



# Transforming Nebraska's Gold Into Statewide Economic Success

A Business Case for Increasing the Corn Checkoff

January 2012

# Transforming Nebraska's Gold INTO STATEWIDE ECONOMIC SUCCESS



## Nebraska is a leader in corn, ethanol and livestock. But we're falling behind in terms of investing in ourselves.

The Corn Resources Act was created in 1978 at the specific request of Nebraska corn producers. The idea was simple: Create a mechanism that allowed Nebraska corn farmers to implement a self-imposed assessment on their production, with revenues to be invested in building markets for their crop. The corn checkoff is Nebraska corn farmers investing in themselves, their industry, their state and their future.

Nearly 35 years later, the landscape has changed dramatically. Incredibly, the checkoff rate has remained unchanged at one-quarter-cent per bushel for 23 years, even as Nebraska agriculture has enjoyed unprecedented growth, profitability and diverse market opportunities.

Agriculture is Nebraska's strength. Agriculture is the engine that drives our state's economy. Agriculture is Nebraska's clear path and opportunity for economic vitality and global leadership.

Corn is the centerpiece of Nebraska's ag economy. Nebraska corn farmers supply Nebraska's ethanol industry, which has generated thousands of jobs and millions in revenue for our state. Nebraska corn provides high quality feed for Nebraska's livestock industry in the form of raw corn and distillers grains. Farmers are even helping NatureWorks® transform corn into biobased plastics in Blair, Nebraska.

Economic development is about identifying one's strengths—and then investing in and leveraging those strengths for greatest impact. A recent Battelle study noted that twelve north central states, including Nebraska, hold the greatest promise for capturing value from the new bioeconomy. In fact, Nebraska is especially well positioned to be a leader thanks to its abundant supply of crops, land, livestock, biofuels and water—and its outstanding land grant university which has made food, water and biofuels the primary focus of its new Innovation Campus.

Nebraska corn farmers stand ready to invest in this exciting future. But as it stands, they aren't even keeping pace.

**Nebraska's corn checkoff lags behind.** Nebraska is the nation's third largest corn producing state. Yet, Nebraska has the lowest checkoff rate among all states that administer a corn checkoff!

The Nebraska Corn Board has voted unanimously to ask for a checkoff increase to one-half cent per bushel. In January 2012, the Nebraska Corn Growers Association also voted unanimously to support the checkoff increase.

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## A Significant Erosion in Purchasing Power

The corn checkoff has been set at one-quarter-cent per bushel since 1988. Today, that one-quarter-cent is worth half as much in terms of what it can buy.

Nebraska is falling further behind. Our ability to participate in, lead and direct the industry is being eroded as other states such as Missouri, South Dakota, Minnesota, Ohio and others that grow less corn than Nebraska are increasing their investments in state, national and international initiatives.

This isn't just about generating more money. It's about capitalizing on opportunities in the new bioeconomy. Driving economic growth and job creation. Developing new uses and new markets for corn. Revitalizing rural communities. Allowing the producers of Nebraska's most important commodity to invest in and direct growth for their industry—and using their own dollars to do so.

It is absolutely essential that Nebraska farmers be empowered to implement growth initiatives for their industry—using their self-generated dollars. Checkoff funds are farmers' self-imposed assessment—designed for their use in investing in their future.

Furthermore, checkoff programs actually save money for the State. Checkoff funds are filling the gap in funding for research, marketing, education and international trade efforts. Checkoff funds are promoting Nebraska products—and generating additional revenue for the state.

**Nebraska needs to stay in the game.** With a checkoff rate commensurate with its peers both in Nebraska and across the nation, Nebraska corn farmers will be better positioned to play a leadership role in defining the future of Nebraska agriculture and Nebraska's economy.

### Current Commodity Checkoff Rates

Several other grain commodities have checkoff programs created in the late 1970s or early 1980s. Some programs are now national rather than state-based. Following is an analysis of the current checkoff rates for major grain commodities in Nebraska—and their corresponding per-acre rates.

While corn is Nebraska's premier crop, its checkoff value per acre lags far behind other Nebraska commodities. Here's a look at the average per-acre checkoff amounts paid by Nebraska farmers for the most prominent crops in the state (based on 2010 data):

Crop	Checkoff Rate	Ave. Yield	Checkoff/Acre
Soybeans	.5% of value (Federal)	52.5 bu/A	\$2.97
Wheat	\$.0125 / bushel (state)	43.0 bu/A	\$0.54
Sorghum	\$.01 / cwt (state) + .6% of value (Fed)	90.0 bu/A	\$3.38
Corn	\$.0025 / bushel (state)	166.0 bu/A	\$0.42
EPIC Fund (ethanol)	\$.00875 / bushel & CWT (state)	Corn & Sorghum	\$1.89

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## History of Nebraska's Corn Checkoff Program

The Nebraska Corn Board was created by the Unicameral in 1978 for the purpose of corn market development, research, education and promotion. The Nebraska Corn Growers Association carried the checkoff proposal to key rural legislators. It met with little opposition and the Nebraska Corn Resources Act became effective July 1, 1978.

