

Testimony
on behalf of the

National Cattlemen's Beef Association

with regards to
Reviewing the State of the Beef Industry

submitted to the
United States House of Representatives
Committee on Agriculture
Subcommittee on Livestock, Dairy, and Poultry
Representative Tom Rooney, Chairman

submitted by
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Washington, DC

Mr. Chairman, Ranking Member Cardoza, and members of the subcommittee, my name is Anne Burkholder and I am a cattle feeder from Cozad, Nebraska. I am also the vice chair of the National Cattlemen's Beef Association's (NCBA) Cattle Health and Well Being Committee, the chairman of the Nebraska Beef Quality Assurance Advisory Committee and the 2009 National Cattlemen's Beef Quality Assurance award winner. It is my pleasure to testify before your Committee to discuss the cattle feeding sector of the beef industry.

I am an American, a wife, a mother and a cattle feeder. I care for and raise animals that will be harvested to feed to my family, your family, and families around the world. I've spent the majority of my life only being a consumer of beef. It is in the last 14 years that I have played an active role in producing beef. I am a native of West Palm Beach, FL and, like many of my fellow consumers, grew up with no direct ties to production agriculture. My husband and I met while studying at Dartmouth College. Following graduation, we returned to central Nebraska to be the third generation to work on his family's diversified farm. My husband is an engineer by trade and a farmer by heart. Shortly after our return to the farm, my father-in-law decided to sell the cattle feedyard because my husband had no interest in running it. This is where I got my start in the beef industry. I asked him to keep the feedyard and allow me the chance to learn how to manage it. Today, I am the proud owner and manager of Will Feed, Inc., a feedyard that finishes approximately 5,500 head of cattle annually.

I arrived at the feedyard with bachelor's degree in psychology, an open mind and a solid work ethic instilled in me during years of athletic training in swimming and running. I had no working knowledge of how to care for animals or how to run a business. The first week at the feedyard, I learned an exceptionally important lesson: Never judge a group of people or an industry without gaining an educated understanding of what you are judging.

In the days and months to come, I learned how to care for and understand cattle; how to give vaccine injections and administer animal health products; how to "read bunks" and determine nutritionally what my animals needed; how to drive the feed truck; how to run a scoop shovel; and how to work as hard as my crew. I also witnessed how much pride my crew took in doing their jobs to the best of their abilities 365 days out of the year. I learned when you care for animals; your life and your world revolve around them. In the past 14 years, I've worked closely with my veterinarian and my ruminant nutritionist, and used my own background in psychology to build a "holistic animal care" program based on Beef Quality Assurance (BQA) practices. The BQA program was established in 1987, and sets forth principles and best management practices to use every day to ensure animals are given proper care and attention. BQA provides guidelines for livestock care and handling, nutrition and veterinary treatment and incorporates current EPA, FDA and USDA regulations as well as Hazard Analysis Critical Control Points (HACCP) principles. Today, the BQA program influences more than 90 percent of cattle in the United States. My incorporation of the BQA practices ensures that my animals are healthy and that the beef that they produce is of the highest quality. I have also built vertically collaborative relationships with my cow/calf producers in order to trace animal performance from birth to harvest and work to continually improve the beef that our animals produce.

The U.S. cattle industry is truly a remarkable entity where a “one size fits all approach” does not work for our management practices and marketing plans. This type of approach prevents us from providing consumers with the choices they want and deserve. The simple fact is the diversity within our industry enables us to raise cattle in different regions of the United States, with diverse climates and natural resources, and still meet consumer demands. The diversity and efficiency of our industry allows us to provide beef products year-round to consumers. Could you imagine shopping at your local grocery store and not having your favorite beef variety available because it was out of its “growing” season?

