

# CornTalk

FALL  
2014

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# What's happening to corn prices?

Since hitting a record high of \$7.63 per bushel in August 2012, corn prices have fallen steadily over the past few months to less than \$4.00 per bushel. Corn is a commodity, which means its price is subject to the whims of the marketplace. Factors such as weather, geopolitics, trade, government policy, and production levels all combine to impact corn price.

The good news is that corn farmers are able to withstand drought and other challenges to continue producing record harvests with fewer inputs, less water, less land and less impact on the environment.

Today's corn prices are a matter of supply and demand:

- After breaking corn harvest records in 2013, this year looks to be another record-setting harvest in the United States.
- This abundance of corn has brought carryover stocks (corn surplus) to an estimated 1.8 billion bushels for 2014-15—a level we haven't seen since 2005-06.
- The drought in 2012 reduced cattle numbers, which reduced demand for corn and distillers grains to feed those animals.
- China has halted imports of distillers grains and corn, citing concerns over unapproved biotech traits.
- The current and anticipated supply of corn, coupled with relatively flat demand, has caused corn prices to drop dramatically—at or below the cost of production.

## What is the corn checkoff?

Nebraska corn farmers invest in their industry through the Nebraska corn checkoff. When a bushel of corn is sold in Nebraska for the first time, one-half-cent per bushel is remitted to the Nebraska Corn Board for research, promotion, education and market development to create and expand corn markets. The nine farmer-directors on the Nebraska Corn Board invest checkoff dollars in a variety of programs targeted toward building value for Nebraska's corn farmers and the product they grow.

# Key Issues Facing Nebraska's Corn Farmers

In spite of the technology, innovation, and new hybrids, corn farming isn't getting any easier. Through the corn checkoff, Nebraska farmers are working to strengthen their position, build collaborative partnerships, and make sure their voice is heard. In essence, the checkoff is addressing key short-term issues, while strategically looking long term to expand demand and opportunities.

Following are some of the key issues facing corn farmers and how Nebraska corn checkoff investments are addressing these issues:

## ANIMAL AGRICULTURE

**The Issues:** Livestock production is Nebraska's largest single industry. In fact, Nebraska recently overtook Texas to become the nation's largest cattle feeding state. As the nation's second largest ethanol producer, Nebraska also has large supplies of distillers grains—a high-value livestock feed.

The recent drought decimated pasture and forage to the point that ranchers and livestock producers began to liquidate their herds. It takes years for a cowherd to rebuild, so cow numbers are down—and beef prices are up as a result.

The PED (Porcine Epidemic Diarrhoea) virus in swine has affected the number of pigs in production, which in turn affects demand for corn, distillers grains and soybean meal.

**Why it matters to corn farmers:** Livestock production is one of the largest customers for Nebraska corn, either through raw corn or through distillers grains. Livestock production adds value to every bushel of corn. A thriving local livestock industry creates demand for corn as well as distillers grains, which creates demand for corn deliveries to ethanol plants.

**Why it matters to Nebraska:** Nebraska's unique "Golden Triangle" of corn, livestock and ethanol provides tremendous opportunity for job creation and economic growth. Research shows that Nebraska counties with a robust livestock industry tend to have greater economic activity and tax revenue.

Growing livestock production and processing in Nebraska helps leverage one of our greatest strengths into economic success.

**What the corn checkoff is doing:** Nebraska corn checkoff dollars support the efforts of the U.S. Meat Export Federation (USMEF), which works to build markets for U.S. red meat around the world. USMEF has been instrumental in helping rebuild demand in Japan after it lifted its ban on U.S. beef in response to the BSE (bovine spongiform encephalopathy) scare more than 10 years ago.

The Nebraska Corn Board also invests in A-FAN, the Alliance for the Future of Agriculture in Nebraska as part of its efforts to support the expansion of responsible livestock production in the state.

Through the A-FAN partnership, the Nebraska Corn Board is working to develop the "I-29 Corridor" of dairy production and processing. Additional work is focused on dairy development in the Nebraska Panhandle to serve the Colorado Front Range markets.

Checkoff dollars also support a wide range of research projects at the University of Nebraska–Lincoln focused on feeding distillers grains, innovative feedlot cattle systems, and other projects that help make livestock producers even more efficient and successful.



