

Testimony of

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American Sheep Industry Association



on

2018 Farm Bill – State of the Sheep Industry

**Before the
Committee on Agriculture
Subcommittee on Livestock and Foreign Agriculture
U.S. House of Representatives**

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Introduction

Chairman Rouzer, Ranking Member Costa, and Members of the Subcommittee, thank you for the opportunity to speak with you today. I am Bob Buchholz, a third-generation sheep and meat goat rancher from central Texas, a member of the Board of Directors of the American Sheep Industry Association (ASI), and past President of the Texas Sheep and Goat Raisers' Association. I am here today to represent the nation's 88,000 sheep producers. America's sheep producers continue a strong tradition of supporting wildlife habitat, natural resources, and open space across the country – all enabled by careful resource management while grazing our flocks on private and federal lands. Our members support rural communities, the tax base, and local businesses providing safe domestic lamb and wool. In fact, the economic impact of sheep and wool production on our nation's economy is immense. From on the farm and ranch to the retail level, the sheep industry has a total retail impact of \$2.7 billion and supports nearly 98,000 sheep-industry related jobs.

My operation runs across several counties in central and southwestern Texas. Our operation was hit hard with the drought starting in 2011 and a devastating wild fire that forced us to severely cut back our livestock numbers. We are still working to rebuild our flocks and recover, six years later. Like others testifying today, a strong farm program, including disaster assistance, is critically important to our nation's sheep producers.

Ongoing Challenges and Concerns

Bighorn Sheep in Domestic Sheep Grazing Allotments

Nationally, about half of all domestic sheep spend time grazing on federal lands, including rangelands managed by the U.S. Forest Service (USFS). Over the years, the USFS has been systematically removing domestic sheep ranchers from federal lands in the name of bighorn sheep management, despite the fact that there are reasonable, science-based solutions to accommodate domestic sheep grazing while protecting the health of bighorn sheep populations. In mid-2016, the USFS announced that it may close some allotments in the Ashley National Forest and the Uintah-Wasatch-Cache National Forest in Summit County, Utah due to bighorn sheep concerns. This is being done without any offer of alternative allotments. In total, three allotments will be closed and a fourth allotment will be reduced. The ranchers on these allotments have letters from the USFS detailing that when they introduced bighorn sheep to the area, there would not be an impact to the domestic sheep population. There are many examples of these egregious actions.

Mandatory Price Reporting

In September 2015, the President signed into law the Agriculture Reauthorization Act of 2015 which included an extension of the Livestock Mandatory Reporting Act of 1999 (MPR). Unfortunately for sheep, this reauthorization has not lived up to our expectations when it was

passed. Of particular concern is the implementation of current confidentiality rules followed by the U.S. Department of Agriculture (USDA) and its chilling effect on price reporting. Further complicating the issue, is the effect on insurance products available to the sheep industry which rely on the USDA price reporting. ASI has reached out numerous times to USDA and is in ongoing discussions with USDA to resolve this issue. Although MPR has not been a farm bill issue in the past, if progress cannot be made administratively on the confidentiality guidelines, ASI will support including language in the farm bill to address this issue legislatively.

FDA Minor Use Animal Drug Program

It is also critical that producers have continued access to key technologies. We strongly support the Food and Drug Administration (FDA) Minor Use Animal Drug Program and its historic collaboration with USDA's National Institute of Food and Agriculture (NIFA). The targeted use of biologics and pharmaceuticals within a veterinary-client-patient relationship is key to our ability to maintain flock health and provide a safe wholesome product. We urge the creation of a mechanism for NIFA funding for minor use animal drug research through the National Research Support Project No. 7 (NRSP-7); NRSP-7 has an established record with Land-grant universities and has demonstrated excellent results for minor use drug research for nearly 40 years.

Wildlife Services Funding

Coyotes, mountain lions, wolves, and bears kill tens of thousands of lambs and calves each year. Livestock losses attributed to these predators cost ranchers and producers more than \$137 million annually, according to surveys by the USDA National Agricultural Statistics Service (NASS). For years, ASI has led the aggressive defense of livestock protection by bringing together a diverse coalition of supporters in the areas of aquaculture, aviation, forestry, livestock production, range/forage management, and state departments of agriculture to ensure the programs' survival. Earlier this month, ASI led a coalition of 206 organizations to sign a letter supporting Wildlife Services funding¹.