Investments in research, science and technologies have created the foundation of modern beef production. Cattle spend the majority of their lives on a grass-based operation. Then, approximately four-to-six months before harvest, they enter a feedyard similar to mine. The feedyard structure allows our industry to efficiently use natural resources to finish cattle enabling us to deliver consistent, wholesome, safe, nutritious and affordable beef products to families around the world. My family’s diversified farm is sustainable and incredibly efficient. We utilize our farm ground to grow crops used for animal feed that we feed animals that produce both nutritious protein to feed to the human population and natural fertilizer to feed the soil. The cycle goes on year after year. Its success demonstrates that we are not only stewards of the land and excellent caretakers for our animals, but we are also instrumental in feeding the world.

The cattle business is the largest sector of our nation’s food and fiber industry. Our industry contributes approximately \$44 billion annually to the U.S. economy in farm gate receipts. According to the U.S. Department of Agriculture (USDA), there are approximately 766,350 cow herds and more than 90 percent of cow herds have fewer than 100 animals. Additionally, for the feeding sector of our industry, there are 142 feedyards (like mine) in the U.S. with 1,000 head capacity or greater.

America’s cattle producers are an innovative group of individuals and families who put the needs of their cattle before their own every single day. With the global population growing exponentially, the demand for high quality, safe, nutritious and affordable beef will continue to increase. The U.S. cattle industry is prepared to meet this opportunity as we continually look for ways to find efficiencies in our modern production system. Science is a critical component of the beef industry. Through science-based improvements in animal genetics, management practices, nutrition and health, beef production per cow has increased from 400 pounds of beef in the mid-1960s to 585 pounds of beef in 2005. This achievement is also noteworthy among our international trading partners as the United States has the largest productivity advantage in the world. The United States has 7 percent of the world’s cattle population but we are able to produce 20 percent of the world’s beef production. Our closest competitor is Australia who has 2 percent of the world’s cattle population and 4 percent of the global beef production. The United States continues to outpace our international trading partners because we have invested in the research and science to find efficiencies within our modern production system. Cattlemen will continue to increase efficiencies based on science in order to produce high-quality beef using fewer resources. In addition, our industry continues to focus on our long-term efforts to improve our knowledge and ability to produce healthy cattle, which are the foundation of a safe food supply.

I'm in the business of caring for animals that produce beef. The knowledge that I've obtained was passed down from my father-in-law, and the professional consultants who bring new technology and science to my farm. The feedyard that I manage today does not look the same as when it was built in the early 1970's. It is not managed the same way either. Our farm continues to evolve in order to provide better care for our animals and a safe, high quality beef product for consumers to enjoy, all while continuing to protect the environment.

Living on a farm, caring for animals and growing food is something that is very hard to understand from the outside looking inward. It cannot be learned only from a textbook because Mother Nature is our single largest challenge and she is very unpredictable. While I understand that some government regulatory oversight is necessary, it needs to be responsible and educated oversight that is based on sound science. And, I would like to see it be collaborative instead of combative in nature. I believe that if we take a moment to better understand each other, then we will realize that our goals are very similar and that we will be most effective in achieving those goals if we collaborate.

When cattle producers hear the words "government overreach" one of the agencies that comes to mind quickly is the Environmental Protection Agency. Regulations currently being proposed by this administration are some of the beef industry's biggest challenges. Cattle producers are the first line of defense in protecting the land, environment and natural resources. We are a livelihood that depends on the land to not only provide for our families but also our fellow Americans and consumers around the world. Cattlemen understand the need for science based environmental regulations that help protect our natural resources. Unfortunately, the EPA is plowing down a path of burdensome regulations that do not have the science to support its recommendations. The EPA is currently reviewing the standard for coarse particulate matter, commonly known as farm dust. A fact, and not a myth, is that one of the EPA's staff recommendations is to double the stringency of the current standard which will have a devastating economic impact on agriculture and rural areas. Regulations at levels twice the stringency would put entire regions, including my area, in violation of the standard. If EPA follows the staff recommendation, expensive mitigation measures would be required, including installing a million dollar sprinkler system at my feedyard. More importantly, EPA's charge under the Clean Air Act is to protect public health and there is no evidence that farm dust has an adverse impact on human health.