## BIOTECHNOLOGY

**The Issues:** While more than 1700 scientific studies have shown that biotechnology, otherwise known as genetically modified organisms (GMOs), have no adverse effect on human health, concerns about GMOs are affecting exports of grain, feed products and meat. The introduction and use of biotechnology is outpacing the review and approval processes in many international markets—and in some cases is being used for political maneuvering or protectionism.

For example, China has cut off imports of corn and distillers grains from the U.S., citing concerns about a new trait in corn that has not passed their internal approval process.

**Why it matters to corn farmers:** Biotechnology has helped farmers grow more corn with fewer inputs and less impact on the environment. But the lack of synchronization in global approval and acceptance of the science makes it absolutely critical that farmers comply with stewardship agreements—and know which markets are available for the corn they grow.

**Why it matters to Nebraska:** If Nebraska is going to help the world meet the challenge of feeding 9 billion people by 2050, we need to use science, technology and innovation to get us there. Nebraska farmers utilize biotechnology on 96% of their corn acres. Nebraska is also one of the nation's leading states in terms of seed research and seed production.

**What the corn checkoff is doing:** Working in partnership with the National Corn Growers Association, the U.S. Grains Council and other corn states, the Nebraska Corn Board is helping corn farmers understand the importance of compliance with stewardship agreements related to biotech hybrids. Through the "Know Before You Grow" program, farmers better understand the potential markets and barriers for the corn they produce.

