Mr. MARSHALL. I spent years as a law professor, among other things. As a property law professor, I am aware of water disputes. Put yourself in the position of Governor Perdue. I, frankly, think that if Governor Riley was Governor Perdue, he would be taking the exact same view. If you just took a mirror image of the situation and had Alabama suffering from the same problems that north Georgia is currently suffering from, Alabama's view of this would change rather dramatically, and it is pretty disappointing that Alabama doesn't recognize that. But it is appropriate, isn't it, that Governor Perdue is not only asking Georgians to conserve and doing what he can, I suspect, to encourage that and mandate it, but also asking the Corps to quit draining Lake Lanier. Wouldn't you be doing the exact same thing?

Governor EASLEY. Well, I think you probably hit the nail on the head when you said if I was Governor Perdue I would take his position. If I was Governor Riley I would probably take his position for my state. But I still say to you, and I believe strongly that they will get together and work it out. But, yes, if I had water I wouldn't want it to get away, but I would try to work in a spirit of cooperation. At the end of the day we are all in this together.

Mr. MARSHALL. Thank you, Governor.

Mr. ETHERIDGE. I thank the gentleman. The gentleman yields back. The gentleman from Florida for 5 minutes. Mr. Mahoney.

Mr. MAHONEY. Thank you, Governor, for coming up here on a rotten day to join us and talk about the drought. I represent a district in south Florida around Lake Okeechobee region and the impact of the drought that we are seeing right now is, in that part of the country, pretty dramatic. In my area it is about 40 percent of the total agricultural receipts of the state, and right now just in livestock losses we are looking at about $175 million, potentially up to 5,600 jobs lost, and we are looking at about a loss of $150 million in lost tax receipts, both at the state and local level. And just out of curiosity you being a governor and me being a freshman Congressman I would be interested to hear your thoughts on what do you think Congress should do in order to help states like yours and states like mine. I mean, what is the right action at this point in time on the part of Congress in a situation like this?

Governor EASLEY. Well, I think if you—Congress should be looking at this more globally, the bigger picture from 30,000 feet, so to speak, as to what are the implications for a region and for the country. I think that it is very important for people to understand that we have to be strong globally with agricultural programs, and that if we are going to attack a couple of problems that exist now, one of them being energy, then we are going to have to ask our farmers—and we did in North Carolina, for example—they moved to grain, to corn, 1.1 million acres this year and away from such things as cotton and some other areas. Now, corn is a lot more of a risk because you are really at the mercy of the weather. But if we are going to ask our farmers to grow corn for ethanol to help us become more energy independent, then we are going to have to give them some sort of assurance that we will be there for them if the weather knocks it back. If you look at our cotton production, again, you have to look at it globally and internationally. In America, we only spin about 6 million bales a year, and we could spin about anything because we have the open-end spinning, the best equipment in the world. But we export a lot of cotton. They don't have the technology to spin the poorer quality, so if you look down the road on this and we don't support these cotton farmers now because we are looking at a situation where we not only have reduced yield but reduced quality, consequently the staples aren't long enough for the fiber. For those who don't keep up, if the fiber is not long enough you can't ring-spin it. Think of it like a washing machine. You get the towels all wrapped up in it and you start pulling one out they all come with it. The shorter the towel, the less likely that is going to work. That is what we are facing with our cotton crop. The fibers are going to be short this year so they might not be able to spin those overseas, and we don't have the capacity to spin all 19 million bales that we produce. Consequently, China, Pakistan, India, all of those countries may very well decide we just need to do our own here, grow our own cotton here and hand-pick it because it is going to be a higher-quality hand-picked and the labor is cheap. We could find ourselves in a difficult position not having much cotton in the United States. And then we are at the mercy of producers overseas. Companies are already having enough problems having to import so many products now. I would hate to think that we weren't able to provide for ourselves in fabric. Those are some of the pictures I would look at when I am trying

to explain this to the other Members from other states that really don't see how this affects them, that this has to do a lot with the security of the United States and our ability to get energy independent and the ability to protect ourselves in our economy.

Mr. MAHONEY. And would you agree, then, that means that we not only have to take a look at it from the perspective of this Committee, but issues like the WRDA bill that is sitting on the President's desk right now for signing and the investments that we need to make in our infrastructure to ensure that we have the water in order to handle these situations. Because, agriculture really is a priority now in terms of national security.

Governor EASLEY. Absolutely. If nothing else, we have learned this year that we don't have all the water we thought we had, that this can happen and we suffer when we are not prepared. We were never prepared for this. We didn't think it could happen. We now know it does. The rules have changed and if the world is changing we have to change with it.

Mr. MAHONEY. Thank you, Governor. I yield back my time.

Governor EASLEY. Thank you.

Mr. ETHERIDGE. The gentleman yields back. Governor, let me thank you, again, for taking time and being here today, for your testimony. I can assure you that this Committee is fully committed within the jurisdiction of the Committee of doing what we can to make sure we assist the agricultural producers in this country, specifically in North Carolina, the Southeast, and some in the West as we have done others and you have heard the testimony of this Committee. So thank you for being generous, staying here when we have had interruptions today, and I appreciate that because I know how valuable your time is, so we thank you. Now the Committee will take just a few minutes recess while the Governor has a chance to get up and we seat the next panel.

Governor EASLEY. Thank you, Mr. Chairman. Thank you to all of the Committee.

[Recess.]

Mr. MARSHALL [presiding.] The Subcommittee will come to order. While Mr. Etheridge is out visiting with his Governor and they are doing their press conference, perhaps we can move this along. I know the original scheduled end of the hearing was 1 o'clock today and people have flights to catch. I know that is true of Mr. Duvall. I appreciate you all waiting this length of time. I will read what Bob was going to read. We would like to welcome our fourth and final panel to the table. The Honorable Ken Givens, Commissioner, Tennessee Department of Agriculture, Nashville, Tennessee; Mr. Zippy Duvall, President, Georgia Farm Bureau, Macon, Georgia; and Mr. Bill McKinnon, Executive Secretary, Virginia's Cattlemen Association, Daleville, Virginia. Commissioner Givens, you could begin if you are ready to go, sir. I'm sorry? I should recognize the gentleman from Tennessee, Mr. Davis, who no doubt wants to say some kind words about his Agriculture Commissioner.

Mr. DAVIS. Mr. Chairman, thanks very much. Obviously we have three individuals on the next panel that serve where the rubber meets the road and of those three, certainly Ken Givens is no exception. He is our Agriculture Commissioner, served in Tennessee, in the Tennessee House as Chairman of the Agriculture Committee

there. Also Ken, as a kid growing up, as a family growing up, were actually share-croppers up in east Tennessee, and I am sure tobacco was a major part of that so we are very fortunate to have someone who serves in Tennessee as our Agriculture Commissioner that really is a part of agriculture. When he leaves Nashville, he will probably go back to doing the same things that he did before he became Commissioner and continues to do that, I understand, with his family, involved in the farming. So, Ken, it is really good to see you here. Thanks for agreeing to come and talk about the devastating effects that the weather this year, especially in the Southeast, has had on our farmers and our rural communities. Welcome.

Mr. MARSHALL. Commissioner Givens and the other witnesses, I would appreciate it if maybe you could keep your initial oral testimony down to about 5 minutes, and we have your statements for the record. They will be included in the record. And, Commissioner Givens, we are delighted to have you. Could you please proceed, sir.

STATEMENT OF HON. KEN GIVENS, COMMISSIONER, TENNESSEE DEPARTMENT OF AGRICULTURE, NASHVILLE, TN

Mr. GIVENS. Yes, sir. Mr. Chairman and Congressman Davis, thank you very much, and certainly do think in the next half hour presentation I will try to just give you the summary statement here. When Congressman Davis mentioned the double-whammy in Tennessee—I didn't get a chance to talk to him—but I am assuming he means the freeze and the dryness that we have had and not the Alabama and Florida ballgame. I see Mr. Mahoney here and I don't see Alabama folks, but I will just proceed right on. It seems to me like, of course, Governor Easley did an excellent job in presenting basically what is going on in Tennessee. It has just been a terrible year and I could almost just say amen to his comments and move on, but I will take a couple, 3 minutes here because that describes their situation. It seems that whether you are in Georgia, North Carolina, Kentucky or wherever, we all have the same weather patterns and so we are all affected by that, so in a sense we are all in the same boat. Problem is that boat; we don't have any water around us right now. I understand the importance of moving this Committee along because I know you have a lot of issues to deal with—2007 is really a year of records in Tennessee. We began, as Congressman Davis indicated earlier today, in March we had some real beautiful weather, just unseasonably warm weather. Farmers got out and did what farmers do and got out and planted a lot of crops and then came along the April freeze and it just absolutely devastated us. We actually are in the second year of a drought situation. We had a number of drought counties last year, 60-some odd counties, either primary or contiguous counties that were determined to be agricultural disaster counties. And, of course, this year we have all 95 counties that have been so designated. Actually, I think that occurred back in July, so we have 95 counties, they all were an agricultural disaster, earlier in the year, in April when we had the record freeze, all 95 counties so that was what he was talking about the double-whammy there. We had no peaches this year. Our peach crop—we are not a large

peach-producing state, but if you had several thousand peach trees like one of our counties, Obion County did, and you didn't have enough to make peach cobbler, that is a pretty big disaster right there. We had counties in east Tennessee, throughout the state, so we had no peaches. We had 100 percent loss. Our apple crop was about a 98 percent loss. I think we had 100,000 pounds of harvested apples compared to last year's 10 million pounds of apples, so all that—all the row crops you could say the same thing from cotton, soybeans. Of course, we are still harvesting some of that stuff but we just had a devastating year. If we had to put a number on it, and I certainly can sympathize with trying to come up with a number because our crops are still being harvested. We don't really know what those beans will yield yet. We know it is not going to be very much. We know our cotton pretty much is—about 80 percent of our cotton is harvested already, but we have had some actually fairly heavy rains lately that damaged the cotton crop even more. Farming is the type of thing where you have to have rain at the opportune time and right now, of course, we are getting it at the very worst time, although, we are thankful because it will help our livestock industry. I am basically going to say in response to what the folks from North Carolina talked about, we are doing what we think we need to be doing in Tennessee. Our Governor, Phil Bredesen, has allowed us to have $26 million with which we are putting cost-share programs on the ground in every county and their site. We are helping farmers with irrigation systems. We are helping farmers with hay-storage facilities so we can better protect those resources in future years and that has been very successful. So we are doing our part. I am going to close by simply saying we do need a 2007 disaster assistance bill that does more than just loans. The loans could be helpful in some cases but we really need a direct financial package from February 28 through the end of this year. And, again, thank you very much, Mr. Chairman.