The Clean Water Act is another opportunity for the EPA to legislate through the regulatory process. As you know, in both the 110th and 111th Congresses, the Clean Water Restoration Act was introduced. This legislation would have expanded the jurisdiction of the EPA and the Corps of Engineers to virtually every body of water throughout the United States no matter the kind, size or shape of the water body. Fortunately, this legislation was never considered by the full House or Senate and cattlemen appreciate Congress realizing this bill was an extreme federal power grab. However, it has recently come to our attention that the EPA is using a guidance document to expand its own jurisdiction based on the legislation that never became law. The guidance document is at the Office of Management and Budget and essentially allows EPA field staff to apply a number of approaches to make a jurisdictional determination. This is yet another example of the costly, overly burdensome regulations that are being disguised as "guidance," but history shows that this will be enforced as yet another regulation. These are just two current examples of government overreach by the EPA that will make it more challenging for those of us living in rural America to produce food for a growing global population.

In fall 2000, my feedyard was “inspected” by the EPA. The inspection began with one of the EPA agents holding out his badge and telling me that I was going to go to jail if I lied to them. This “combative” attitude was both unnecessary and offensive. I was operating my feedyard in compliance with the issued National Pollutant Discharge Elimination System (NPDES) permit, and had routinely had inspections performed by the Nebraska Department of Environmental Quality to ensure I was in compliance. Further into the inspection as we toured my feedyard, one of the EPA agents announced, “I’ve never been this close to a cow before!” He then proceeded to ask, “What are those mounds in the middle of all of your pens? Is that manure?” The mounds he was referring to were dirt mounds that make up the construction of our cattle pens in order to maximize cattle comfort during adverse weather conditions.

When you combine the combative nature of the agents with their apparent lack of knowledge about agriculture, you are left with ineffective, offensive and non-science based regulation. While my feedyard was not issued a penalty following the inspection, I was forced to submit further information directly to EPA for a lengthy period of time because they did not like my recordkeeping system. One of the complaints regarding my recordkeeping system was on my weather records because I was not writing down “zero” on the days that our facility received no precipitation. I was only marking down the rainfall on the days that we actually received precipitation.

Unfortunately, examples such as this one are not unusual and they are a source of great frustration and unnecessary stress to cattlemen. In fall 2010, I voluntarily constructed a new Livestock Waste Control Facility (LWCF) at my feedyard because I wanted to use new technology to protect the environment and improve the drainage of my cattle feedyard. I partnered with the Natural Resources Conservation Services (NRCS) office and used Environmental Quality Program Incentives (EQIP) funding to cost-share on the project. This cost-share plan allowed me to be able to afford to construct a new, lined, larger LWCF and is a great example of what we can achieve collaboratively to protect the environment. It is my opinion that tax dollars spent on collaborative projects such as these are the most effective way to continue to reduce the environmental footprint of CAFOs (Concentrated Animal Feeding Operations) like mine. It would be difficult to argue that the cost of the EPA inspection in 2000 that resulted in different recordkeeping practices (writing down “zeros” on the days that it does not rain) had a positive impact on the environment. However, the cost-share dollars that allowed me to construct a new LWCF that will protect ground water had a tremendously positive impact on my environmental footprint. The difference is regulatory combativeness verses regulatory collaboration.

Unfortunately, the current administration has chosen to focus on emotionally based regulatory combativeness rather than science based regulatory collaboration. The far overreach of the federal government is becoming more and more of a commonality. The regulations coming out of federal agencies like the EPA, the USDA and the Food and Drug Administration (FDA) continue to strain rural economies and family-owned operations like mine. Rural America is where our food is grown, and regulations that negatively impact rural areas force farmers and ranchers to leave agricultural production. This continues to be a growing trend and the cattle business is not an exception. Since 1987, nearly 300,000 producers have left the cattle business and we are now looking at the smallest cowherd since World War II. Our industry continues to feel the effects of burdensome regulations, drought, increased input costs, skyrocketing land values and struggling rural economies.