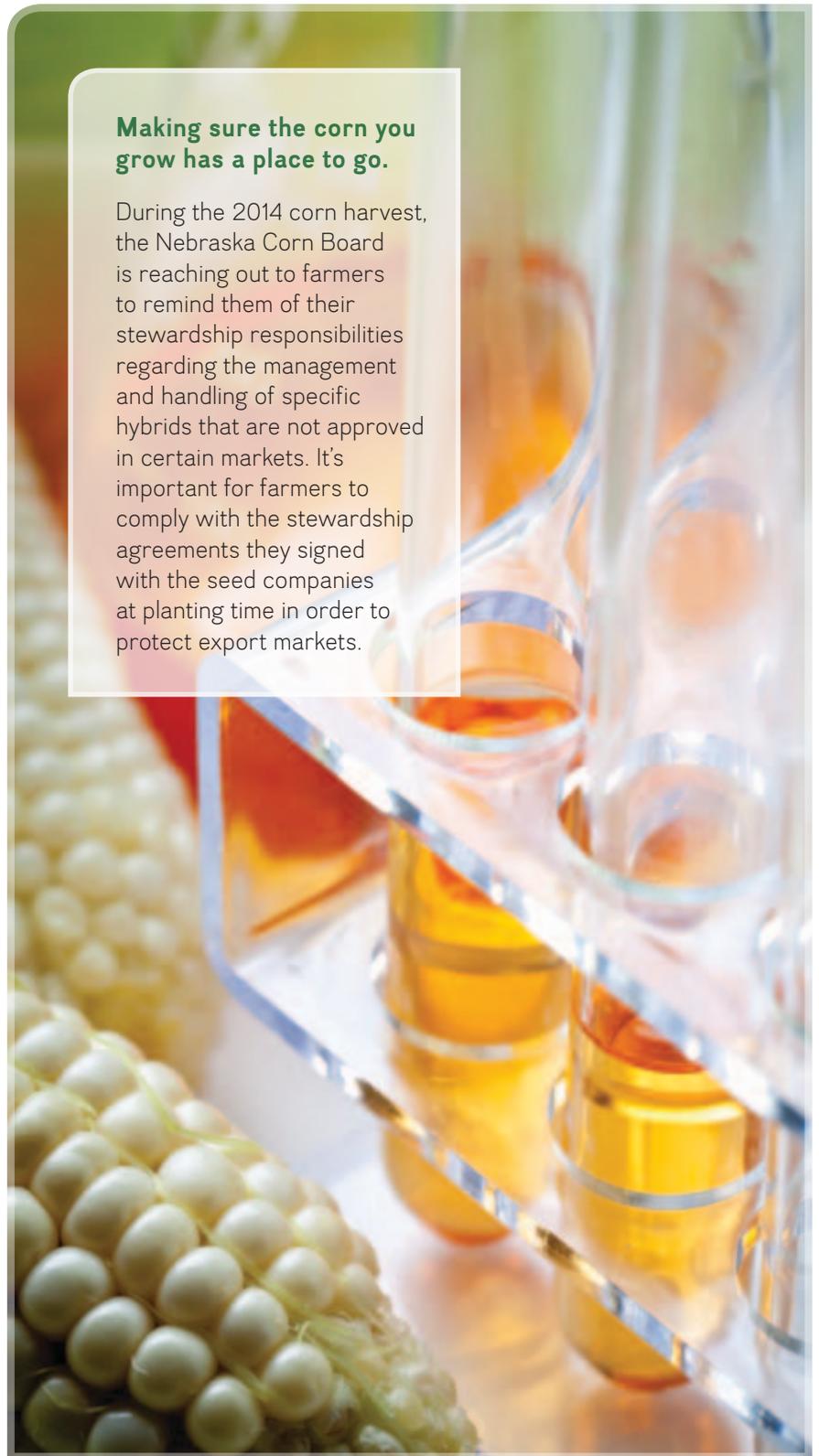


**MAIZALL** is a cooperative initiative involving the U.S., Argentina and Brazil, focused on streamlining the release and approval process of new biotechnology traits. The U.S. Grains Council, supported in part with Nebraska corn checkoff dollars, is leading the charge on this project.

The Nebraska Corn Board also supports CommonGround®, a nationwide network of farm women who connect directly with consumers at grocery stores and other venues to discuss issues related to food production, food safety and GMOs.

### Making sure the corn you grow has a place to go.

During the 2014 corn harvest, the Nebraska Corn Board is reaching out to farmers to remind them of their stewardship responsibilities regarding the management and handling of specific hybrids that are not approved in certain markets. It's important for farmers to comply with the stewardship agreements they signed with the seed companies at planting time in order to protect export markets.



## RENEWABLE FUELS



Nebraska corn checkoff dollars support the American Ethanol initiative with NASCAR. All NASCAR vehicles use high-performance E15 (a blend of 15% ethanol and 85% gasoline), and have raced more than 3 million miles on this renewable fuel. By using American Ethanol, NASCAR demonstrates ethanol's superior performance not only to the NASCAR audience, but to the broader public as well.



**The Issues:** The Environmental Protection Agency (EPA) has proposed to reduce the amount of renewable fuels in our nation's fuel supply, essentially using administrative action to change the terms of the Renewable Fuels Standard (RFS) passed by Congress. Now that the period for public comment is over, the nation waits for a final decision from EPA, which was originally slated for early summer, but now looks to be delayed until after the November election.

In the meantime, the uncertainty this creates has stifled investment in new technologies such as cellulosic ethanol—and threatens the future of renewable fuels, which have been proven to clean our air, improve our nation's energy security and save consumers billions in fuel costs.

**Why it matters to corn farmers:** The growth of the biofuels industry has done more to increase corn demand over the past decade than any other single factor. The distillers grains produced at ethanol plants are a significant reason Nebraska has become the nation's leading cattle feeding state. It's important that the ethanol market continue to grow in order to use the record-breaking supplies of corn being produced.

**Why it matters to Nebraska:** Nebraska is the nation's second largest ethanol producer. The ethanol industry has created thousands of jobs, many of them in rural areas of the state where good jobs are hard to come by. Ethanol in gasoline helps keep pump prices down, saving Nebraskans several hundred dollars in gas money each year.

**But it's not just about the economy—it's about human health as well.** Renewable fuels such as ethanol dramatically reduce the levels of cancer-causing toxic substances and lung-threatening particulate matter in vehicle exhaust. The more ethanol we use in our fuel, the cleaner our air.

Finally, the growth of renewable fuels gives consumers more choices at the pump—especially those who drive flex fuel vehicles (FFV's).

**What the corn checkoff is doing:** The Nebraska Corn Board spearheaded an effort to get farmers and others to submit comment to EPA on its proposed rule. As a result, EPA received nearly 6,000 comments and letters from Nebraska.