Every dollar spent on predation management returns three dollars in livestock value saved. This has a tremendous impact on sheep and cattle producers and the rural economies they support. Predator management also supports abundant wildlife, hunting, and recreation activities on private and federal land. We ask Congress to ensure USDA Wildlife Services is fully funded and has the resources needed to carry out their livestock protection efforts.

H2-A Temporary Agricultural Workers

The American sheep industry has a decades long history of a reliable, consistent, and legal workforce. Sheep ranchers depend on the H-2A shepherd program to help care for more than one-third of the ewes and lambs in the United States. To meet those needs, the industry has largely participated in temporary visa programs (in various forms) since the 1950s. As a result,

¹ 2017 Wildlife Services Letter: http://www.sheepusa.org/IssuesPrograms_GovernmentPrograms_WildlifeServices

sheep producers employ a legal labor force with an estimated eight American jobs created/supported by each foreign worker employed.

Increased regulation with ambiguous policies and enforcement have made the H-2A shepherd program very costly for employers. In the 2015 re-write of the shepherd provisions, our program now constitutes over half of all pages of regulations governing the entire H-2A program, even though we are only a small percent of total H-2A employees in the United States. A workable temporary foreign labor program is essential for the sheep industry and our nation's ability to produce a secure food supply.

Emergency Conservation Program (ECP)

The Emergency Conservation Program (ECP), administered by the USDA Farm Service Agency (FSA), provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters. As determined by FSA county committees, ECP participants may receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices, such as rebuilding fences.

The recent fires in Oklahoma, Texas, Kansas, and New Mexico have burned more than 2,300 square miles in the four states, and forced many farmers and ranchers to move their livestock. The fires have also devastated critical infrastructure, including fencing, on farms and ranches in our states. The ECP provides critical financial resources to affected farmers and ranchers to rebuild fences. ASI strongly supports the expedited implementation of the Emergency Conservation program in affected states.

The Livestock Forage and Livestock Indemnity Programs are utilized in some regions by sheep producers each year and are very important to these operations in periods of extreme drought or devastating storms.

U.S. Sheep Experiment Station (USSES)

The domestic sheep industry relies heavily on the work of the U.S. Sheep Experiment Station (USSES) and the Animal Disease Research Unit (ADRU). Both facilities work collaboratively and are critical components of the USDA's Agriculture Research Service. As our nation's only experiment station primarily dedicated to sheep production, the work carried out by these researchers and faculty are critical to our ability to remain productive and push back against flawed science on the range and in the area of animal health. In the past, administrative action has worked to limit the scope of these facilities. Such action not only threatens the viability of this resource for producers, but also threatens the USSES' unparalleled historic sage grouse data. We support the merger of the USSES and ADRU and encourage growth in their roles in food-animal science, rangeland systems, and animal health programs. These stations have a dedicated history of careful use of taxpayer funds to solve issues and challenges for our producers and counter flawed science from those wishing to remove livestock and multiple uses from our nation's public lands.

Scrapie Eradication

Working collaboratively with the USDA APHIS and state partners, the American Sheep Industry has nearly eliminated scrapie from the United States. Official identification, surveillance, and traceability of both sheep and goats are critical to continuing and maintaining these efforts in order to preserve and enhance current and future export markets. Continued and increased funding of the National Scrapie Eradication Program should be a part of the next Farm Bill.

2018 Farm Bill Priorities

ASI strongly supports the reauthorization of the Agricultural Act of 2014 (2014 Farm Bill). The first and most important national security concern is the ability of a country to clothe and feed its citizens. Given the small investment made in agriculture by the farm bill when compared to the federal budget and the safe, affordable, and abundant food supply enjoyed by the US illustrates the wise investment farm bills provide. Of particular note and support by ASI are the following:

National Sheep Industry Improvement Center (NSIIC) and the Sheep Production and Marketing Grant Program (SPMGP)

The National Sheep Industry Improvement Center (NSIIC) was originally established in the 2008 Farm Bill. The nine-member board reviews grant proposals, recommends funding, and submit final recommendations to AMS for approval. The purposes of these grants are to—

- (1) promote strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance production and marketing of sheep or goat products in the United States;
- (2) optimize the use of available human capital and resources within the sheep or goat industries;
- (3) provide assistance to meet the needs of the sheep or goat industry for infrastructure development, business development, production, resource development, and market and environmental research;
- (4) advance activities that empower and build the capacity of the United States sheep or goat industry to design unique responses to the special needs of the sheep or goat industries on both a regional and national basis; and
- (5) adopt flexible and innovative approaches to solving the long-term needs of the United States sheep or goat industry.