Animal health and well-being are top priorities for cattlemen across the country. My family is one of many, in the cattle business, that waits until after the cattle have been fed and taken care of to open our Christmas gifts. It's more than a responsibility; it's a commitment we have to the cattle to care for their needs. To keep cattle healthy producers utilize important tools like vaccines, antibiotics, good nutrition programs and herd management practices. Prevention of disease is a cornerstone in both animal and human medicine. In the feedyard, we continually monitor the cattle for any early signs that might indicate an animal is not at their peak performance. Just as important as prevention is the control and treatment of disease. This allows us to provide a higher quality of life to our cattle, while keeping the food supply safe. Working with my veterinarian and consulting ruminant nutritionist, I have put together a treatment protocol book at our feedyard with best management practices and protocols for everything that we do at the feedyard. From vaccination protocols, cattle handling techniques, "acclimation" protocols, feeding protocols, feedstuffs management, animal health product use protocols, euthanasia and non ambulatory protocols and to biosecurity practices my treatment protocol book is the "bible" at the feedyard. It is based on BQA and the basic principle that healthy and well cared for cattle make healthy beef. We utilize a holistic care program at the feedyard, which focuses on comprehensive animal health and is based on an understanding of prey animal thought and behavior.

We understand what is important to our animals and we handle them accordingly in a way they can understand. We take care of our animals so they can maintain mental, emotional and physical fitness. While animal health products, such as antibiotics, play a role in the herd health management at my feedyard, they are only one component and are supplemented with many other tools and practices to ensure good health. For instance, we track vaccine history for each set of calves all of the way through the life cycle to ensure each calf maintains a healthy and strong immune system. We also acclimate calves coming into the feedyard to give them extra exercise and help them to attribute comfort to their new home. Both of these management tools enable me to optimize the good health of my animals and limit the amount of antibiotics that are used at my feedyard. That being said, it is important to realize that as an animal caregiver and a grower of food, I need to be able to judiciously use antibiotics in order to ensure good animal welfare and food safety. If I were to lose the ability to judiciously use antibiotics, the result would be decreased animal welfare and health, which would be detrimental to the human food supply as healthy cattle are the foundation to safe and nutritious beef products.

Ongoing activist and media reports suggest the use of animal health products in animal agriculture is often inappropriate and that the use of these products is poorly controlled. Misleading statements like these have put an undue spotlight on animal health products and threaten to undermine the science-based approval process we have for these products. It is important to recognize that animal health products go through a rigorous, multiple-layer, science-based testing process before being approved for use. Additionally, all products approved by FDA for use in food producing animals must first pass significant human food safety benchmarks. Cattlemen are committed to animal health interventions focused on prevention of disease, control of disease pressure and therapy of animals with disease. Our industry believes the use of these products come with much responsibility and that is why we have worked together to create the BQA program as well. The success of programs such as BQA shows our industry's commitment to cattle health. This commitment cannot be overlooked by those who want to end or restrict the use of animal technologies without having any credible information to base their accusations.

With 96 percent of the world's consumers living outside of the United States, access to foreign markets for our beef products is vitally important for our industry to grow and our businesses to help revitalize rural America. Cattlemen have long supported aggressive negotiating positions with our trading partners and all efforts to remove non-tariff trade barriers for our products. We fully support immediate passage of the South Korea, Panama and Colombia trade agreements and encourage members of the Agriculture Committee to aggressively support the passage of all three agreements. Korea is the fourth largest export market and in 2010 accounted for more than \$500 million in sales. The current tariffs these three trading partners have on U.S. beef is the greatest hindrance to market access. Korea has a 40 percent tariff, Colombia's tariff is 80 percent and Panama has a 30 percent tariff. If our government does not take action to ratify these trade agreements we will continue to lose market share to our competitors like Australia. Additionally, we appreciate the Agriculture Committee's strong and vigilant oversight of the enforcement of our trade pacts that involve agriculture. We also want to thank the Committee for its investment in animal production research, which has provided a strong science foundation for governments and industry to rely on when negotiating trade agreements. We continue to recognize the critical role livestock production research has within our federal agricultural policy. USDA's research is a cornerstone in every aspect of our business from animal health, food safety, animal and human nutrition, and with our international trading partners.