[The prepared statement of Mr. Givens follows:]

PREPARED STATEMENT OF HON. KEN GIVENS, COMMISSIONER, TENNESSEE DEPARTMENT OF AGRICULTURE, NASHVILLE, TN

Mr. Chairman, Members of the Committee, my name is Ken Givens and I serve as Commissioner of Agriculture for the State of Tennessee, and it's my privilege to be here this morning to offer testimony on how the drought is affecting agriculture in our state. Thank you for letting me share this information with you.

First, I want to express a special thanks to you, Chairman Peterson, for your recent visit to middle Tennessee to witness firsthand some of the extensive damage that our horticultural industry has suffered as a result of weather extremes this year. Nursery and greenhouse products are our second leading crop and generate $273 million in farm cash receipts annually. Like all of our farm sectors, the nursery and greenhouse industry has suffered a devastating blow from both a hard spring freeze and the drought. Because of the multi-year investment that this sector of agriculture represents, the impact will be felt for years to come.

I also want to thank and recognize Congressman Lincoln Davis for inviting me to report on damages experienced by farmers in all of Tennessee's 95 counties. Congressman Davis is a former colleague of mine in the Tennessee General Assembly and a fellow farmer.

To the entire Committee, I want to thank you for focusing on this issue. As a former legislator who served 14 years in the Tennessee General Assembly and 7 of those years as Chairman of the House Agriculture Committee, I understand the importance of these hearings and appreciate the job you are doing to support agriculture.

As a farmer, I also appreciate the fact that you recognize that our producers are foundational to the security and safety of our food, fuel and fiber system. I grew up the son of sharecroppers in Hawkins County, Tennessee in the northeast portion of the state, on a diversified dairy, tobacco and row crop farm. Today, "diversified" is a fancy term for a farm that produces many different things, but back then we were "diversified" simply because we had to scratch a living out of whatever we could grow and sell. As a young boy, when I wasn't in school, I was milking twice a day and working tobacco or whatever was in season at the time. Today, my family still has farming interests in Hawkins County where we raise beef cattle.

As someone who grew up farming, I know firsthand how weather extremes can affect both row crop and livestock producers. In my lifetime of farming, I've never seen anything like what we have experienced and are continuing to experience in Tennessee.

Actually, the drought and weather extremes we've experienced this year are the continuation of drought conditions experienced by several counties over the past 2 years. In 2005, we had 23 counties designated agricultural disasters by USDA due to drought and high temperatures. In 2006, we had another 41 counties, primarily in east Tennessee and southern middle Tennessee, designated agricultural disasters primarily as a result of drought and unseasonably high temperatures.

What distinguishes the 2007 growing season from all others is the fact that we've really had three disasters in one and the fact that the impacts have cut across all sectors of agriculture and all geographical regions.

This year, early planting started off with unseasonably warm, dry weather—enabling farmers to get out early to prepare fields and to plant corn. Unfortunately, the corn crop was at a vulnerable stage of development when a hard spring freeze struck in early April. For a period of several days, Tennessee experienced record low temperatures statewide, not only damaging the early corn crop, but also decimating our fruit crops—as much as 90 percent of apples, peaches, grapes and berries of all kinds were lost. The freeze had a devastating impact on our nursery and greenhouse industry, leaving growers with millions of dollars worth of unmarketable trees and shrubs, representing lost income in many cases 2 and 3 years away. The winter wheat crop was severely damaged, reducing yields by 25 percent and costing producers more than $10 million for that crop alone.

Livestock producers were not left untouched either. Pastures and hay crops were severely stunted, forcing producers to feed more hay in the spring than normal, depleting hay stocks in anticipation of a green up that never came.

In April, due to extensive freeze damages, Governor Phil Bredesen asked for a secretarial designation of agricultural disaster for all 95 counties, which was granted by USDA.

May turned from bad to worse as we headed into the prime growing season with below normal rainfall, stunting development of every crop. The drought continued throughout the growing season as the rainfall deficit rose to a statewide average of 16 inches or more. And, going into the fall, 99 percent of Tennessee was in either a stage 3 or stage 4 drought, with most of state rated exceptionally dry.

There was not a sector of agriculture left unaffected. In fact, crop conditions and livestock conditions were compounded by record high temperatures during the month of August. A significant portion of the state experienced a record number of 100-plus degree days, making August the hottest month on record.

Already stressed crops like corn, soybeans, tobacco, hay and even cotton, baked in the soaring temperatures. Following heavy freeze damages in our nursery industry, the drought further inflicted heavy horticultural losses as growers simply could not irrigate enough to protect their investment.

Livestock production accounts for half of farm income in Tennessee. Cattle and calves represent the largest generator of farm income with annual sales of $500 million. The impacts to this sector were just as severe as to our crop sector.

The spring hay cutting was drastically reduced, as much as 50 percent, while livestock farmers were forced to feed hay in the middle summer to sustain their herds. In the months of June and July, Tennessee experienced a 60 percent increase in the sale of cattle, 143 percent increase in the number of cows sold, compared to the same period last year as farmers were forced to cull herds due to the lack of pasture and hay. Currently, hay stocks in Tennessee are at a record low, with more than 80 percent rated short or very short going into the winter months with little or no prospect for a fall hay cutting.

Many livestock producers have been hauling water since mid-summer as wells, ponds and creeks have simply gone dry. The high cost of transporting hay from other states and the continued stress of water shortages are forcing livestock producers to make hard decisions such as whether to sell cattle at a loss or try to survive an uncertain winter.

Again, at the request of Governor Bredesen, in July, all 95 counties were designated an agricultural disaster by USDA due to drought conditions.

When all is said and done, this is likely to be the most devastating agricultural disaster in our state's history—an estimated $40 million in losses for corn, $93 million in soybeans, $22 million in cotton, $8 million in tobacco, $100 million in hay production. Industry estimates put nursery and greenhouse losses at more than $100 million, not to mention millions of dollars in losses in the fruit, vegetable, winter wheat and agritourism sectors.

The livestock losses are much harder to calculate, but considering reduced milk production, lost weight gain on calves, the premature selling of cattle, increased feed costs and lost hay production, the cost to livestock producers will be in the hundreds of millions of dollars, not including what it will take to rebuild Tennessee's cattle herd in the future.

Farm income in Tennessee totals more than $2.5 billion annually. With a conservative $750 million in total losses, we're talking about 30 percent of Tennessee agricultural industry at the farm level alone. The impact to Tennessee's rural economy will be felt for years to come as this loss will ripple through local communities that depend on farm income.

I'm not here today to ask for your help without first being willing to do my fair share and asking the same of our farmers. Tennessee has one of the most, if not the most generous farm cost share program in the nation. In 2005, Governor Bredesen established the Tennessee Agricultural Enhancement Program to help spur farm investment in our state in areas that have potential for growth and development. Today, with the support of Governor Bredesen and the Tennessee General Assembly, $26 million in annual state appropriations are helping Tennessee farmers improve cattle management by providing 35 percent of the cost of genetic improvements, cattle handling and feed equipment purchases, and hay storage facilities.

We're also helping farmers diversify to new and promising areas of agriculture like fruits and vegetables, organics, grapes, horticulture, specialty livestock and agritourism. We're making the kind of investments that will help minimize the impacts of weather extremes in the future and help increase farm income.

However, the magnitude of this disaster is beyond the state's ability to help Tennessee farmers to the extent that they can recover from these losses without financial ruin in some cases.

The low-interest emergency loans provided as a result of the disaster designations granted by USDA will help and are appreciated, but the truth is they are of nominal benefit to Tennessee producers. We produce a number of non-program crops and livestock that simply are not supported through traditional farm programs. However, if there was a time for Federal assistance to help us sustain this vital industry for our state, the time is now.

I am here today to ask for your support for a disaster assistance package for southeastern farmers. We need a disaster assistance package specifically for 2007 that will provide direct financial assistance to help farmers recover from insurmountable crop and livestock losses. Anything short of that would simply be another disaster for Tennessee and other southeastern farmers.

Mr. Chairman, to you and the other Members of this Committee, thank you for allowing me to be here. On behalf of Governor Phil Bredesen, thank you for your support of disaster assistance for Tennessee farmers. Again, thank you for all that you're doing to support our agricultural industry. I will be glad to answer any questions that you may have.

Mr. MARSHALL. Thank you, Mr. Commissioner, for your testimony. I would now like to call on Mr. Zippy Duvall who is the President of the Georgia Farm Bureau. Zippy is a farmer, he has been farming all of his life, has farmed dairy and got out of the dairy business, and poultry and cattle right now up in north Georgia. He is right in the heart of this drought problem. We welcome you, sir. Thank you for coming up here.

STATEMENT OF ZIPPY DUVALL, PRESIDENT, GEORGIA FARM BUREAU FEDERATION, MACON, GA

Mr. DUVALL. Thank you, Congressman. Thank you to the Committee for arranging for us to be heard. We, the farmer in Georgia, are in desperate need of some help. But first, I would like to thank Congressman Jim Marshall who lives in Macon, where our home

office of the Georgia Farm Bureau is; and also Congressman John Barrow who lives—his district represents the area where the sweet Vidalia onion is grown; and also Congressman David Scott, who has always been a true friend of Georgia agriculture. I am a third-generation dairy farmer; retired from that. Took on about 150 beef cattle and have four poultry houses. Before I got this job that was what I was doing and now my wife continues the farm while I work this job.

Farmers have been adversely affected by three things this year, and all three of them could have stood alone as their own disaster. First, the untimely Easter freeze. The second was the wildfires in south Georgia. And the extreme drought that has been a record-breaking drought in our state. According to the University of Georgia and the Center of Agribusiness and Economic Development, losses from the freeze amounted to about $260 million. The record-breaking drought since that time has caused additional losses of about $800 million. The Georgia Forestry Commission reported losses of $60 million of timber caused by the wildfires and estimate the replanting cost to be around $30 million.