The 1978 legislation gave the Nebraska Corn Board the authority to levy up to 4/10¢ per bushel of corn, though it has never done so. In fact, the current checkoff rate of 1/4¢ per bushel has been in place for the past 23 years. (See chart at right.)

Checkoff resources are invested by a nine-member board made up of corn producers. Eight of the board members represent specific districts in the state and are appointed by the Governor. A ninth at-large member is selected by the eight district board members.

Checkoff investments are made in a variety of programs designed to identify new markets for corn, nurture and grow existing markets, conduct appropriate research and implement producer and consumer education programs.

The Nebraska Corn Board also supports the efforts of a number of national cooperators such as the National Corn Growers Association, the U.S. Grains Council, and the U.S. Meat Export Federation—leveraging Nebraska checkoff dollars with those from other states and federal sources to dramatically improve impact and results.

## Total Producer Investment in Nebraska's Corn Checkoff (FY1978-FY2011)

Over the 30-plus years of the corn checkoff, Nebraska producers have invested a total of less than 7¢ per bushel to create new markets for their product. The 1/4¢ per bushel rate has not changed for 23 years.

YEAR	CHECKOFF RATE/BUSHEL
FY1978-79	10/100¢
FY1979-80	10/100¢
FY1980-81	10/100¢
FY1981-82	10/100¢
FY1982-83	10/100¢
FY1983-84	10/100¢
FY1984-85	15/100¢
FY1985-86	15/100¢
FY1986-87	15/100¢
FY1987-88	15/100¢
FY1988-89	25/100¢
FY1989-90	25/100¢
FY1990-91	25/100¢
FY1991-92	25/100¢
FY1992-93	25/100¢
FY1993-94	25/100¢
FY1994-95	25/100¢
FY1995-96	25/100¢
FY1996-97	25/100¢
FY1997-98	25/100¢
FY1998-99	25/100¢
FY1999-2000	25/100¢
FY2000-01	25/100¢
FY2001-02	25/100¢
FY2002-03	25/100¢
FY2003-04	25/100¢
FY2004-05	25/100¢
FY2005-06	25/100¢
FY2006-07	25/100¢
FY2007-08	25/100¢
FY2008-09	25/100¢
FY2009-10	25/100¢
FY2010-11	25/100¢
<b>TOTAL</b>	<b>6.95¢</b>

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## A Time of Incredible Change— and Opportunity

After decades of working to build the ethanol industry in Nebraska, success is here. Some have said that the advent of the ethanol industry in Nebraska is the most significant rural development initiative since the REA brought electricity to the farm seventy years ago. That may not be far off when you consider that:

- The Renewable Fuels Standard (RFS) included in the 2005 Energy Bill suddenly “legitimized” the ethanol industry—driving construction of plants and demand for corn.
- Nebraska has 25 ethanol plants in production. We’re now the second largest ethanol producer in the nation.
- In 2011, Nebraska produced over 2 billion gallons of ethanol.
- In 2011, Nebraska processed the net equivalent of 34% of total corn production in the state into ethanol.
- In 2011, production of distillers grains (DG) in Nebraska was close to 6 million tons.
- Dozens of rural Nebraska communities are being reenergized by the investment, jobs and tax revenues generated by ethanol production.

This is positive change brought about in large part by the investment, leadership and involvement of Nebraska’s corn producers through their corn checkoff.

The increase in corn prices that has been driven by demand has created concern among a very important customer for Nebraska corn—livestock producers. Cattle, dairy, pork and poultry producers have all seen their feed costs increase. The Nebraska Corn Board has been working in concert with livestock groups to find ways in which our valued livestock industry can co-exist with the ethanol industry—and each contribute to the other’s success.

Nationally, the corn and ethanol industries have been in the spotlight as some have voiced concerns about food prices, water usage, energy benefits, environmental impacts and government policy related to transforming corn into fuel.

These are exciting and challenging times—times that demand imagination, innovation and investment. Times that will require cooperation, coalitions and collaboration with key partners, customers and agriculture and rural development leadership.

## The Other Checkoff

An additional checkoff on corn was implemented by the Legislature to create an incentive fund for the expansion of the ethanol industry in the state. The Ethanol Production Incentive Credit (EPIC) fund checkoff rate is currently at 7/8¢ per bushel and is administered by the Nebraska Department of Revenue. These funds go directly to ethanol producers in Nebraska based on annual gallons of production for a specified period of time. The EPIC fund checkoff has undergone numerous changes over the years and is scheduled to sunset in October 2012.