Cattlemen fully support an open, free and competitive marketplace. We know that the marketplace offers many adequate risk management tools and that it is not in our best interest for the government to create policies that set prices, underwrite inefficient production or manipulate domestic supply, demand, cost and/or price. Cattlemen are committed to energy independence. However; this commitment continues to create challenges for cattle producers. Corn-based ethanol production is significant to the cattle industry because of its direct impact on feed grain prices. From December 2007 to February 2010, the cattle feeding sector of the beef industry lost a record \$7 billion in equity due to high feed costs and economic factors that have negatively affected beef demand. Between 2005 and 2008, corn prices quadrupled, reaching a record high of more than \$8 a bushel. This volatility in the market place was a direct result of competing demands for corn and higher energy prices. For more than 30 years the U.S. ethanol industry has been subsidized by the American taxpayer at a cost of more than \$30 billion. In 2010, the U.S. ethanol industry realized record exports of E10 reaching 46 million gallons and distillers dried grains with solubles (DDGS), a coproduct of U.S. ethanol production, reaching nearly 9 million metric tons. This is a mature industry and it is time to level the playing field for all users of corn. We are simply asking for the ability to compete on a level playing field for a bushel of corn.

Additionally, the market is a very powerful tool that allows beef producers to meet consumer needs, preferences and, most importantly, choice of beef products. This reenergized focus on consumer choice has enabled beef producers to create innovative marketing programs to meet this demand while enhancing their business models. We find ourselves in a value-added business that is driven by our consumers. Some of the innovative marketing tools that producers may willingly enter into are alternative marketing arrangements (AMAs) such as forward contracting, marketing alliances and packer ownership allow producers the opportunity to get paid for the value and investment they add to the animal.

Over the past 10 years, I have worked hard to develop a niche for my relatively small cattle feedyard. My management philosophy is based on quality and not quantity. I searched long and hard for a business model that will enable that to work for me. Because of my focus on high quality animal care and high quality beef, I have established relationships with a group of cow/calf producers who want to follow the performance of their calves from birth to harvest. For this to be economically feasible for both the cow/calf operator and me, the calves that we produce must bring a premium over a “commodity” calf. In other words, the additional value that we put into the animal that results in higher quality beef must be passed back to us so that we can continue to operate. In addition, it is necessary for me to have an AMA that allows me to collect carcass data on the cattle that I ship to harvest. Without the carcass data (the grade and yield information about the quality of the beef), I cannot supply my cow/calf operators with all the data they need in order to continually improve the genetics and management practices on their farms.

Historically, cattle were marketed in lots or pens with every animal in the lot receiving the same average price. Since producers did not benefit from providing higher quality beef, they had no incentive to supply a higher quality product or meet consumer demands. As our industry struggled through the 1970s, 80s, and early 90s with decreasing demand, we did not see any market driven signals to produce the leaner, more consistent beef consumers demanded. Many producers, like me took significant steps to produce high quality lean beef by making investments in genetics, management, and herd health to meet the demand we began to recognize. To pay for this investment, producers demanded a premium. This demand for premiums has manifested today into a system of value-based marketing that is reflected in the multitude of premiums, discounts, grids, contracts, formulas, and alliances that are now commonplace in the beef industry. Some of the marketing programs that producers participate in are:

- Certified Angus Beef
- U.S. Premium Beef, Ltd.
- Ranchers’ Renaissance
- Harris Ranch
- Laura’s Lean Beef

These are just a handful of the innovative marketing programs available. I participate in an AMA with U.S. Premium Beef, Ltd and also work with Certified Angus Beef. Many other cattlemen and I have made the choice to participate in a program that will offer us an opportunity for a larger share of the consumer’s dollar. These arrangements are market and consumer driven, and are all led by producers. There are many more, particularly in areas where producers are teaming with other segments of the industry to take advantage of national, regional and even niche market opportunities ranging from breed or genetics programs to natural and organic production. Process and source verified programs are utilizing today’s technology, such as electronic identification of animals, allowing producers to become more efficient at raising high quality animals that yield the beef that consumers will pay a premium for.