As Farm Bureau President, I travel the state and I see county leaders all over the state, and I would like to take you from south Georgia to north Georgia and tell you some of their stories because I think that is what is valuable today. Starting in southeast Georgia, around the Okefenokee Swamp, as President I was flown down to Ware County to see the areas that had been burned. Just unbelievable destruction that went on in those lands, those private lands, and those farmers lost all of their pine trees there. While we were visiting there we got to visit the blueberry farms in that area. That variety of blueberries that was blooming at that time during that Easter freeze, they lost 90 percent of that variety, extreme disaster in that area of the state.

Then when you move over to the southwestern part of the state where most of our row-cropping is done, from the middle part of the state down, in the southeastern part where there are cotton, peanuts, soybeans and corn. I talked to a corn farmer that said he grew a whole crop of corn under irrigation with one natural rain. Now, it produced well, but it took 29 inches of water that he pumped onto it. The cost of putting that water on that crop was unbearable. It was just as much a disaster and loss to him as it was to dryland corn that didn't make anything. So we have disaster also in the southwestern part of the state.

Moving up into the middle part of the state, I want to talk a little bit about pecans because, pecans, we produce more pecans than any other state in the United States. One of my friends there said that he went to bed on Friday night before the freeze with a million-dollar crop of nuts on the trees and woke up the next morning with nothing, that is how disastrous it was in middle Georgia.

Moving on to north Georgia we can talk about the apple orchards there, and the freeze got anywhere from 85 to 90 percent of those apples. Those farmers depend on tourism to come to their farms and to buy their apples and they are having to go as far as Virginia to buy those apples so that they can have apples this fall as the tourists travel through. And then I want to bring you home to northeast Georgia to where my home is. My grandfather moved

there in 1936 in a muling wagon from Blairsville, Georgia, with one cow tied to the back. The creek that runs behind my house that he thought so much of, for the first time since my family has been on that farm, is dry. There is no water running in it. There are a few pools there. Our cattle have had no grass all year, and we have lost about 70 percent of our hay crop. The calves that we sold off our cows this year were 100 pounds less than what they were this time last year and we have sold about 15 percent of our herd trying to cut it back to a manageable level.

So that is the story of the Georgia farmer, all across the state and personally what I have experienced on my farm. We have had only about 19 inches of rain for the whole year, and at this point in time we should have had around 35 inches. In summary, the freezes, the drought, the fires have put our farmers in the most dire need. It is very appropriate for you all to look at this and see what you can do to help our farmers. Disaster payments—there is going to be a disaster somewhere in this country all the time. Georgia Farm Bureau supports a permanent disaster program. And amend the farm bill, but not by taking away from all of our regular farm programs. We are going to have disasters, and we need to make sure that agriculture is strong.

I would like to make a comment that we also supported the farm bill that was marked up by the House. We appreciate so much the work that you all put into that. We talked a lot about Atlanta, Georgia, lately and heard about the endangered species. I tell you today, gentlemen, the endangered species we should be worried about is the small family farm, and I can't go away without saying thank you. Thank you for the opportunity to testify here. Thank you for hearing the voice of Georgia farmers. And thank you for your support, as a father, of a son that just spent 15 months in Iraq. Thank you for your support of our children that are fighting for our freedom and our liberties. Thank you for this time.

[The prepared statement of Mr. Duvall follows:]

PREPARED STATEMENT OF ZIPPY DUVALL, PRESIDENT, GEORGIA FARM BUREAU FEDERATION, MACON, GA

Good morning Chairman Peterson, Ranking Member Goodlatte, and Members of the Committee. Thank you for calling this meeting and providing Georgia Farm Bureau the opportunity to speak.

My name is Zippy Duvall, and I am President of the Georgia Farm Bureau Federation. I am a lifelong farmer from the Greshamville Community in Greene County, Georgia. I was a dairyman for over 30 years. In 1986, our farm diversified into poultry, and in 2005, we stopped dairy production to produce beef cattle and hay. Today, we have a 150 cow commercial beef herd and four poultry houses through which we produce about a half million chickens annually.

I would like to thank the three Congressmen from Georgia who serve on this important Committee: Congressman Jim Marshall, who lives in Macon, the headquarters of Georgia Farm Bureau; Congressman John Barrow, who's district is the home of our world famous sweet Vidalia onions; and Congressman David Scott, a true friend of agriculture in a fast growing metropolitan area near Atlanta.

Georgia farmers have been adversely affected by inclement weather this year. Freezing temperatures during the Easter weekend caused losses to many crops, and the extended drought since that time has caused additional problems.

According to the University of Georgia Center for Agribusiness and Economic Development, losses from the freeze amounted to about $260 million. The persistent drought since that time has caused losses of nearly $800 million. My written comments include about twenty additional pages of data that graphically show how

much these events have cost our farmers. However raw numbers only tell part of the story.

For example, rural North Georgia's economy is based on tourism. Many people visit the mountains of North Georgia in the fall, and many apple growers tailor their operations to serve these visitors through pick-your-own operations, farm markets, and other retail outlets. Tourists expect apples, but the Easter freeze wiped out 80–90 percent of the North Georgia apple crop. I recently spoke to a Georgia grower who has resorted to buying apples to keep his market open. He said Virginia was the closest place where he could purchase apples. This grower does not have the option of simply staying out of the market for a season. To do so would jeopardize his orchard's shelf space in markets for next year.

Beef and dairy operations have been severely impacted in ways that are not reflected in the numbers. Livestock producers do not have sufficient amounts of hay to carry their cows through the winter, and pastures are in such poor condition that hay was being fed during the summer. Some cow herds are being liquidated. Healthy calves gaining weight on grass is profitable for cattle producers, but without the grass, growers are forced to sell calves at lighter weights, which is a major economic loss. One north Georgia dairyman is hauling three milk tanker loads of water per day just to keep his cows watered and his dairy operational. These types of losses are not reflected in economic data.

The drought has devastated hay production and quality. I spoke with a commercial hay grower from my home county who is unable to sell some of his hay because of excessively high nitrate levels due to dry weather. This condition occurs when plants are not able to adequately utilize fertilizers.

Some crops have fared better due to irrigation, but irrigation is a costly proposition. As you can see from data included in this testimony, there have been substantial losses in cotton, peanuts, corn, soybeans, and vegetable & fruit crops. In addition to losses in production, these crops required substantially more in input costs, so farmers are hit on both sides of the ledger.

The horticulture industry is often overlooked as being affected by the drought. There is a total ban on all outdoor watering in the northern half of Georgia, which includes the Atlanta area. While nurserymen may water their greenhouse and nursery stock, landscapers and homeowners cannot. As a result, there is scant demand for horticulture products. Nobody wants to buy a $50 tree only to watch it die after it is planted. Horticulture growers have greenhouses full of inventory but no demand for product because of the drought.

The largest portion of Georgia's farm gate income is derived from poultry. If the drought continues, poultry processors may be called upon to curtail their use of water in processing which would negatively impact growers. If fewer birds are processed, grower down time between flocks might be extended. Even 1 or 2 additional weeks between flocks would have a substantial detrimental effect on growers making payments for poultry houses.

In most areas of Georgia, the drought has drastically compounded problems begun by an untimely freeze. The purpose of my testimony has been to try to put a human face on these problems, to let you know that there is much more to this problem than the raw economic data that is often quoted. The data is important, and we appreciate those who compile it, but it is not the whole story.

I am here today to let you know there are farmers in Georgia who need assistance, and I am asking for your help. That is my role as President of Georgia Farm Bureau.

However, I do not know the best vehicle to provide assistance and support for our farmers. I know it requires 218 votes in the House and at least 51 votes in the Senate, so an approach that offers the broadest base of Congressional support would make sense.

Given the number of disasters that are occurring across the country, some might argue that it is best to try to enact new disaster legislation. Others may insist that it is better to attempt to revisit existing legislation. In either case, the money appropriated must be sufficient to provide the funds necessary to offer meaningful assistance on a timely basis.

Regarding disaster assistance, Georgia Farm Bureau supports the concept of a permanent disaster program being included in the farm bill. However, that proposal loses much of its appeal if it is funded through farm bill offsets. Disaster assistance should not come from other farm bill funds.

Thank you for your time and consideration of this matter, and thank you for allowing me to testify today. I would be honored to answer questions if there are any on the Committee.

The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Georgia Economic Losses Due to 2007 Drought

Prepared by:
Archie Flanders, John McKissick, & Tommie Shepherd
Center Report: CR-07-10
July 2007

Georgia Economic Losses Due To 2007 Drought

Executive Summary

Drought conditions that have persisted throughout 2007 have caused losses of $787.2 million in production losses. Greatest values of loss are reported for hay and pasture, cotton, peanuts, and corn. Pasture losses are $264.7 million of grass for grazing. Hay losses of $83.8 million are 59% of normal production value. Production value losses for cotton are $160.1 million which is 33% of normal. Losses for the peanut crop are $92.5 million, or 28% of normal production value. Corn losses of $63.1 million are 88% of the normal production value. Drought conditions are estimated to have a total economic output impact $1.3 billion in losses.

Georgia Economic Losses Due To 2007 Drought

Drought conditions that have persisted throughout the 2007 production period have affected Georgia agriculture. Greatest losses were to hay and pasture fields that have diminished grass for grazing and hay cutting. The Center for Agribusiness and Economic Development (CAED) at The University of Georgia estimates total agricultural production value losses are $787.2 million. Losses do not include 10 counties that deferred reporting until a later date. In addition, 6 counties reported losses, but deferred reporting on specified commodities.

Table 1 shows agricultural commodity totals for production value losses. Greatest values of loss are reported for hay and pasture, cotton, peanuts, and corn. Pasture losses are $264.7 million of grass for grazing. Hay losses of $83.8 million are 59% of normal production value. Production value losses for cotton are $160.1 million which is 33% of normal. Losses for the peanut crop are $92.5 million, or 28% of normal production value. Corn losses of $63.1 million are 88% of the normal production value. The balance of production value losses are for pecans, tobacco, fruits, and soybeans.