The Nebraska Corn Board has advocated for ethanol for decades—from policy and legislation to promotion and education. Nebraska corn checkoff dollars are invested in consumer education programs regarding flex fuel vehicles and the benefits of choosing ethanol blends.

The Nebraska Corn Board works in partnership with fuel retailers to promote ethanol blends and to increase awareness of flex fuel vehicles.

Nebraska checkoff dollars are supporting the efforts of the U.S. Grains Council as it begins its efforts in promoting ethanol exports. The first step is a critical assessment of the global marketplace with a particular emphasis on Japan, Korea, Latin America and Southeast Asia. Growing the export market for U.S. ethanol will expand markets and provide growth opportunities for Nebraska ethanol plants.



## WATERS OF THE U.S. (WOTUS)

**The Issue:** The Environmental Protection Agency and the U.S. Army Corps of Engineers have proposed to expand their authority under the federal Clean Water Act—giving them power to dictate land-use decisions and farming practices on lands where water collects, even temporarily.

This includes puddles, ponds, ditches, and areas where water pools during or after a heavy rain—even when those lands aren't wet most of the time.

**Why it matters to corn farmers:** Under this proposal, basic farming and ranching practices such as tillage, fertilizing, changing land use and even building a fence on these lands would require a permit. This permitting process would not only cause harmful delays on time sensitive farming decisions—it could even lead to EPA using permit restrictions to stop farmers from conducting basic practices.

**Why it matters to Nebraska:** Nebraska's unique system of Natural Resources Districts already provides effective local control over water use and water quality. Increased regulatory pressures and permitting costs at the federal level will make it even more difficult for farmers to operate efficiently and profitably.

**What the corn checkoff is doing:** The Nebraska Corn Board has joined a coalition of other Nebraska farm advocacy groups to encourage farmers and others to comment on the proposed rule.

On a national level, the Nebraska Corn Board is supporting the efforts of the National Corn Growers Association in taking a technical, scientific approach to the proposed rule—and working collaboratively with EPA administrators to develop a reasonable approach.



## FARM BILL

After years of debate and inaction, Congress finally passed a 5-year Farm Bill in January 2014. The bill reinvents federal support for agriculture and food assistance programs in a number of ways—and the nation's farmers and ranchers are working to sort out just what this new legislation means for their operations.

**Why it matters to corn farmers:** Like it or not, federal farm policy has a dramatic effect on one's profitability and freedom to farm. The new Farm Bill includes significant changes in terms of reallocation of acres and program requirements. It also involves choices and decisions that will have a long-term effect on individual farming operations.

**Why it matters to Nebraska:** Since agriculture is the state's number one industry, policies and regulations that affect agriculture have a ripple effect across the state's economy from border to border. About one in three jobs in Nebraska is related to agriculture, so ag policy reaches well beyond the state's farms and ranches.

**What the corn checkoff is doing:** The U.S. Department of Agriculture, in partnership with the extension programs at the nation's land grant universities, is implementing a series of workshops and seminars for farmers to help them navigate the changes. The Nebraska Corn Board will be promoting these events and urging farmers to attend. Additionally, a number of online tools are being developed to help farmers assess their options and potential outcomes under the new programs. Links to those tools will be available on [NebraskaCorn.org](http://NebraskaCorn.org).

## RESEARCH



Research is about “what if” and “what’s next.” Research creates new opportunities, addresses challenges and finds solutions to problems. Research keeps Nebraska agriculture on the leading edge of food production.

Tighter university budgets create the need for innovative public-private partnerships to ensure that research is focused on issues that matter to Nebraskans—and can be put to practical use as quickly as possible.

**Why it matters to corn farmers:** Research leads down two paths: 1) New uses and expanded markets for corn; and 2) Improved production efficiencies that show up on the bottom line.

The ethanol industry and acceptance of distillers grains in the livestock industry were the result of research. New hybrids, irrigation scheduling strategies and other management practices have also emerged thanks to research.

**Why it matters to Nebraska:** Research is essential to ensuring the continued strength and leadership of Nebraska agriculture. Many research projects have an impact on issues important to Nebraskans including water quality, water conservation, environmental stewardship and food safety.