There continues to be a growing number of innovators in the beef industry working together to create marketing strategies to ensure the viability of the beef industry. This group includes a variety of ranchers, feeders and packers working in a collaborative manner and you can see the success of this innovation in the meat case. Consumers not only demand leaner, tender and more consistent products, but they also demand convenience as well. The meat case is beginning to be filled more so by pre-prepared products and those ready for the microwave.

In addition to being responsive to our consumers, participation in these marketing arrangements provide producers with several tools to help improve their operations and herd management in an effort to capture the premiums I mentioned above. The ability to manage price risk is probably one of the most valuable of these tools. Taking advantage of marketing arrangements, such as forward contracting, allows producers to make a price that allows them to be profitable. If the price does not fit their needs, they can walk away and find another buyer. Being a “price maker” rather than a “price taker” puts ranchers in control of their business. Traditional routes of cattle marketing do not always offer that flexibility. Knowing that you have a guaranteed buyer and a price you can live with makes it easier to manage your day-to-day business and focus on operational improvements instead of always worrying where your money will come from.

Over the past five years, the volatility in the marketplace has become extreme. However, taking advantage of AMAs and the ability to forward contract is a marketing arrangement that enables me to stay in business. Without the ability to do this, my feedyard would not be financially viable. The benefits of alternative marketing arrangements are being seen every day in the cattle business and they were supported by the results of the Grain Inspection Packers and Stockyards Administration’s (GIPSA) Livestock and Meat Marketing study conducted by RTI International and released in February of 2007. This three and a half year study was funded by \$4.5 million taxpayer dollars and was billed as the “definitive answer” on these issues. The study supports what many ranchers across the country have known all along – a market-driven system works. This study was based on more than half a million transactions representing more than 58 million head of cattle. The overwhelming conclusion of this study is that overall, alternative marketing arrangements help all sectors of the industry.

The report states that the leading reasons producers participate in alternative marketing arrangements are the ability to buy or sell higher quality cattle, improve supply chain management and obtain better prices. All three of these tie into the topics we discussed above – higher quality cattle produce the beef products that the consumers demand. Providing this consumer preferred product allows us to capture more of that consumer dollar in the form of a premium. That bigger share of the consumer dollar is being passed down to the producer. The producer is getting a better price for their cattle and can use that money to continue to improve their operation and sustain it for future generations. The study concludes that reductions or restrictions on alternative marketing arrangements would cause a decrease in the supply of cattle, a decrease in the supply and quality of beef, and an increase in retail beef prices. These are results that would set our industry back rather than move it forward. The study continues by concluding that feeder cattle prices would decrease because of higher operating costs resulting from restrictions on alternative marketing arrangements. That means that in the end, it is the individual cow/calf producers and feeders across this country who will bear the brunt of government restrictions. In a time of these additional costs and strains on the bottom line, the last thing we need to do is add more burdens to our ranchers and feeders.

When talking about improved supply management, we have to once again go back to the consumer. The consumer does not go into their local grocery store looking for Certified Angus Beef only on Tuesdays. The consumer demands that convenience any day of the week. To meet that demand, the retailer and packer need a steady and consistent supply of cattle that meet the qualifications of the store-branded program. This allows them to ensure this product is available daily. If the packer is limited in its ability to source these cattle, they cannot ensure that there will be a steady supply of cattle entering their processing plants. In turn, they cannot supply Certified Angus Beef every day and the consumer chooses another source of protein for the center of the plate.