Total state losses for commodities are compared to normal production values for commodities with reported losses in Table 1. Total losses for reported commodities are greater than 70% of normal production value for hay, pasture, tomatoes, and blueberries. Total state losses are 50% of normal value for commodities with reported losses.

Economic Impacts of Production Losses

Losses reported in Table 1 are for values of production losses. These losses lead to additional losses as typical economic multiplier effects are not realized in the Georgia economy. Output losses are the total sales that are lost to the Georgia economy due to the direct losses reported for each commodity in Table 2. Direct losses for a combination of hay and pasture total $348.5 million and lead to total output losses of $586.1 million. Direct losses for cotton cause total output impact loss of $264.8 million. Drought conditions are estimated to have total output impact losses of $1.3 billion.

Output losses lead to declining incomes for workers in commodity production industries, as well as those who earn income due to agricultural production. Income losses are the best indicator of lost wealth to the Georgia economy due to drought conditions. Labor income impacts in Table 3 show the income losses for proprietors and employees. Total income losses in Georgia are estimated at $471.1 million. Employment impacts in Table 3 represent the number of full-time and part-time jobs that are associated with income losses. A total of 14,046 jobs are impacted by drought conditions in agriculture.

Table 1. Losses Due to Drought, by Commodity

	Loss $	3 Year Average Value	Percent Average	[1]Normal Value $	[1]Percent, Normal Value
Cotton	160,124,725	478,739,333	33.4	397,438,126	40
Peanuts	92,476,625	328,724,000	28.1	257,276,140	36
Soybeans	6,326,543	30,128,667	21.0	16,932,285	37
Corn	63,134,072	71,477,000	88.3	131,312,314	48
Sorghum	363,962	2,546,000	14.3	814,355	45
Wheat	9,437,538	24,243,333	38.9	22,276,543	42
Rye	734,369	2,746,667	26.7	1,170,784	63
Oats	734,498	2,355,333	31.2	1,985,048	37
Tobacco	32,028,696	56,280,667	56.9	81,180,880	39
Hay	83,777,859	143,289,568	58.5	117,323,281	71
Pasture	264,728,167	NA	NA	368,965,449	72
Cucumbers	320,710	55,845,333	0.6	801,798	40
Watermelons	8,508,592	40,853,333	20.8	24,034,736	35
Tomatoes	5,431,395	65,700,000	8.3	7,368,978	74
Sweet Corn	2,795,598	65,601,333	4.3	16,224,141	17
Peas	343,538	8,846,438	3.9	881,972	39
Snap Beans	424,043	27,737,667	1.5	3,108,936	14
Butter Beans	14,500	NA	NA	41,828	35
Peppers, Bell	1,326,089	22,920,000	5.8	3,315,138	40
Cantaloupes	2,625,893	18,351,667	14.3	6,797,266	39
Squash	609,767	41,224,667	1.5	1,524,478	40
Pumpkins	137,813	NA	NA	275,625	50
Pecans	35,599,923	75,673,333	47.0	90,862,857	39
Peaches	13,555,859	31,171,000	43.5	33,744,933	40
Blueberries	278,533	38,455,000	0.7	281,373	99
Grapes	712,352	4,088,000	17.4	1,867,517	38
Other Fruit	47,549	NA	NA	125,130	38
Other	599,233	NA	NA	764,437	78
Total[2]	**787,198,441**			**1,588,696,348**	50

[1]Normal based only on counties reporting losses.

[2]10 counties deferred reporting, 6 counties deferred specified commodities.

Table 2. Economic Output Impacts Due to Drought

	Direct Loss	Output Impact
	-dollars-	
Grains, Soybeans	80,730,982	135,852,089
Tobacco	32,028,696	55,388,257
Hay/Pasture	348,506,026	586,113,614
Vegetables/Melons	22,537,938	39,153,823
Pecans	35,599,923	60,072,396
Fruits	14,594,293	23,933,145
Cotton	160,124,725	264,780,100
Peanuts	92,476,625	155,526,183
Other	599,233	985,131
Total Losses	**787,198,441**	**1,321,804,738**

Table 3. Employment and Labor Income Impacts

	Employment	Labor Income
	-jobs-	*-dollars-*
Grains, Soybeans	2,585	48,192,688
Tobacco	1,068	24,398,721
Hay/Pasture	5,056	213,908,864
Vegetables/Melons	356	18,323,925
Pecans	644	25,372,128
Fruits	336	9,059,170
Cotton	2,630	74,971,158
Peanuts	1,342	56,761,060
Other	29	147,517
Total Losses	**14,046**	**471,135,231**

Geographical Distribution of Losses

Total losses in Figure 1 are spread throughout Georgia with the largest concentration of losses occurring in the southwestern portion of the state. Figure 2 shows hay and pasture losses in all regions, but northern counties have the greatest concentration of losses. Figures 3-5 indicate that southern counties have the greatest losses for cotton, peanuts, and corn. Concentrations of losses are in southwestern counties with greatest acreages of these crops.

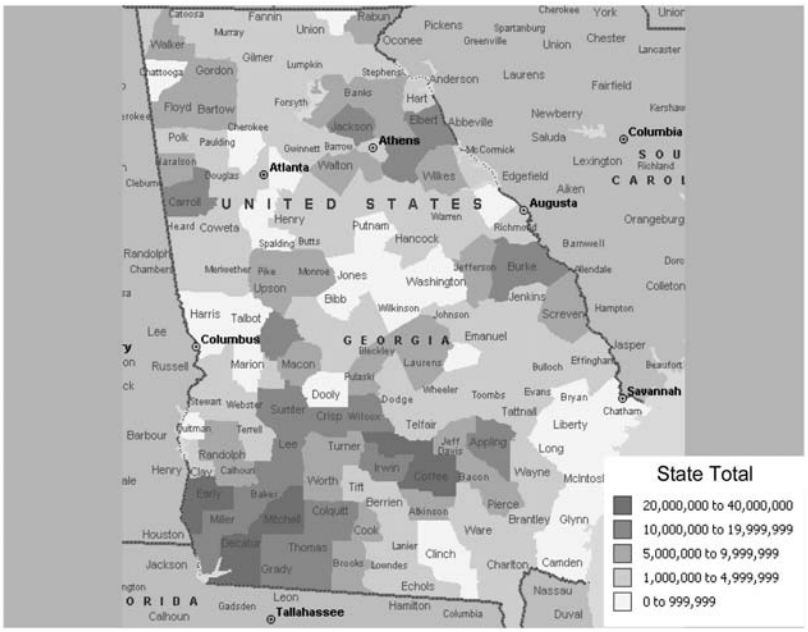

Figure 1. Total Losses ($)

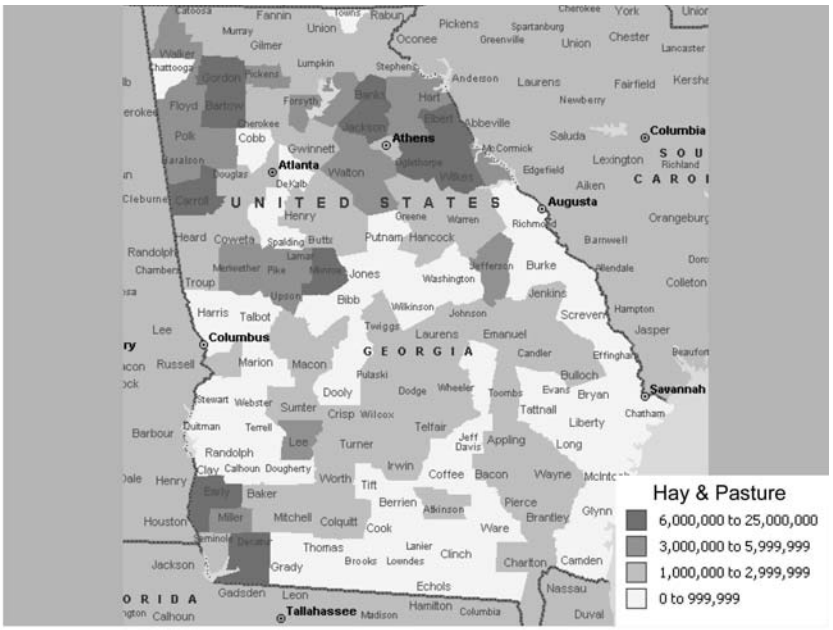

Figure 2. Hay & Pasture Losses ($)

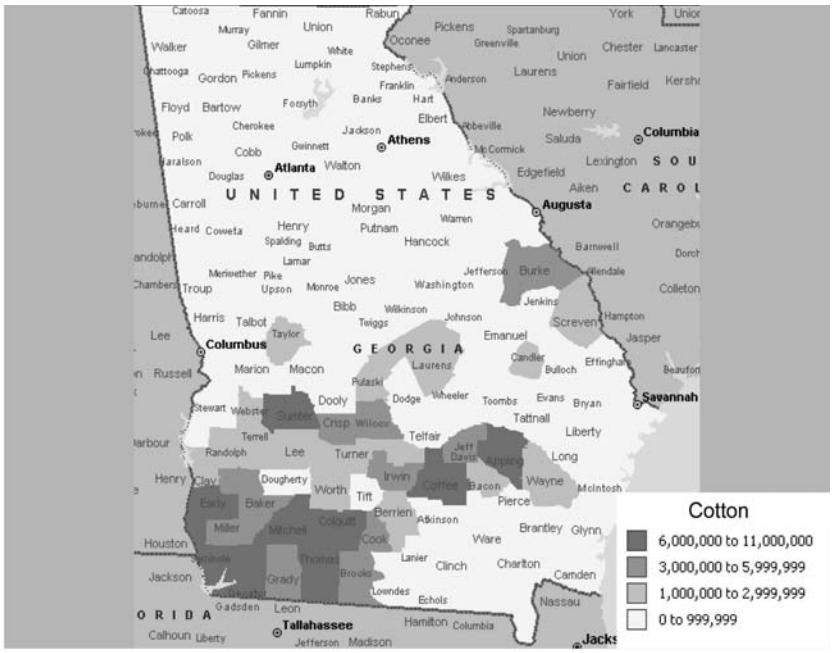

Figure 3. Cotton Losses ($)