The Nebraska Corn Board has no control or administrative responsibility regarding this checkoff on corn. It is important to note, however, that if the Nebraska Corn Board is successful in increasing the corn checkoff rate as it proposes, the overall checkoff rate paid by Nebraska corn farmers will actually be less than they are currently paying—thanks to the 2012 sunset of the EPIC fund checkoff.



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## A Time of Incredible Change—and Opportunity *(continued)*

The success of the Nebraska corn checkoff is beyond question. For less than 7¢ per bushel—the total investment over the past 33 years—corn producers have built new markets, created new products, fostered renewable fuels development and are growing more corn with fewer inputs and on less land.

But the demands on the checkoff continue to elevate. Not only must we continue to nurture and protect the established programs that have proven to be valuable for the state's corn producers, we must also invest resources in the possibilities and potential for the future—including addressing issues and promoting opportunities that exist for Nebraska agriculture and Nebraska's citizens at this promising point in our state's history.

At the same time, operating costs for the Nebraska Corn Board are increasing—as are costs for the various cooperators that the Board funds to accomplish objectives on a state, national and international level. Existing revenues generated by the current 1/4¢ per bushel checkoff rate would continue to fund current programs including administration, education, export promotions, communications and other in-state programs such as LEAD, Ag in the Classroom, NAYI (Nebraska Agricultural Youth Institute) and others.

Even with some increases expected in production, the Nebraska Corn Board annually receives more funding requests than it expects to receive in revenue. In other words, significant new initiatives simply cannot be accommodated with the current checkoff rate. The economic cost of these “missed opportunities” is a significant reason for a checkoff increase.

For that reason, the Nebraska Corn Board is exploring the possibility of raising the Nebraska corn checkoff to one-half cent per bushel. New revenues generated by the increase would be directed toward opportunities outlined in this business plan—and every one of these opportunities is focused on initiatives that build a stronger economic future for Nebraska.

No state in the nation is better positioned to capitalize on the corn-ethanol-distillers grains-livestock phenomenon.

That's why this business plan is focused on initiatives that build economic vitality and sustained success for Nebraska.

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## What is at risk in Nebraska agriculture?

When corn producers do well, Nebraska does well—as has been proven with Nebraska's economy faring better than other states during the recent economic downturn. When livestock producers are prospering, the state's coffers enjoy increased revenues. Now, with the addition of ethanol production to the state, we have a powerful third partner in adding value to Nebraska's abundant agricultural resources—and we must take the initiative to ensure that ethanol production, too, stays strong over the long haul.

After the decades of effort and millions of dollars invested in creating the ethanol industry in Nebraska, we simply cannot afford to stand by congratulating ourselves for a job well done. Significant threats exist that could devastate one or all of the livestock-corn-ethanol partners: wild price swings, escalating input costs, competition from other states and nations, etc. The last thing we want to see is an ethanol plant in mothballs or our livestock industry moving to another state or another country.

Corn, ethanol and livestock comprise a three-legged stool in Nebraska. Weaken any one, and the stability of the other two is weakened as well.

Nebraska corn producers realize and appreciate the fact that livestock production remains a major customer—and that a healthy livestock industry in the state helps ensure that corn producers and ethanol producers have a market for their products. We must do what we can to protect and strengthen the livestock industry in Nebraska—thus assuring a ready market for the millions of tons of distillers grains being produced by ethanol plants. By taking this initiative, we can help sustain the ethanol industry, which in turn generates demand for Nebraska corn producers.

If we do not address these issues proactively and immediately, we risk losing an opportunity to secure economic stability from border to border for Nebraska. Now is the time for vision, investment, innovation and collaboration.

## Corn Checkoff Rates in Bordering States

Nebraska has the lowest checkoff rate of any of our neighboring states. Even with the proposed increase to 1/2¢, we will remain the lowest.

Colorado.....	1¢ per bushel
South Dakota .....	1¢ per bushel
Iowa.....	3/4¢ per bushel
Missouri .....	1¢ per bushel
Kansas.....	1/2¢ per bushel
<b>NEBRASKA.....</b>	<b>1/4¢ per bushel</b>

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## A Nebraska-Focused Business Plan

It is important to note that the strategies and tactics included in this business plan for revenues generated by the proposed increase in the checkoff rate are focused squarely on Nebraska.

Why? Because no state in the nation is better positioned than Nebraska to take advantage of the corn-ethanol-distillers grains-livestock phenomenon.

This is an incredible opportunity for our state, but it is also ours to squander. We must strike while the iron is hot and do what is necessary to not only capitalize on what is happening today, but create a solid foundation that will help us sustain this economic vitality over the long term. We cannot stand idly by. We must do everything possible to create the vision, investment and coalitions necessary to transform this moment in time into decades of prosperity for Nebraska.

The business plan recognizes the fact that Nebraska corn producers cannot do this alone. That's why this plan outlines ways in which the Nebraska Corn Board can work with other key players in the state—ethanol producers, the University of Nebraska, livestock producers, ag advocacy groups, state agencies and others—to ensure that we make the most of this unique opportunity and get the greatest return on our investment.