**What the corn checkoff is doing:** The Nebraska Corn Board solicits research proposals from the University of Nebraska—Lincoln and other entities on an annual basis. When selecting proposals for funding, the board places a high priority on applied research that promises direct benefit to Nebraska corn producers and livestock producers.

Current research projects are focused on feeding distillers grains, irrigation scheduling strategies on corn, weed resistance management, the use and management of cover crops and other projects dealing with efficiency, production and stewardship. Several of these projects are co-funded with the Nebraska Soybean Board.

Research findings are quickly transferred to farmers and ranchers through the statewide network of UNL extension educators.



## NCB Adds New Staff Member



Boone McAfee

**Boone McAfee** has joined the Nebraska Corn Board staff as director of market development & research. Boone fills the position that was vacated by Kelly Brunkhorst, who became executive director on August 1, 2014.

In this role, McAfee will work on behalf of Nebraska corn farmers and industry to expand market opportunities for Nebraska corn and value-added products both domestically and internationally. He will co-manage the Board's research programs and establish a working relationship with the University of Nebraska–Lincoln and others conducting research on various aspects of corn and its value-added industries to further the use, efficiency, sustainability and development. McAfee will also manage a database of Nebraska corn statistics.

McAfee grew up on his family farm near Leigh, Nebraska. He earned a B.S. in agricultural economics from the University of Nebraska–Lincoln where he was involved as a student ambassador for the College of Agricultural Sciences and Natural Resources, a research assistant in the agricultural economics department and a teacher's assistant in the agronomy department. He also held internships with Farm Credit Services of America and Dow AgroSciences/Mycogen Seeds.

## New Board Members Appointed

Governor Dave Heineman has appointed two new members to the Nebraska Corn Board:



John Greer

**John Greer** of Edgar is a fourth generation farmer. He graduated from the University of Nebraska–Lincoln with a degree in Agricultural Education and a minor in Animal Science. His involvement has included service on several boards including the Nebraska Cattlemen. John and his wife, Lynn, are parents of two married daughters, who are also involved in production agriculture. John represents District 2 of the Nebraska Corn Board.

**Brandon Hunnicutt** of Giltner is also a fourth generation farmer. He is a graduate of the University of Nebraska–Lincoln with a degree in Ag Business. He and his wife, Lisa, have seven children. He is past president of the Nebraska Corn Growers Association, past chair of the Grower Services Action Team of the National Corn Growers Association, and currently sits on the NCGA Trade Policy and Biotech Action Team. Brandon represents District 3 of the Nebraska Corn Board.



Brandon Hunnicutt



**National Farm Safety week is September 21-27.** It's good time to remind all farmers to "Take a Second for Safety" as harvest involves large equipment, several people working at once and a sense of urgency. Here are just a few tips:

- Make sure family members and employees are well trained on operating powerful equipment.
- Develop a set of safety rules that everyone should follow (including you!)—and follow them.
- Ensure that PTOs are well protected to avoid contact with clothing or people during operation.



District 1  
**Dave Bruntz**  
Friend, NE



District 6  
**Dennis Gengenbach**  
Smithfield, NE



District 2  
**John Greer**  
Edgar, NE



District 7  
**David Merrell**  
St. Edward, NE



District 3  
**Brandon Hunnicutt**  
Giltner, NE



District 8  
**Jon Holzfaster**  
Paxton, NE



District 4  
**Debbie Borg**  
Allen, NE



At-large  
**Alan Tiemann**  
Seward, NE



District 5  
**Tim Scheer**  
St. Paul, NE



Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.

### Nebraska Corn Board Staff

**Kelly Brunkhorst**  
executive director



**Boone McAfee**  
director of market development & research



**Kelsey Pope**  
director of advocacy & outreach



**Kim Clark**  
director of biofuels development



**Janet Miller**  
business manager



**Susan Zabel**  
administrative secretary



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Nebraska Corn Board  
301 Centennial Mall South, Fourth Floor  
Box 95107, Lincoln, Nebraska 68509  
Phone 402/471-2676  
Toll-Free 800/632-6761



**On the Cover** The Atwater family of Ayr, Nebraska, raises corn, soybeans, white corn, popcorn and Hereford cattle.