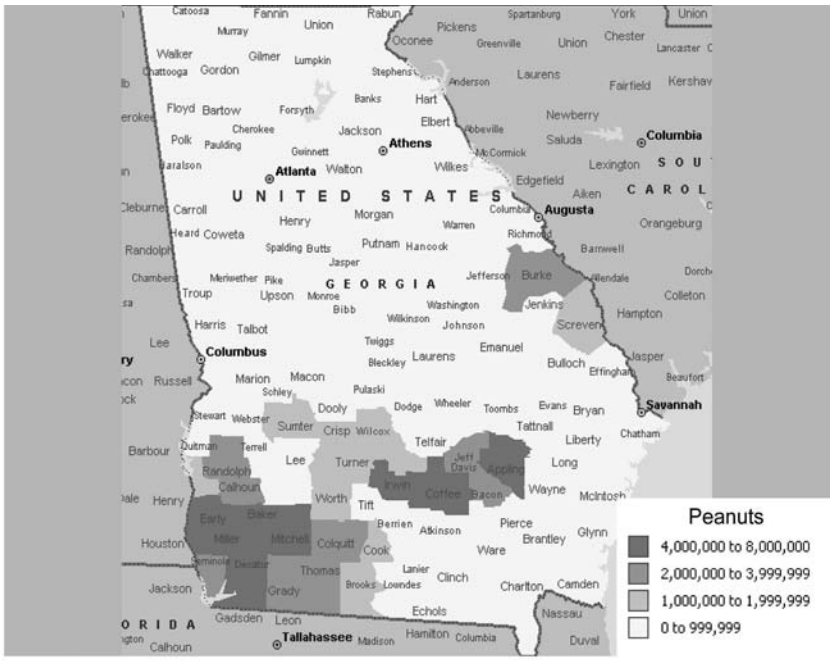

Figure 4. Peanut Losses ($)

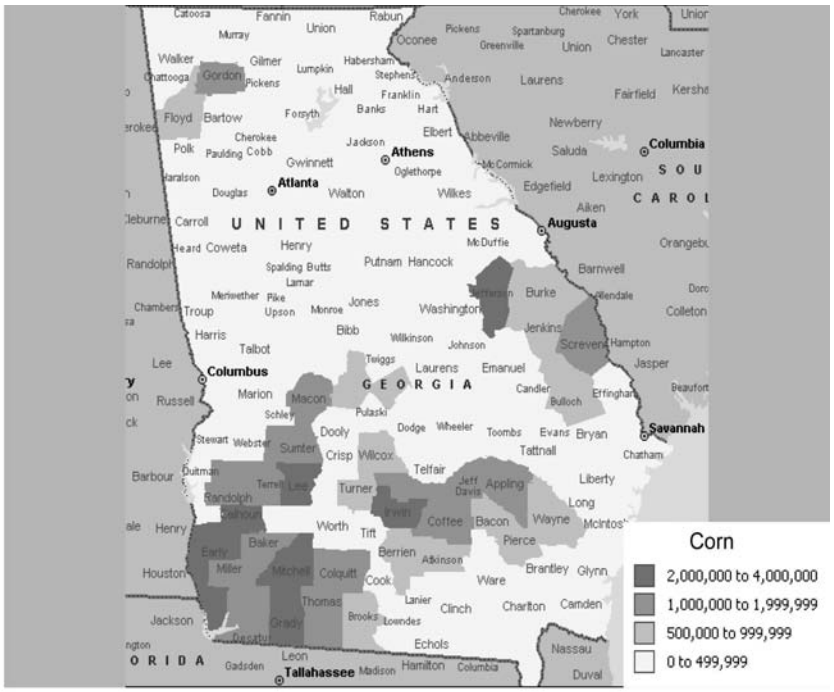

Figure 5. Corn Losses ($)

The Center for Agribusiness & Economic Development

The Center for Agribusiness and Economic Development is a unit of the College of Agricultural and Environmental Sciences of the University of Georgia, combining the missions of research and extension. The Center has among its objectives:

> To provide feasibility and other short term studies for current or potential Georgia agribusiness firms and/or emerging food and fiber industries.
>
> To provide agricultural, natural resource, and demographic data for private and public decision makers.

To find out more, visit our Web site at: http://www.caed.uga.edu

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Report Number: CR-07-10 **July 2007**

Issued in furtherance of Cooperation Extension Acts of May 8 and June 30, 1914, the University of Georgia College of Agricultural and Environmental Sciences, and the U.S. Department of Agriculture cooperating.

J. Scott Angle, Dean and Director

The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Georgia Economic Losses Due to April 2007 Freeze

Prepared by:
Archie Flanders, John C. McKissick and Tommie Shepherd
Center Report : CR-07-08
May 2007

Georgia Economic Losses Due To April 2007 Freeze

Executive Summary

Freezing temperatures during April 6-9 have affected Georgia agricultural production. Total state agricultural production value losses are $257.5 million. Greatest values of loss were reported for blueberries, peaches, and pecans. Blueberries have losses of $64.9 million, peaches $28.1 million, and pecans losses are $26.9 million. Small grains losses are $19.1 million and livestock grasses total $47.8 million. The balance of production value losses are for vegetables and fruits. Freezing temperatures are estimated to have total economic output impact losses with a range from $368.9 million to $430.4 million.

Georgia Economic Losses Due To April 2007 Freeze

Freezing temperatures during April 6-9 have affected Georgia agricultural production. Greatest losses were to fruits crops that are either complete losses or have reduced yields due to freeze damage. The Center for Agribusiness and Economic Development (CAED) at The University of Georgia estimates total agricultural production value losses are $257.5 million.

Table 1 shows agricultural commodity totals for production value losses. Total state losses represent a 33% decrease from the normal production value for commodities with reported losses. Greatest values of loss were reported for blueberries, peaches, and pecans. Blueberries have losses of $64.9 million, peach losses are $28.1 million, and pecans losses are $26.9 million. Small grains losses are $19.1 million and livestock grasses total $47.8 million. The balance of production value losses are for vegetables and fruits.

Total state losses for commodities are compared to normal production values for commodities with reported losses in *Table 1.* Total losses for reported commodities are greater than 75% of normal production value for peaches, blueberries, and apples. Losses are greater than 30% for small grains, tobacco, livestock grasses, and cantaloupes.

Economic Impacts of Production Losses

Losses reported in *Table 1* are for values of production losses. These losses lead to additional losses as typical economic multiplier effects are not realized in the Georgia economy. Conditions that prevent planting cause a complete loss in economic activity as farmers do not purchase any inputs or services for the crop. Losses that occur at the end of the season are viewed mostly as lost farmer income that is not available as household spending. Losses occurring during the season are a combination of lost production impacts and income impacts. Data is not available to determine at what point production losses occurred. Thus, a range of economic impact losses are estimated that covers unknown conditions of losses from the beginning of the production season through the end of production. Losses occurring at the beginning of the season have greater economic impacts than losses occurring at the end of the season.

Output losses in *Table 2* are the total sales that are lost to the Georgia economy due to the direct losses reported for each commodity. Direct losses for fruits cause total output losses that range from $155.1 million to $174.3 million. Direct losses for a combination of hay and pasture total $47.8 million and lead to total losses in output that range from $63.0 million to $80.4 million. Freezing temperatures are estimated to have total output impact losses that range from $368.9 million to $430.4 million.

Output losses lead to declining incomes for workers in commodity production industries, as well as those who earn income due to agricultural production. Income losses are the

best indicator of lost wealth to the Georgia economy due to the freezing conditions. Labor income impacts in *Table 3* show the income losses for proprietors and employees. Income losses on Georgia are estimated to range from $90.6 million to $166.7 million. Employment impacts in *Table 4* represent the number of full-time and part-time jobs that are associated with income losses in *Table 3.* Employment impacts range from 2,572 jobs to 5,694 jobs.

Figures 1-6 show the geographical distribution of losses throughout the state. Figure 1 indicates that all regions were affected, but the southern part of the state was more severely impacted. Production of blueberries, peaches, and pecans are concentrated in southern Georgia.

Table 1. Commodity Freeze Losses

	Loss $	3 Year Average Value $	Percent, 3 Year Average	[1]Normal Reported Value $	[1]Percent, Normal Value
Corn	24,091,288	71,477,000	34	104,795,279	23
Wheat	16,028,688	24,243,333	66	41,376,811	39
Rye	1,942,327	2,746,667	71	3,236,939	60
Oats	1,112,274	2,355,333	47	2,978,318	37
Tobacco	7,196,252	56,280,667	13	11,423,406	63
Hay & Forage	26,676,190	NA	NA	60,892,309	44
Pasture	21,157,220	NA	NA	56,418,821	38
Watermelons	2,739,605	40,853,333	7	15,385,227	18
Tomatoes	1,118,027	65,700,000	2	11,511,904	10
Sweet Corn	9,862,297	65,601,333	15	120,423,422	8
Snap Beans	7,423,708	27,737,667	27	92,846,019	8
Peppers, Bell	637,069	22,920,000	3	2,123,458	30
Cantaloupes	1,972,162	18,351,667	11	5,309,755	37
Squash	1,121,650	41,224,667	3	16,378,196	7
Pecans	26,908,377	75,673,333	36	93,700,357	29
Peaches	28,070,407	31,171,000	90	35,877,367	78
Blueberries	64,872,028	38,455,000	169	75,871,958	86
Apples	4,901,945	2,742,333	179	5,104,018	96
Other	9,694,578	NA	NA	26,344,910	37
Total	**257,526,092**			**781,998,474**	**33**

[1]Normal based only on counties reporting losses.