Nebraska corn producers can help accomplish these objectives by providing financial resources targeted to helping Nebraska strengthen its leadership in agriculture, livestock and ethanol.

Nebraska corn producers have much to gain if we can help reduce volatility in our markets—as well as those in the ethanol and livestock industries.

## Nebraska's National Leadership

Irrigated Corn Production .....	1st
Ethanol Production .....	2nd
Distillers Grains Production .....	2nd
Cattle on Feed .....	2nd
Cattle Processing .....	2nd
Overall Corn Production.....	3rd
Pork Processing.....	3rd
Pork Production.....	5th

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## The Proposal

LB1057 has been introduced in the Nebraska Legislature, which would increase the corn checkoff rate in Nebraska to one-half cent per bushel. This increase from the current 1/4¢ per bushel checkoff rate (the rate for the past 23 years) could generate an additional \$2.5 million to \$3 million over the next two years—with these increased resources to be directed to the following primary objective:

**To leverage Nebraska's strength and leadership in corn production, livestock production and ethanol production into sustained economic vitality and growth for the entire state.**

The business plan that follows is focused on four main strategies to which the increased revenues will be directed:

- Supporting **research initiatives** that are focused on the continued success of the state's livestock and ethanol industries—while also exploring new value-added markets for corn producers, improving input efficiencies and creating economic opportunity.
- Supporting the sustainability and expansion of **responsible livestock production** in Nebraska.
- Establishing **key partnerships and initiatives** that provide a foundation for long-term growth and success of the corn, ethanol and livestock industries in the state—and help Nebraska corn producers **leverage their checkoff investment** by building synergy with other like-minded organizations.
- Developing and implementing **communications and outreach programs** designed to increase the level of understanding, education, awareness and advocacy for Nebraska agriculture, ethanol and livestock production.

In the pages that follow, these four primary strategies are outlined—along with proposed tactics for implementing these strategies.



## Strategy #1

Support research initiatives that enhance the sustainability and continued success of the state's corn, livestock and ethanol industries.

**INTRODUCTION:** According to a recent statement by the International Food & Agricultural Trade Policy Council (IPC): "The challenge of sustainable food production will not be met without significant investment in agricultural research and development." The IPC report continued: "History shows that public investment in basic agricultural research plays a pivotal role in underpinning the generation of new technologies for the sector."

Significant research initiatives at the University of Nebraska are being shelved due to UNL budget cuts. Much of this research is critical to the corn, livestock and ethanol industries such as improving irrigation efficiency, increasing distillers grains in livestock rations, and growing more with less land, less water and fewer inputs. Nebraska corn farmers are willing to support this research, provided they have the funds to do so. The advent of Innovation Campus at UNL will provide even greater opportunities for collaboration with the state's investment, private investment and investment from Nebraska's corn producers.

The establishment of Innovation Campus at UNL provides an incredible opportunity for Nebraska corn producers to have a dramatic impact on the future of their industry and their state. Through checkoff support, corn farmers can fund essential research on water use and food production—key areas of emphasis at Innovation Campus.

As corn producers continue to grow more with less, there is need for research to identify new value-added uses for corn to provide markets to match increased yields. The ability of farmers to grow more corn each year increases the need for research on water usage, nutrient management, soil composition, precision agriculture and other areas that will ensure sustainable, profitable corn farms for years to come.

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## Strategy #1 *(continued)*

There has been a resounding call from our in-state corn customers in livestock production for more research on how Nebraska corn producers can meet demand for both feed and fuel—and to determine the best methods for feeding distillers grains to the animals that are typically raised here.

Additionally, there are challenges to the expansion of the livestock industry in the state that inhibit the growth that is essential to creating markets for an increasing amount of distillers grains—and creating economic vitality for rural Nebraska. Addressing issues such as odor, water quality, dust and nutrient management is fundamental to the success of the livestock industry in Nebraska.

Finally, the growth of ethanol and livestock in the state poses challenges in terms of infrastructure, processes and protocols. Portions of the proposed checkoff increase will be targeted to funding the in-state research programs needed to learn more about how best to meet these challenges and transform them into economic opportunity for producers and the entire state.

### TACTICS

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#### **New Feeding Trials/Research for Distillers Grains (DG)**

With the production of new variations of distillers grains (DG), we must understand how to feed this high-value nutritional co-product to more animals. Revenues generated by the corn checkoff increase will be targeted toward research focused on:

- Knowing more about **distillers grains produced in ethanol plants that are extracting corn oil for other markets**—and doing so very quickly. In an effort to add value and broaden its product portfolio, the ethanol industry is moving toward extracting some of the oil from distillers grains for use in other industrial and consumer products. Over the next five years, 90% of the ethanol industry is expected to move in this direction. This will have a profound effect on the nutritional composition of distillers grains fed to livestock, but at this point little is known about how this will affect livestock in terms of feed quality and performance. Nebraska livestock producers have become accustomed to feeding distillers grains—and ethanol plants have become accustomed to selling to them. This research will be of benefit to both industries—and to the Nebraska corn farmers who supply them.
- Use of **DG in cow/calf operations** through alternative delivery methods including cubes, pellets, blocks, dry lot feeding and other methods. This will not only expand the beef production market for DG, but will also result in reduced transportation costs in getting DG to cow/calf operators.