NSIIC is intimately connected to the Sheep Production and Marketing Grant Program (section 209 of the AMA of 1946). The Sheep Production and Marketing Grant Program (SPMGP) was authorized in the 2014 Farm Bill and provided \$1.5 M for fiscal year 2014 (to remain available until expended) of CCC funding to AMS for the SPMGP. The SPMGP provided funds on a competitive basis to national organizations whose mission is to strengthen and enhance the production and marketing of sheep and sheep products in the United States including the improvement of infrastructure business, resource development, and the development of

innovative approaches to solve long-term needs. Only national organizations with similar missions were eligible to apply. The NSIIC was awarded funding by the SPMG which has allowed it to identify and fund industry improvements.

NSIIC is considered instrumental in the development of the LRP Lamb Insurance product and the wool superwash capability in the United States. Superwash or shrink proofing of American wool which is critical for washable wool socks was not available in the United States until 2011 when NSIIC funds significantly contributed to the presence of equipment stateside. LRP lamb insurance is the only risk management tool for lamb producers as neither lamb nor wool are traded in the commodity futures market.

ASI strongly supports providing mandatory funding for the SPMGP.

Wool Marketing Assistance Loan and Loan Deficiency Payment Program

The 2014 Farm Bill authorizes nonrecourse marketing assistance loans (MALs) and loan deficiency payments (LDPs) for wool to eligible producers who produce and shear wool for the 2014 through 2018 crop years. The LDP program is available to eligible producers of nongraded and graded wool.

The national loan rate for graded wool is \$1.15/pound. Nongraded wool is \$0.40 per pound. When the 2014 farm bill was enacted, CBO estimated that the cost of the MAL/LDP was \$4 million for wool annually. Recent actual outlays have been nonexistent. With the recent low levels of producer income, ASI supports a re-examination of the wool loan rate and supports an adjustment to a more appropriate level. ASI looks forward to continuing conversations with this subcommittee to ensure these programs provide producers the safety net needed.

Foot and Mouth Disease (FMD) Vaccine Bank

An outbreak of a foreign animal disease has the ability to cripple the entire agricultural sector and would have long-lasting ramifications for the economic viability of the livestock industry. It is critical that USDA Animal and Plant Health Inspection Service (APHIS) work collaboratively with state animal health officials to be able to rapidly respond to any such outbreak. Of particular concern is the threat posed by the reintroduction of FMD, either inadvertently or intentionally. While we must do everything we can to eliminate the risk of reintroduction of FMD, we must also be prepared in the event of an outbreak. It is critical that U.S. producers have immediate access to a viable vaccine bank. We join with others in the livestock industry in supporting the creation and maintenance of an FMD vaccine bank and continued research. We also urge Congress to provide the authority and \$150 million a year in mandatory funding for USDA APHIS to protect the U.S. livestock industry from an FMD outbreak.

Trade

Continued strength in the international marketing of lamb and wool requires a commitment to the promotion and export of U.S. wool to export markets through strong USDA Foreign Agricultural Service (FAS) Program funding.

ASI is the cooperator with the FAS for wool and finds success every year in securing customers with the Market Access Program, the Foreign Market Development Program, and the Quality Samples Program. In 2001, ASI relaunched an export program for wool and significantly improved the competition of American wool. We now export 50 percent of American wool, on average, and have at least doubled the number of U.S. firms that offer wool to overseas markets

Conclusion

In summary, the nation's sheep producers are eager for the upcoming Farm Bill discussions. Thank you for your past support of the livestock industry and for allowing me to visit with you about our priorities.

Sincerely,

A handwritten signature in black ink that reads "Bob Buchholz". The signature is written in a cursive style with a large, sweeping flourish at the end.

Bob Buchholz
American Sheep Industry Association