Table 2. Losses and Economic Output Impacts Due to Freeze

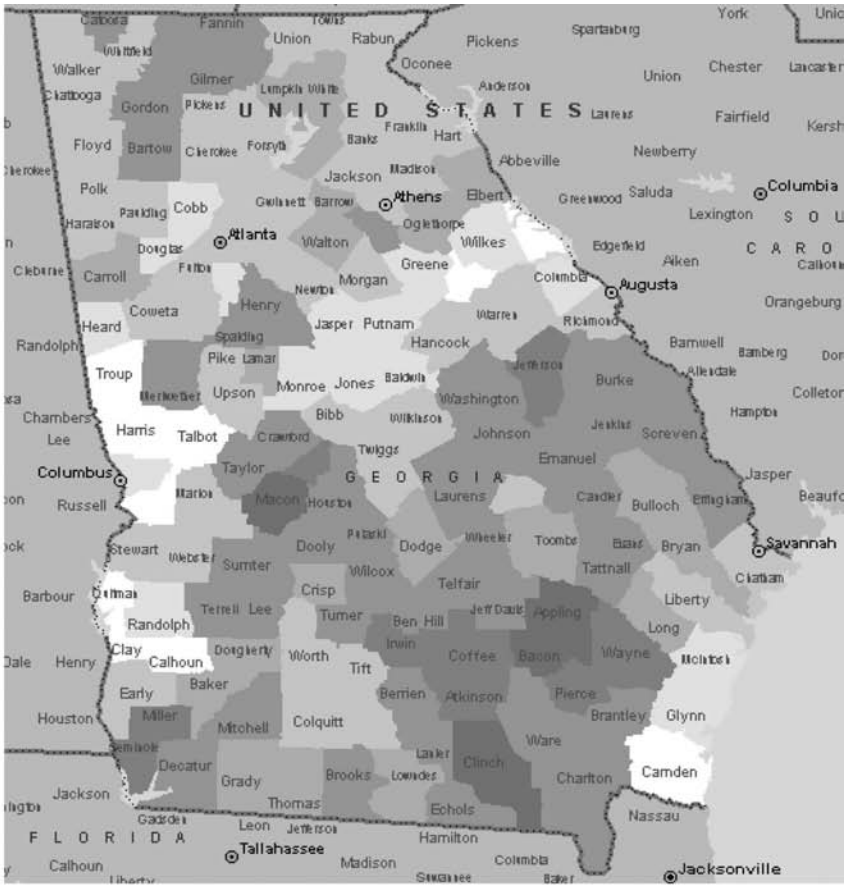
	Direct Loss	*-dollars-* Output Impact Range		
Grains	43,174,577	62,980,541	:	72,483,073
Tobacco	7,196,252	10,497,471	:	12,444,711
Hay/Pasture	47,833,410	62,980,541	:	80,445,707
Vegetables/Melons	25,824,674	37,671,522	:	44,863,675
Pecans	26,908,377	39,252,363	:	45,406,012
Fruits	106,300,988	155,065,656	:	174,322,738
Other	287,814	419,846	:	475,925
Total Losses	**257,526,092**	**368,867,940**	**:**	**430,441,841**

Table 3. Labor Income Impacts Due to Freeze

	-dollars- Labor Income Impact Range		
Grains	15,465,839	:	25,602,046
Tobacco	2,577,815	:	5,481,939
Hay/Pasture	15,465,839	:	29,359,581
Vegetables/Melons	9,250,821	:	20,996,127
Pecans	9,639,020	:	19,177,647
Fruits	38,078,754	:	65,984,608
Other	103,100	:	134,756
Total Losses	**90,581,188**	**:**	**166,736,704**

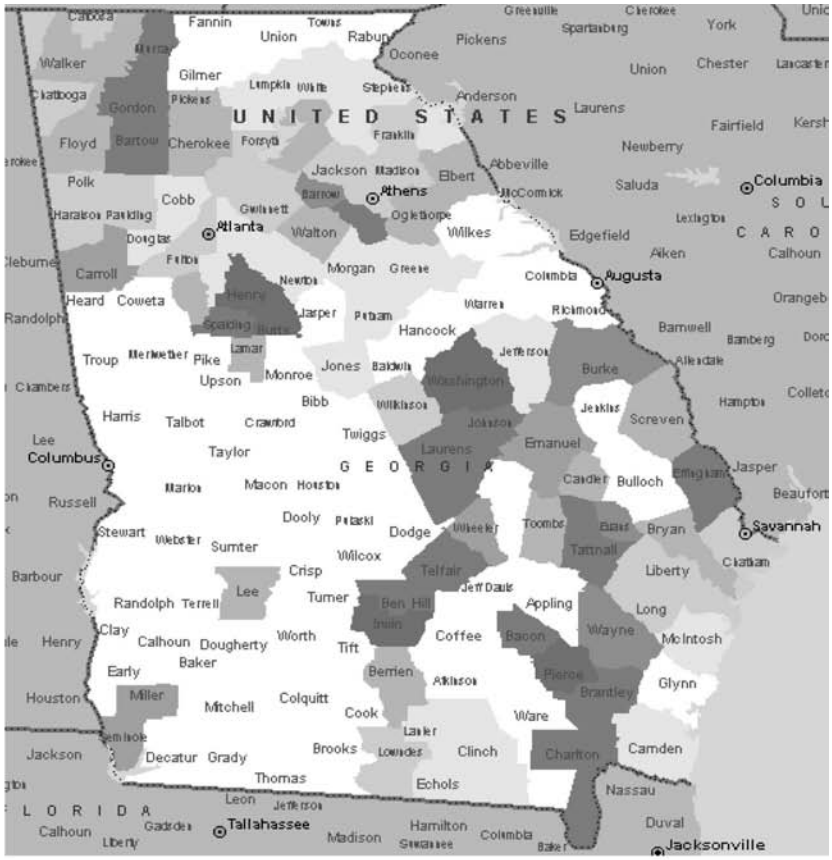
Table 4. Employment Impacts Due to Freeze

	-jobs- Employment Impact Range		
Grains	439	:	1,415
Tobacco	73	:	240
Hay/Pasture	439	:	694
Vegetables/Melons	263	:	408
Pecans	274	:	486
Fruits	1,081	:	2,446
Other	3	:	5
Total Losses	**2,572**	**:**	**5,694**



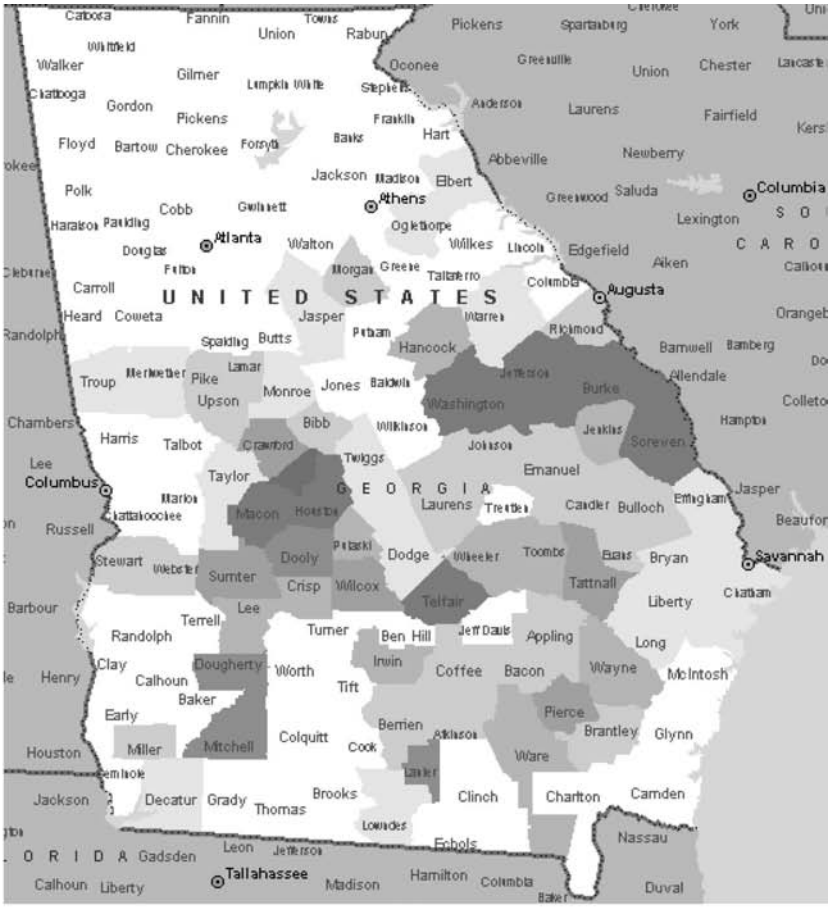
- 10,000,000 to 17,999,999
- 5,000,000 to 9,999,999
- 1,000,000 to 4,999,999
- 500,000 to 999,999
- 100,000 to 499,999
- 10,000 to 99,999
- 0 to 9,999

Figure 1. Total Losses ($)



- 2,000,000 to 3,200,000
- 1,000,000 to 1,999,999
- 750,000 to 999,999
- 500,000 to 749,999
- 250,000 to 499,999
- 100,000 to 249,999
- 5,800 to 99,999
- 0 to 5,799

Figure 2. Hay & Pasture Losses ($)



- 2,000,000 to 2,600,000
- 1,000,000 to 1,999,999
- 750,000 to 999,999
- 500,000 to 749,999
- 250,000 to 499,999
- 100,000 to 249,999
- 1 to 99,999
- 0 to 0.9

Figure 3. Pecan Losses ($)

- 6,000,000 to 7,999,999
- 3,000,000 to 5,999,999
- 1,000,000 to 2,999,999
- 300,000 to 999,999
- 200,000 to 299,999
- 100,000 to 199,999
- 1 to 99,999
- 0 to 0.9

Figure 4. Peach Losses ($)

- 12,000,000 to 16,999,999
- 4,000,000 to 11,999,999
- 1,000,000 to 3,999,999
- 200,000 to 999,999
- 100,000 to 199,999
- 20,000 to 99,999
- 9,000 to 19,999
- 0 to 8,999

Figure 5. Blueberry Losses ($)

Figure 6. Small Grain Losses ($)

The Center for Agribusiness & Economic Development

The Center for Agribusiness and Economic Development is a unit of the College of Agricultural and Environmental Sciences of the University of Georgia, combining the missions of research and extension. The Center has among its objectives:

> To provide feasibility and other short term studies for current or potential Georgia agribusiness firms and/or emerging food and fiber industries.
>
> To provide agricultural, natural resource, and demographic data for private and public decision makers.

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Report Number: CR-07-08 **May 2007**

Issued in furtherance of Cooperation Extension Acts of May 8 and June 30, 1914, the University of Georgia College of Agricultural and Environmental Sciences, and the U.S. Department of Agriculture cooperating.

J. Scott Angle, Dean and Director

Mr. MARSHALL. Thank you, Mr. Duvall, and now I call on Mr. Bill McKinnon, who is the Executive Secretary of the Virginia Cattlemen's Association. Mr. McKinnon.