## Strategy #1 *(continued)*

- Improving the use of **DG in swine production**—for sows and weaned pigs, from growing to finishing. Monogastric animals such as swine currently cannot use DG at significant ration levels.
- Use of **DG in poultry rations**, helping strengthen the egg, chicken and turkey industries in Nebraska. Nebraska is a national leader in the production of processed egg products and ranks seventh in commercial egg production.
- The effect of **fractionation technology** on the nutritional value of DG. This new process, which is being explored by the ethanol industry, creates a number of key opportunities for additional value and new products from corn, but may also have an effect on the value of a feed product that beef producers have come to count on.
- Discovering how Nebraska distillers grains could complement the existing **pet food industry** in the state—and helping Nebraska manufacturers take advantage of this fast-growing market, while creating more demand for DG.

### Environmental Research

There is no question that Nebraska can enjoy economic prosperity with the growth of livestock and ethanol production. However, there are some issues that continue to cause concern among some about the impact of livestock production—as well as the effects of increased corn production and ethanol production in the state. We propose that research dollars be targeted to:

- **Researching new uses of corn, carbon dioxide and ethanol** in an effort to add further value to Nebraska agriculture. Benchtop research indicates that ethanol, corn and carbon dioxide (a co-product of ethanol production) can be used as a base for “green chemicals” that can replace toxic petroleum-based chemicals. We need more research in order to scale up the technology, engineering, economic models and proof-of-concept to create “what’s next” for Nebraska’s corn and ethanol producers.
- **Reducing the carbon footprint of corn production** through greater efficiencies in fertilizer use, placement and application; water use application and timing; and tillage practices. This research and the data gained will be invaluable in ensuring that models used to determine environmental regulations and energy balance calculations are accurate and science-based.



## Strategy #1 *(continued)*

- **Improving input efficiencies** to continue allowing Nebraska farmers to use “Sustaining Innovation” to grow more with less. Soil moisture monitoring, evapotranspiration, irrigation scheduling, nutrient management, and analysis of precision agriculture data are just a few of the research areas that must be addressed for the long-term success of the corn industry—and the long-term stewardship of precious natural resources.
- Address **key environmental issues in livestock production** such as odor, runoff, groundwater quality, phosphorus, sulfur and dust particulates. The concentration of nutrients in DG is also an important focus as more of this co-product is fed in the state.
- Maximize the use of **animal waste in crop production**, thus reducing the use of commercial fertilizer. This will help livestock producers capture greater value from their operations.
- **Minimize water usage** in the production of corn and ethanol. In addition to complementing current research in these areas, we may also look to position Nebraska as an early testing ground for drought tolerant hybrids and focus on increasing water recycling rates and reducing water vapor loss in ethanol production.

### Economic & Policy Research

Funds in this area will be focused on creating a knowledge base that is critical to communicating value and ensuring infrastructure to support growth of the ethanol-livestock-corn industries in the state. Research projects will be focused on:

- **Policy research analysis** to bring together experts at UNL and other entities in an effort to help Nebraska corn farmers understand proposed federal policies and their effect on management practices, profitability and sustainable corn production.
- Performing a detailed economic analysis on the **impact of livestock production on economic growth** at both the state and local levels. As rural Nebraska looks to improve its economic outlook, save rural communities and create opportunity for young families, it will be critical to demonstrate in no uncertain terms the powerful contribution that livestock production makes in achieving these objectives. This information will be valuable for zoning boards, county officials, economic development groups and livestock producers as they develop strategies for enhancing the economic vitality of their communities.



## Strategy #2

Sustain and grow responsible livestock production in Nebraska, including all species and all sizes of operations.

**INTRODUCTION:** In spite of the growth of the ethanol industry, livestock production continues to be a significant customer for Nebraska corn producers. Nebraska's corn industry wants to ensure that responsible livestock production thrives in this state—and over the past several years, the Nebraska Corn Board has proven its commitment to livestock with a number of partnerships and direct investments.

Livestock production is also a critical factor in the long-term success of the ethanol industry in Nebraska. Ethanol plants enjoy a better bottom line when they have a readily available market for their distillers grains co-product close at hand. Ethanol plants in Nebraska produce some 6 million tons of distillers grains annually, three times the amount produced less than five years ago.