For this reason, we oppose the proposed GIPSA competition rule. This rule goes far beyond the intent of Congress in the 2008 Farm Bill and proposes major changes to the Packers and Stockyards Act (PSA) that will negatively impact our ability to market cattle. Under existing law, you must show that a packer or processor harmed the market by engaging in illegal actions such as collusion, price fixing, etc. This is known as showing “competitive injury.” Under the new definitions included in the proposed rule, “competitive injury” and “likelihood of competitive injury” are redefined and made so broad that mere accusations, without economic proof, will suffice for USDA or an individual to bring a lawsuit against a buyer (packer or processor). In this case, a producer need only say that he/she was treated “unfairly” to sue a packer or processor. There is no definition of what “fair” should be, and the term is so broad that no definition could be applied in the instance of cattle marketing because each producer has his own perception of what is “fair.” Furthermore, this change contradicts the rulings of eight U.S. Circuit Courts of Appeals that have upheld the need to show competitive injury to the market before you can sue. This will be a bonanza for trial lawyers.

The proposed rule bans packer-to-packer sales of livestock. This applies to individual packers and any affiliates or subsidiaries they might own. First of all, if a packer selling to another packer has resulted in competitive injury to the marketplace, then GIPSA should penalize violators and enforce existing regulations of the PSA. Secondly, this will have severe unintended consequences, especially to smaller packers and dealers. Prohibiting packer-to-packer sales would encourage consolidation and displace producer livestock. For example, there is a beef packer located in the Pacific Northwest who also owns a feedlot in Southwest Kansas. Under this proposal, that company would be required to ship all of its Kansas feedlot cattle to Washington state for processing. Those cattle would displace the local cattle that typically supply that plant. The proposal would add inefficiencies for the feedlot through added transportation costs, which could result in the sale or liquidation of that feedlot, thereby driving consolidation and less competition. In addition, am I a packer because I own stock in U.S. Premium Beef? If so, then I would be limited to marketing all of my animals to U.S. Premium Beef/National Beef under the new rule. That takes away my freedom to market my cattle as I choose.

I also have concerns that the new liabilities associated with this proposed rule will likely cause buyers to withdraw marketing arrangements rather than run the risk of litigation, civil penalties, and potential revocation of their licenses. The threat of litigation by trial attorneys in regards to whether or not an arrangement is “fair” will reduce and inhibit the use of alternative marketing arrangements that put more money in producers’ pockets. If marketing arrangements are greatly reduced, cattlemen are the losers because it takes away their ability and incentive to manage risks, finance production and compete with one another to negotiate premiums. With alternative marketing arrangements being utilized by nearly 60 percent of the beef market, this will result in a huge shift in the way cattle are marketed. Even though the proposed rule does not directly ban the use of alternative marketing arrangements, the unintended consequences and the trickledown effect will impact them.

The membership of NCBA has consistently said that we want access to business opportunities that will help us improve our bottom line. Accordingly, keep in mind that for every agreement made by a packer, there is an individual rancher or feeder on the other side of that transaction who has decided that the agreement is in their own best interest, and they should be allowed to conduct that business privately, just like any other industry. Those cattlemen have exercised their personal right to willingly engage in that agreement because they perceive it to add value to their operation, to their business, to their livestock, and ultimately to their family. That opportunity in the end will help to continually improve their management, genetics, and long-term profitability. The opportunity to engage in and benefit from new advancements is good for the individual producer and good for the industry as we strive to supply the consumer with beef products they demand.

A recent experience with GIPSA has shown the agency is not doing a good job of enforcing the laws under its jurisdiction. The most effective way for industry and Congress to ensure that the marketplace stays fair and competitive is to ensure that the laws already on the books are readily enforced. The PSA was passed to ensure that the marketplace stays competitive. USDA's enforcement of PSA and other antitrust laws and regulations are critical in identifying, investigating, and prosecuting anticompetitive actions by packers, dealers, markets, and others who fall under its jurisdiction. Last fall, the failure of Eastern Livestock Company left hundreds of cattle producers without payment for their cattle. Ranchers and livestock auction barns both were left holding the bag on more than \$130 million in bad checks. This has threatened the viability of several cattle operations. It is increasingly looking more like GIPSA was not providing the audits and oversight of Eastern as it is mandated by law to do – this lack of oversight contributed to the failure. Why is GIPSA proposing more rules when it seems they can't enforce the ones they have?