STATEMENT OF BILL R. McKINNON, EXECUTIVE SECRETARY, VIRGINIA CATTLEMEN'S ASSOCIATION, DALEVILLE, VA

Mr. MCKINNON. Thank you, sir. I, and the 5,000 plus producers that I work for, appreciate this opportunity to address this Committee and relate to you some of the difficulties that livestock producers in southeastern states are having with this drought.

If you take Virginia, Virginia is very much a forage-based cattle industry, and yet as you drive through Virginia this October most of the boundaries you see are brown with little or no forage on them. USDA estimates that Virginia's hay yields for this year will be down 15 to 31 percent and that is largely because central Virginia had a drought last year, but this projection really fails to paint a clear picture of the current forage-feed situation in this state. Nor is it reflective of the extremely devastating conditions found in other southeastern states we have heard of this morning, such as Tennessee, Alabama, and Georgia. The southwestern region of Virginia, hay yields are down more than 40 to 60 percent from last year.

Further exacerbating that situation is the fact that much of that hay was then used to maintain the cattle herds during the summer while the drought continued to devastate our pastures. This drought has had a marked effect on our producers' management decisions. Within the last 2 months, we have increasingly heard of producers forced to sell out because they simply had concerns of their water supplies. The dry weather also forced many cattle producers to market their feeder cattle earlier and at lighter weights. In a normal year, many of our cow-calf operations would keep their lightweight calves through the winter to put on additional gain. Limited feed supplies are forcing those producers to sell their whole calf crop now, and there seems to be almost no local demand for those lightweight calves, again choked off by scarce feed supplies.

Of most concern to us about this devastating drought is that it is really causing structural changes in our industry. Many cow-calf operators are being forced to sell off significant portions of their breeding cows. Virginia data indicates that during the last month slaughter cow marketings are up 72 percent over a year ago. In the southwestern part of the state, producers are selling off their cows at 2½ times the rate they did this time last year. The vast majority of these cows are selling for harvest, not breeding prices since there is little demand for additional breeding stock in the whole of the Southeast. When producers are finally able to rebuild their herds, it will cost them at least twice as much to replace those cows as they are currently receiving for them. And faced with this difficult situation, our producers in the region are evaluating all of their options to secure enough feed resources with which to maintain their herds.

We have explored the option of bringing in hay from surplus regions. Available hay supplies generally appear to be at least 800 miles from the most devastated regions, putting projected hay-

hauling cost in the $100 to $125 a ton area. That is twice the cost of the hay which effectively triples the cost of delivered hay to our area. Many cattle producers in the region who are not already supplementing their herds are examining the option of purchasing grain and various grain byproducts to extend their forage-feed supplies. The rapid rise in prices of grain and grain byproducts during the last 15 months has made this option much more expensive than in past seasons. An additional cost the livestock producers are yet to face is the expense of renovating damaged pasture lands. The thinning of our grasslands will reduce their productivity and render them more prone to erosion. The cattle producers are used to dealing with short-term dry spells and most of them do their best to plan for them. However, the extreme and devastated situation that we face now means that access to Federal disaster programs is essential to the viability of those many livestock businesses.

The Livestock Compensation Program is of immediate concern and need to the region's cattle operations to help offset substantial expenses involved in securing additional feed. The Emergency Conservation Program will provide essential assistance to livestock operations in rehabilitating grasslands and providing water to their herds.

Today I have discussed mainly the situation facing cattle producers in Virginia, fully realizing that other states may be facing more dire circumstances. Mr. Chairman, I appreciate this opportunity to testify here and explain the plight of our cattle producers. I would be happy to answer any questions the Committee might have.

[The prepared statement of Mr. McKinnon follows:]

PREPARED STATEMENT OF BILL R. MCKINNON, EXECUTIVE SECRETARY, VIRGINIA CATTLEMEN'S ASSOCIATION, DALEVILLE, VA

My name is Bill McKinnon and I am the Executive Secretary for the Virginia Cattlemen's Association. The Association was organized in 1944 to promote the profit potential of Virginia's cattle industry. The Virginia Cattlemen's Association's 5,000 plus members represent all segments of the cattle industry. I appreciate the opportunity to address this Committee and relate to you the impact that the current drought in the Southeastern states is having on the region's cattle producers.

Cattle production in Virginia is very much a forage based industry. Typically our cattle are maintained and grown on pastures during the growing season and wintered on stored hay that was harvested during the spring and summer. Normally in October, you might drive through Virginia and still notice lush green pastures. As you tour Virginia and much of the rest of the Southeast this October you view primarily brown grazing boundaries with little or no forage.

The USDA National Agricultural Statistics Service has projected Virginia hay yields this year to be down 15 to 31 percent. That projection fails to paint a clear picture of the current forage feed situation in the state, nor is it reflective of the extremely devastating conditions found in other southeastern states such as Tennessee, Alabama, or Georgia. In the southwestern region of Virginia, a major cattle growing area, hay yields are down more than 40–60 percent from last year. Further exacerbating the situation is that much of that limited hay harvest was then used to maintain cattle during the summer months while the drought continued to devastate pastures. In September, 86 percent of Tennessee's pastures were rated as "Poor" or "Very Poor." Many operations had hoped for late summer rains to spur typical fall pasture growth; however that moisture has not materialized. The limited rainfall combined with continued above average temperatures has forced cattle producers to continue digging into their already limited feed supply.

The drought has certainly had a marked effect on producers' management decisions. Within the last 2 months we have increasingly heard of producers forced to

sell cattle because of limited water supplies. Many shallow stock ponds, small springs, and wells have gone dry. Even on operations with flexible feed supplies, the owners are reluctant to hold their cattle inventories or purchase additional numbers due to their concerns over water availability.

The dry weather and poor pasture conditions have forced many cattle producers to market their feeder cattle earlier than planned. In Virginia, we have noticed the volume of feeder cattle sales running nearly thirty days ahead of normal. As producers must pull cattle off pastures early to market them, they are selling feeder cattle at lighter weights. The lighter weights have resulted in reduced receipts per head.

Cow-calf producers are also experiencing the impact of the drought when they market their calves. In a normal year, many operations would keep their lightweight calves through the winter to put on additional weight. Limited feed supplies are forcing producers to sell their whole calf crop now. As I spend time in livestock auctions and talk with market operators and buyers, there seems to be almost no local demand for those lighter weight calves—again fueled by scare feed resources. The need to market and ship these lighter weight cattle out of the region adversely impacts their price.

Of most concern, the impact of this devastating extended drought is causing structural changes within our industry. Many cow-calf operators are being forced to sell off significant portions of their brood cows as a result of restricted stored feed supplies. Data compiled by the Virginia Market News Service indicates that during the last month slaughter cow marketings are up 72 percent over a year ago. In the Southwestern part of the state, producers are selling off cows at a rate of 2½ times that of last year. Anecdotal information suggests that almost all cow-calf producers in the region have either already made or are planning abnormally high breeding cattle sales. The vast majority of these cows are selling for harvest not breeding prices since there is little demand for additional breeding stock in the whole Southeast.

It is important to recognize that it takes nearly 2 years of investment on the producer's part to bring these breeding animals to a point when they produce their first calf. A significant amount of time and expense is spent developing this foundation of the cow herd, and these animals are not readily replaceable. When producers are finally able to rebuild their herds, it will cost them at least twice as much to replace those cows as they are currently receiving for them. Rebuilding cattle herds to optimally utilize their available resources will place severe economic strain on already financially stressed farm businesses.

Faced with this difficult situation, cattle producers in the region have been evaluating all their options to secure enough feed resources with which to maintain their herds. With the drought conditions being widespread, the normal option of purchasing local hay or other feedstuffs from neighbors is not an option. Given this, we have explored the option of bringing in hay supplies from regions with surplus stores. Available hay supplies generally appear to be located at least 800 miles from the most devastated regions. Given current fuel prices and the constraints of transporting hay, the projected hauling costs appear to be in the $100 to $125 per ton range. These transportation costs are roughly twice the cost of the hay, which effectively triples the price of shipped in hay.

Many cattle producers in the region who are not already supplementing their herds are examining the option of purchasing corn and various grain byproducts to extend their forage feed supplies. The rapid rise in all grain and grain byproducts during the last fifteen months has made this option more expensive than in past seasons. Grain prices are roughly 50% higher than fifteen months ago.

An additional cost as a result of the drought that livestock producers are yet to face is the expense of renovating damaged pasture lands. The extended dry period during the region's growing season caused many grass plants and legumes to die out. The thinning of the pasture lands will reduce their productivity and render them more prone to erosion. Once normal precipitation patterns return, producers will need to expend a tremendous amount to reseed and fertilize damaged grasslands to make them productive again.

Overall, the southeastern drought is causing economic devastation to livestock producers on five fronts. These include forced liquidation of breeding herds, early marketing of lighter weight feeder cattle, significantly higher feeding costs, reduced prices for lightweight feeder cattle, and grasslands renovation costs.

Livestock producers are used to dealing with short term dry spells, and most do their best to plan for them. However, during periods of extreme and prolonged disaster such as this, access to Federal disaster programs is essential to the viability of many livestock businesses located in the Southeast region of the country. Addi-

tional expenses for supplemental feed, grassland restoration, and herd rebuilding will be debilitating to the financial situation of cattle operations.

The Livestock Compensation Program (LCP) is of immediate concern to the region's livestock operations. LCP was originally created in 2002 as an emergency Farm Services Agency (FSA) program to provide immediate assistance, in the form of direct payments, to livestock producers for damages and losses resulting from natural disasters. Payments from LCP can provide crucial assistance to producers having difficulty obtaining feed for their livestock. Producers need to be assured within the next 2 months that those funds could be available to offset the substantial expenses involved in securing their additional feed supplies.

The Emergency Conservation Program (ECP) will also provide essential assistance to livestock operations. ECP provides emergency funding and technical guidance to farmers to rehabilitate lands damaged by natural disasters. The program can also be used to provide water to livestock in drought conditions.

In some cases the Livestock Indemnity Program will also be crucial to producers as it helps to offset death losses suffered due to natural disasters. Anecdotal information suggests that there have been unexpected additional cattle death losses due to the drought. LIP is of paramount importance since it provides reimbursement for a percentage of the applicable market value of these deceased animals.