Some 96% of the world's population exists outside the United States. Nebraska corn checkoff funds are provided to national cooperators such as the U.S. Meat Export Federation and the U.S. Grains Council to build international export markets for corn, red meat and distillers grains. Export markets have kept demand strong for beef and pork—adding \$200 per head for beef and \$50 per head for hogs, generating millions in revenue for Nebraska. Through checkoff investments with these cooperators, Nebraska has representatives on the ground—building markets, influencing trade policy, educating purchasers and consumers, and bringing trade teams to our country and our state. In many cases, Nebraska checkoff funds are matched by federal dollars or leveraged with contributions from other states for significant domestic and international initiatives. As costs increase—and Nebraska's corn checkoff remains mired at a 23-year-old level—our role is diminished, and with it our voice on the boards of those organizations who are at the forefront of domestic and international leadership in the corn and livestock industries.

Over the past several years,  
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## Strategy #2 *(continued)*

### TACTICS

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#### **Sustaining Meat and Grain Exports**

Budget cuts at the federal level are putting Foreign Market Development (FMD) and Market Access Program (MAP) funding at risk. These dollars are used to match checkoff investments from many states, including Nebraska, which help fund national cooperators such as the U.S. Meat Export Federation (USMEF) and the U.S. Grains Council (USGC). Exports of beef and pork are critical to the success of Nebraska's livestock producers, who are key customers for Nebraska corn. Additionally, corn exports along with exports of distillers grains from ethanol production provide a solid foundation for Nebraska's corn farmers and ethanol producers.

The threat of reduced federal funding—combined with increased operating costs for these cooperators and emerging export opportunities that offer great promise—requires that checkoff programs step up to ensure the continued viability and impact of these organizations. As a long-time partner with USMEF and USGC, the Nebraska Corn Board has a vested interest in the success of these cooperators—and several Nebraska corn leaders are involved on a national level with these organizations.

#### **More Aggressive Livestock Recruitment Efforts**

Thanks to an attractive combination of climate, water and readily available feed source (corn and DG), cost of gain in Nebraska is considerably less than in other beef producing states. Additionally, the dairy industry is especially suited to Nebraska for similar reasons. Recruitment efforts will focus on:

- **Increasing partnerships** with the Nebraska Department of Agriculture, UNL, Department of Environmental Quality and local officials. This campaign should focus on attracting dairy operations from other states and nations, as well as working with existing dairies to solicit their involvement and to help them expand their operations responsibly.
- Developing a campaign to recruit **more cattle feeding** into the state, with a particular focus on Texas, Oklahoma, Florida and Kansas—with a goal of increasing cattle numbers by 10% in Nebraska lots.



## Strategy #3

Develop and nurture key partnerships and initiatives that provide a foundation for long-term growth and success of the corn, ethanol and livestock industries in the state—and help Nebraska corn producers leverage their checkoff investment by building synergy with other like-minded organizations.

**INTRODUCTION:** Through their checkoff, Nebraska corn producers can help support these initiatives financially—and they can provide human resources as well; but this effort can only bear fruit if we are able to cooperate and collaborate with key stakeholders such as livestock producers, the University of Nebraska, ag membership organizations and others. The Nebraska Corn Board has focused on outreach to these groups in the past. The tactics outlined below are designed to strengthen these relationships and create even more effective coalitions to help Nebraska develop programs designed to sustain the success of ethanol, livestock and corn producers in the state.

**This effort can only bear fruit if we are able to cooperate and collaborate with key stockholders.**

### TACTICS

#### **Commitment to the University of Nebraska Institute of Agriculture and Natural Resources (IANR) Animal Science Department**

Research and education are fundamental to the sustained success of Nebraska agriculture. IANR is continually challenged to acquire sufficient funding to address faculty, staff, research and facility needs. The economic costs of missed opportunities are threatening our University's ability to stay on the leading edge of agricultural research and education. Nebraska's corn farmers are dedicated to providing funds that will ultimately be to their benefit as university research finds its way into their fields. We propose to:

- Support investment in UNL facilities that enable the **retention and recruitment of top faculty** to address research and extension needs in swine, dairy and beef production.
- Support research and development of **public policy options** that address issues related to livestock zoning.



## Strategy #3 *(continued)*

- Develop a **Nebraska Model for Beef Feeding** that best matches lot size for efficiency of scale, environmental impact and cooperative marketing efforts.
- Establish a **center for beef cattle nutrition** using a team approach to ruminant animals utilizing various forms of distillers grains.
- Maintain **ongoing in-state joint efforts** with the livestock industry to utilize more distillers grains.

### **Improve risk management for corn and livestock producers**

While they express concern about the higher cost of corn, many livestock producers have said that it's even more difficult to deal with wild swings in prices. We need to bring greater consistency and predictability to the commodity markets—and provide producers with the education and information they need to better manage risk. We propose to:

- Work with the UNL Agriculture Economics Department to consider ways that crop and livestock producers can **build alliances and reduce risk and price volatility** of their commodities—including the expansion and delivery of commodity marketing education.
- Expand continuing education classes through UNL, the state community college system and other means to offer **risk management curriculum** for corn and livestock producers.
- Work to improve a **federal risk management program** for livestock producers.
- Work to improve Nebraska's competitiveness in meat export markets by **improving our age and source verification efforts**.