In closing, my fellow cattle producers will continue to fight for a market driven business climate that is free from government intrusion. The beef industry not only plays a significant role in the U.S. economy but also in rural America. We look forward to working with the Agriculture Committee to ensure that those of us in the beef business have the ability to do what we do best – produce the world's safest, most nutritious, abundant and affordable beef products all the while giving consumer's the choice they deserve. Please collaborate with me as I work to feed the world and pass down my farm to my children, the fourth generation. Together we can sustain our country's excellence and prosperity. I appreciate the opportunity to visit with you today about a few of the issues impacting the feeding sector of the beef industry.

Anne Gibson Burkholder
President
Will Feed, Inc.

A native of urban Palm Beach County, Florida; Anne Burkholder was an athlete fueled by beef for many years before she understood “where her beef came from”...

In the spring of 1993, Ms. Burkholder graduated salutatorian from Cardinal Newman High School with two high school Cross Country Championships, numerous awards in the Backstroke event at the Florida State Swimming Championships, and several trips to the USS Swimming Junior National Championships. Ms. Burkholder traveled to New Hampshire to attend Dartmouth College where she graduated cum laude with a degree in Psychology in 1997. While studying at Dartmouth, she met her husband, Matt, a native of Cozad, Nebraska. Mr. Burkholder completed both his bachelor’s degree in Engineering and his master’s degree in Engineering Management at Dartmouth’s Thayer School of Engineering.

Following graduation in 1997, the couple returned to Nebraska to be the third generation to live and work on the family’s diversified agricultural operation. Mr. Burkholder farms 3000 acres in the Platte River Valley, and owns and operates an alfalfa dehydration plant. He grows a blend of traditional and organic alfalfa, corn, soy beans, and wheat. Ms. Burkholder manages the family owned cattle finishing feedyard. The cattle feedyard finishes approximately 5500 animals per year, and has been recognized nationally for its “holistic animal care” methods. Ms. Burkholder is both an avid advocate for animal welfare, and volunteer spokesman for the beef industry.

Using her background in psychology, Ms. Burkholder has, over the last 14 years, implemented holistic care best management practices based on Beef Quality Assurance protocols to improve both the welfare of the cattle under her care and the quality and safety of the beef that they produce. She works closely with her cow/calf ranchers to offer good animal care from birth to harvest, and also to trace animal performance throughout the life cycle to continually improve upon the quality of beef that the animals produce. In addition to her work directly with animals at the feedyard, Ms. Burkholder has worked on the creation of the Transportation Quality Assurance Program, the Livestock Marketing Quality Assurance program, and the National Cattlemen's Feedyard Assessment program. In addition, she is the current Chairman of the Nebraska Beef Quality Assurance Advisory Committee and the current Vice Chairman of the National Cattlemen’s Beef Association Cattle Health and Wellbeing Committee.

In 2009, the National Cattlemen’s Beef association awarded Ms. Burkholder the inaugural Beef Quality Assurance Producer of the Year award for her efforts to promote education and training within the beef industry on Beef Quality Assurance Practices.

Ms. Burkholder also serves on the Agricultural Advisory Committee for both Senator Mike Johanns, and Congressman Adrian Smith.

To view of video of Ms. Burkholder’s cattle feedyard, please visit <http://bit.ly/gI6Fi6>.

Mr. and Ms. Burkholder are blessed with three daughters: Ashley Grace (11), Megan (9), and Karyn (6), and are hopeful that their daughters will be the fourth generation to operate their family farm.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2008.

Name: Anne Gibson Burkholder

Organization you represent (if any): Will Feed Inc. and
National Cattlemen's Beef Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: None Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:

Source: None Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: _____

Signature: Anne G. Burkholder

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Information Required From Nongovernmental Witnesses

House rules require nongovernmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Anne Gibson Burkholder
2. Organization you represent: Will Feed, Inc. & National Cattlemen's Beef Association
3. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee: _____
please see Biography
4. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee: _____
please see biography
5. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold: please See Biography

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF
TESTIMONY.