Today, I have discussed primarily the situation facing cattle producers in Virginia, fully realizing that other states may be facing more dire circumstances. Chairman Peterson, thank you for the opportunity to testify here today and explain the plight of cattle producers in our region. I would be happy to answer any questions the Committee may have.

Mr. ETHERIDGE [presiding.] Thank you very much for each one of you for being here, for your comments, and I really don't have any questions. I think you have laid out the challenge that we face as a Committee in meeting the needs of all of our producers all across this country and specifically right now in the Southeast. If we faced it in the Midwest, we are now facing it in the Southeast and places in the far West, and I can assure you that this Member and, I think the Members of this Committee are committed to working toward the end that we keep food and fiber being produced in this country. And what is happening in Virginia and Georgia and South Carolina, Alabama and Maryland and Delaware the same is happening in North Carolina as you heard from my Governor earlier. So with that I will yield to the gentleman from Georgia. Mr. Marshall.

Mr. MARSHALL [presiding.] Thank you, Mr. Chairman. I guess I am going to go ahead and be the Chairman for the balance of this meeting—the Chairman has to leave. Mr. Duvall, as you were describing the need to recognize that an awful lot of our small- and medium-sized family farms are themselves endangered species here in the United States reminded me of that joke that no doubt you have heard. Three Georgia farmers are sitting around wondering what they would do if they won the lottery, and one was going to buy a place up in North Carolina, quit farming, and go play golf; and one was going to get a boat and float around the Caribbean and quit farming; and the final guy said, "I think I will just keep farming until the money runs out." It is a very tough occupation to be in and we are having a hard time attracting the next generation to the farm, keeping them at the farm, and on the farm. I wanted to ask you a little bit about the effect of having to close down a poultry operation like you have. There undoubtedly would be attended costs associated with that. It is not just making the note that some other things—close down, start up—and I am just curious to know what the impact on poultry houses would be if they can't get the water they need to stay open.

Mr. DUVALL. Well, obviously that the length of time between batches and the loss of income is going to be disastrous to them, but a lot of poultry farmers also use the litter that comes out of the houses as fertilizer. So if they don't have the fertilizer to put on the ground when they do get some moisture, they won't have the fertilization to grow the crop that they are going to have next year. So that is the next thing down when it comes from just loss of income. But the main thing is that most of them are small farms. Most of them depend on that income strictly from those chickens, and if they don't make that they very possibly could lose their farm and their homes.

Mr. MARSHALL. Mr. McKinnon, is there a similar additional cost associated with having to scale back a cattle operation, having to get rid of your cows, trying to get back up to speed?

Mr. MCKINNON. It is extremely frustrating and personal. Zippy is a cow-calf producer. Our producers, particularly with a set of mamma cows, invest a lot of themselves. They typically invest in 10 or 20 years of genetic scientific effort in developing a really great set of cows. Lots of us have a lot of personal interest in those cows so it is a business asset. You bet. Replacing those cows, if we try to generate them within the herd, we have 2 years of investment doing that. It is not like we can go out at every livestock market—let us say next April it is green, it is beautiful in Virginia and the Southeast, we will have trouble even if we had the dollars to replace cows of the quality that we are having to dispose of now, so it will be a challenge.

Mr. MARSHALL. Thank you. I call on the gentleman from Tennessee. Mr. Davis.

Mr. DAVIS. Mr. Chairman, thank you very much, and I appreciate each of the three of you who are here that have testified. As I said earlier, we certainly understand what is going on in each one of the respected states that you are from. The gentleman from Virginia, as I hear you talk about beef cattle it reminds me of my brother, he and I have a farming operation. He does the farming. If you looked at my hands and looked at his, you would see the differences. His fingers are not as straight as mine and there are more calluses on the inside of them. And we have a beef cattle operation with about 185—did have mamma cows—and we have reduced that now by almost 80 and may reduce even more. You can't feed $70-a-roll hay to a cow or to cattle and expect to survive another crop year, so we have had to dispose of many of those. And we started out not with a pure-bred herd which we still don't have. We use pure-bred and registered Angus bulls for the mamma cows that we have, but over the period of the last 10 or 15 years we have actually done a lot of crossing ourselves to get a more-muscle cow and one that would give more milk. Basically we have had Simmental and Limousin influence for the muscle and we have had some girt, or India breed, for milk. We have had some pretty good cows. We have had to sell some of those. We literally have now sold almost—the milk cows provide some help for us. A lot of farmers are doing the same thing. We will survive. My brother is 66, but there are a lot of farmers out there who are young and who cannot overcome this. I mention that because I know that as we look at this year's loss that we have had, it is pretty devastating. But what

will happen on down the road? Not just next year and the year after next. In our case, we will be okay because we are keeping some heifers, and we will keep that foundation herd. We won't have to go out and buy new registered cattle or higher-breed cattle. We have done pretty well over the last 15 years building that herd that we have. Mr. Givens, I am going to direct this question probably at you. In Tennessee we have had the Tennessee Agriculture Enhancement Program that had done a lot to help maybe some of our farmers build sheds to actually house hay. Most of us now use rolled-hay. It is easier to handle. It takes equipment; we don't have as much man-power there. With that program, how has that impacted our farmers and if we were able to maybe get some funds from other sources, Federal sources, to help with that. We have storage bins, but we don't have much for hay storage. And the second part of the question is that how do you—what type of impact do you see happening over the next several years as a result of the drought that we have experienced. Mr. Duvall, good to see you here, the Farm Bureau. The Tennessee Farm Bureau headquarters is in my district as well, in Columbia, Tennessee, so we welcome you here too.

Mr. GIVENS. Congressman Davis, let me take the second question first as far as the impact that it is going to have in future years. Obviously what we sell in Tennessee, what we sell from all of our crops now is about $2.5 billion. The University of Tennessee economists say that those monies roll over about five or six times in the rural economy, so we are talking about a multi-billion dollar impact this year. If I had to put a number on what our damage is thus far, without having all the information, it is probably about $750 million, so you can, very quickly, that we have probably got a $3 or $4 billion impact just this year. I think what none of us can really know—we haven't talked much as far as Tennessee about the damage to our timber industry and our forest lands. We are going to have some serious impact as far as diseases, wildfire. We are having a lot of timber loss already. We don't know how much of that is going to recover and don't really know what is going to happen there. Chairman Peterson came down with you in middle Tennessee and you talked about the horticulture industry and what damage and what long-term affect that has, so it is almost mind-boggling. We are actually doing more in grape production now, and we have a lot of grapevines that just didn't make it through the freeze and really won't know until next year whether or not that is going to fully recover. And even the blueberries that the gentleman from Georgia talked about is devastating, and we don't know what permanent damage that has done. So it is a multi-year event. There is no question about that. Replacing cattle, we have had 143 percent increase in the number of breeding cows that have been sold on the market, and it takes 3 years from the time you birth a heifer or whatever to have something to sell from that, so that is a 3 year proposition when you sell that cow off. If you replace that cow with a heifer you are going to be 3 years getting money back on the ground. It is going to have a great effect. As far as the Ag Enhancement Program you are asking about, we were able to come back and get some monies and put back in the budget with the help of Governor Bredesen and the General As-

sembly, so this year we had $26 billion so we are doing our part in Tennessee to encourage farmers to do those things that will help preserve forages. We have a hay-storage facility program where a farmer can get up to 35 percent of the cost of building a hay-storage building and we all know as farmers that you are going to lose about a third of your hay if your hay is stored outside, so we are having great success in that. Specifically, there is a loan program through Farm Service Agency that allows farmers to get a loan for grain-storage facilities and if we could have some interpretation or legislation that allowed those hay-storage facilities to be included as a commodity that fit that loan program we could do some wonderful things, not only in Tennessee but around the country.

Mr. DAVIS. Mr. Givens, thank you. I know my time has about run out, but I——

Mr. MARSHALL. Your time is run out.

Mr. DAVIS.—as we talked a moment ago about critters, I always favor people over critters and I think watering people is more important than watering critters.

Mr. ETHERIDGE [presiding.] I thank the gentleman. The gentleman's time has expired. He yields back. Just for our witnesses, we have a vote on right now. Mr. Barrow, do you have a question?

Mr. BARROW. I'll be brief, Mr. Chairman, if I may. Mr. Duvall, thank you for coming. I appreciate you being here. Thank you also for speaking for all of Georgia agriculture, not just the sector you are closely affiliated with. And also I want to thank you for your comments about the notion of permanent disaster relief. I think we can all agree that is an important thing, but it is a very bad idea if it is going to come at the cost of production support. The last thing we want to do is provide relief in disaster if we have taken away the support that we need to keep folks in production in the first place, so thank you for honing in on that point. Just a quick question or report on the status of things back in Georgia. I gather that the peanut crops, most of it has been dug and looking pretty good, and give us a report on cotton and then help us understand what the production losses are for folks in these areas. Even when yields are good we have production losses that are just eating people alive, so if you could give us some feedback on that.

Mr. DUVALL. The peanut crop has been dug and most of it has been harvested. Dryland peanuts in most of the state are in really bad shape and didn't do very well, and dryland cotton didn't do well at all either. Anything that was irrigated was there and produced pretty well but at high expense. I would like to make one statement if you would allow me: that people in Georgia, one out of six jobs in Georgia is related to agriculture. One out of six, and we are still the economic engine in ⅔ of the counties in our state, so when we talk about rural economic development, this is a vital issue that the farmers are able to survive and stay on. So I salute you all for looking into this problem.

Mr. BARROW. Well, thank you for coming and being a part of this hearing. Mr. Chairman, I yield back.

Mr. ETHERIDGE. I thank the gentleman. Let me thank our panelists. Thank you for coming. Thank you for your patience today, for being here. I know you have a tight schedule too and you have planes to catch, but let me thank you. We have a vote on in about

5 minutes, so let me thank you. Under the rules of the Committee the record of today's hearing will remain open for 10 days to receive additional material and supplemental written responses from the witnesses to any question posed by a Member to the panel. This hearing of the Committee on Agriculture is adjourned.

[Whereupon, at 1:58 p.m., the Committee was adjourned.]

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