## Strategy #3 *(continued)*

### Establish and strengthen coalitions with key partners

Nebraska corn producers cannot accomplish these objectives alone. Therefore, increased checkoff revenues would be directed to:

- Coordinate efforts of UNL, ethanol technology providers (such as ICM, Delta T, etc.), local Natural Resource Districts and seed genetics companies to address **water usage and water management issues**.
- **Increase partnerships with NASCAR** being coordinated by the National Corn Growers Association. The fact that NASCAR has adopted E15 as its official fuel has brought the ethanol story to millions of NASCAR fans, building awareness of and confidence in the fuel—and providing a national platform for communicating the benefits of ethanol for consumers and America’s energy future.
- Coordinate with the Nebraska Department of Agriculture, U.S. Meat Export Federation and industry groups to ensure that Nebraska meat products are featured around the world—creating **lucrative international markets** for Nebraska livestock producers.



## Strategy #4

Increase the visibility, reach and impact of consumer education programs that foster understanding, awareness and advocacy for Nebraska agriculture.

**INTRODUCTION:** The information explosion has been a double-edged sword for agriculture. While it provides increased opportunities for Nebraska agriculture to tell a positive story about environmental stewardship, best management practices and growing more with less; it has also given others a platform for disseminating misleading information that has been detrimental to agriculture. The battle for the hearts and minds of consumers and policy makers has reached a fever pitch—and it is no longer adequate for agriculture to be content with simply doing its job of feeding and fueling the world. We must continually tell our story about a wide range of issues—from ethanol to the environment, from animal welfare to economic development.

Corn farmers have always been reluctant to talk about themselves. But well-funded, concerted efforts have tried to portray corn farming as a reckless industrialized juggernaut that ruins the environment, causes food shortages and is harmful to human health—and we are compelled to respond.

When you're fighting the oil industry, the grocery industry, and dozens of others who fund these efforts, you're already behind the curve. Through efforts such as the Corn Farmers Coalition, CommonGround, and Nebraska's "Sustaining Innovation" campaign, we're making the case that family corn farmers are responsible stewards committed to doing the right thing—every day.

These communications battles continue on a daily basis and the stakes are high—requiring more attention, more effort and more funding.

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## Strategy #4 *(continued)*

### TACTICS

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#### Preparing for Attacks on the Livestock Industry

Many agricultural leaders in Nebraska—even the Governor himself—have expressed concern about outside interests attempting to dictate how Nebraska livestock producers do their jobs. While Nebraska livestock producers already implement animal care standards, it is absolutely critical that agriculture advocates in the state be well prepared (and well funded) to be proactive and tell a positive story in preparation for potential misinformation campaigns that could sway public opinion against agriculture. We propose to:

- **Continue and expand funding of the Alliance for the Future of Agriculture in Nebraska (A-FAN).** The Nebraska Corn Board was a founding funding source for A-FAN and is a strong supporter of its efforts to conduct education and outreach.

#### Building Ag Literacy Among Consumers

The distance between consumers and the farm continues to widen—and a number of organizations and special interests are working to fill that gap with misinformation and myth. Through its own efforts, as well as through partnership with other state and national organizations, the Nebraska Corn Board has helped educate and inform consumers about resource stewardship, animal welfare and safe food production practices employed by responsible family farmers. But the job isn't over—and it gets bigger with every misleading headline and attacking editorial. With increased checkoff funds, the Nebraska Corn Board will expand its efforts in communication and education.

- **"Sustaining Innovation"** is the theme of an in-state consumer education campaign implemented by the Nebraska Corn Board. While previous efforts have been focused in the state's two metro areas, it is clear that consumers in communities other than Lincoln and Omaha are also woefully disconnected from agriculture and thus susceptible to persuasion by those who attack the industry to advance their own agenda.
- **Partnerships with national ag advocacy groups** will benefit through increased reach and impact. The Nebraska Corn Board currently funds a number of outstanding and effective programs and will do more with increased checkoff funding:
  - » The **Corn Farmers Coalition**, funded by several state corn checkoffs and the National Corn Growers Association, brings fact-based information on family farms to the Washington, DC beltway.





## Strategy #4 *(continued)*

- » **CommonGround**, involving corn and soybean producers, puts ag women directly in front of their urban peers to share information about food safety, environmental stewardship, and family farms.
- » **The U.S. Farm & Ranch Alliance** brings together more than three dozen ag groups—from livestock to vegetable farmers—to ensure a place in the national conversation about America's food supply.

### Build a Blender Pump Infrastructure in Nebraska

Increased use of higher blends of ethanol (E30, E40, E85, etc.) for use in Flex Fuel Vehicles (FFVs) is a key strategy in helping sustain the ethanol industry in Nebraska and the nation—and in breaking through the “blend wall” that exists with the standard E10 blend. It is essential that we create a fueling infrastructure that provides easy access to higher ethanol blends across the state through the establishment of blender pumps that offer a wide range of fuel choices. We propose to:

- **Establish a robust retailer incentive program** that not only helps defray the costs of the initial installation of a blender pump, but assists with underground tanks, concrete, signage, etc.
- **Conduct blender pump promotions** in major markets that raise the visibility of blender pump locations and provide consistent and sustained information to help drivers develop the “blender pump” habit.

### FFV Awareness & Education

As the number of Flex Fuel Vehicles (FFVs) increases, so does the need to help FFV owners understand the capability and choice that their vehicles provide in terms of fuels. FFV understanding and awareness would be aided by:

- **Implementation of advertising and communications programs** in key markets where large numbers of FFVs are in use in Nebraska. These programs will be focused on helping consumers understand how to identify whether they are driving an FFV and what that means in terms of their fuel options.



## Strategy #4 *(continued)*

- **Retaining an auto dealership consultant** to travel across the state to educate auto sales staff about FFVs, the use and benefits of ethanol, and other key information they can share with their customers at the point of sale.
- **Partnering with ethanol advocacy organizations** in collaboration with the Nebraska Department of Motor Vehicles to include FFV information on mailings for registration reminders, to provide hang tags in FFVs at dealerships and other outreach programs designed to help Nebraska drivers become aware that they are driving an FFV and the benefits that brings.

### E15 Education

As E15 is introduced into the fuel supply, a substantial amount of education will be required to help consumers, auto dealers and auto mechanics understand the impact of this change on their vehicles, their fuel selection, etc. This will not be a one-time effort, but will require a sustained campaign on a number of fronts. The Nebraska Corn Board will work in collaboration with other ethanol advocacy groups to formulate the strategy and implement the program across the state.

### Youth Education Programs

Nebraska's corn producers are genuinely and keenly interested in developing the next generation of Nebraska agriculture. Funding requests from FFA, 4-H, Ag in the Classroom, NAYI (Nebraska Agricultural Youth Institute), the University Beef Youth Symposium and other organizations and programs continue to grow as costs escalate and funding sources dry up. Leadership development among Nebraska farmers—through Nebraska LEAD or the Nebraska Corn Growers Association—offers tremendous opportunities to create strong leadership for agriculture. Ag literacy initiatives are absolutely critical to helping young people and their families know more about where their food comes from. Additionally, we must support the educational and entrepreneurial initiatives of other organizations dedicated to empowering young people across the state—especially in rural areas where the next generation of agricultural producers is being nurtured. We propose to:

- **Develop educational materials** that are distributed to schools across Nebraska, including educational programs developed in conjunction with other ag advocacy groups.
- **Establish a virtual classroom network** whereby Nebraska Corn Board members and Nebraska growers have the technology to video-chat live with classrooms across the state (and nation) to explain and illustrate the activities and events that occur on a farm throughout the year.



## Strategy #4 *(continued)*

- **Develop a traveling display** that is available to schools, ag events, youth programs and others. This display will provide interactive learning opportunities that convey the importance of Nebraska agriculture and the uses of corn.
- **Increase the scope of financial support and involvement with youth programs** such as the Ag Sack Lunch program for 4th graders at the State Capitol.



## Summary

The Nebraska Corn Board has not taken lightly the idea of raising the corn checkoff. This business plan is the result of countless hours of thought, planning and debate—and we believe that it is a solid document that provides a clear roadmap for helping Nebraska capitalize on the opportunities that are right in front of us—today.

This plan is driven by Nebraska's unique position as a national leader in corn, livestock and ethanol. Through a combination of research, education, market development and coalition building, we propose to leverage the strength and economic power that this triple threat already provides Nebraska—and parlay that advantage to increase our leadership in sustainable food and fuel production. If we can accomplish that objective, the success of corn producers, ethanol producers, livestock producers and the entire state of Nebraska is virtually assured.

Just as importantly, every dollar generated by the proposed checkoff increase will be invested in initiatives that build economic opportunity for Nebraska.

Because this is our time.

Never before has Nebraska been better situated to take advantage of a new generation of value-added agriculture. We have a rare opportunity to take control of our economic future—to set the stage for a future of statewide prosperity and success. From farm fields to feed lots, from county roads to Dodge Street—every citizen of Nebraska will benefit from the work outlined in this plan.

We can stand by and wait—and risk squandering this unique moment. We can continue to watch opportunity pass us by—and suffer the economic cost that results. Or we can take action and do everything possible to transform this moment into decades of prosperity for our state.

The Nebraska Corn Board chooses to act.

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