My name is Wallace Ellender IV, a Louisiana sugarcane farmer and Chairman of the National Legislative Committee of the American Sugar Cane League. I appreciate the opportunity to speak to you today about the effectiveness of agricultural disaster assistance. I speak as a farmer whose crop was twisted and flattened by Gustav, then swamped in seawater by Ike. A representative group of photos is attached to my written testimony. I took some of those photos myself, three days after Ike came through. Other photos came from the Franklin area and the same scenes could be found all along Highway 90, the road you'll see in one of the aerial photos. Highway 90 is the east-west evacuation route and it runs approximately 10 miles north of the Coast.

My brother and I are fifth-generation farmers who grow sugarcane on two farms in the Raceland and Bourg communities in southeast Louisiana, including the land that my ancestors settled in 1853. As a child, I remember my grandfather telling me a story about a stubborn dog that he had when he was a kid on our farm. On one occasion, the family loaded up everyone but the dog in a sailboat and sailed down the bayou to the Gulf. That dog trotted down the bayou behind the boat all the way down to the Gulf at Timballier Island. Other than fording a couple of small streams, he went all the way on foot. Today, that dog would have to swim 30 miles to reach Timballier Island.

Gone are some of the barrier islands and most of the wetlands that served as a natural buffer from the worst of the storms that came in from the Gulf of Mexico. We are losing coastal wetlands at a rate of 40 square miles each year. Some experts predict that the shoreline will move inland over 30 miles in the next 30 years.

I hope this gives you some perspective of the breadth of the long-term problem our communities are facing when we look to the south. I don't have to tell anyone who owns a TV or computer about winds that demolish houses and flatten forests and fields, or floods that overwhelm levees and shove aside homes, but the ominous power of the sea when it surges 20-30 miles inland is something to behold. What the sea leaves behind when it retreats can be bad, but what it leaves behind when it stays in the fields is worse. Once breached, levees that held back the tide will hold back the ebbing waters. We tear holes in the levees when necessary to allow the sea to retreat, but sea surges of the magnitude of Rita in 2005 and Ike in 2008 flow over the levees and push vast volumes of seawater to the lowest elevations in the fields. When the tides turn, the storm-ravaged cane fields become salt lakes.

But sugarcane is a hearty plant and, with good weather and time, the cane can rebound and produce a decent crop. Harvesting it will be more difficult and costly, but we can still hope for a mild autumn and a good price to help offset some of the additional costs we will incur in harvesting a bent and broken crop. On the other hand, we may not have much time to finish planting and harvesting before winter frosts and freeze become a concern. Further complicating the matter, sugarcane is a perennial crop and time will be needed to determine whether fields holding surge water for extended periods will recover next year.

According to Dr. Calvin Viator and his team of agricultural consultants, the worst of the wind damage to sugarcane from Gustav occurred in Terrebonne Parish, Assumption Parish, and parts of Lafourche, Ascension, Iberville, West Baton Rouge and Point Coupee parishes. The northeastern corner of the eye of the hurricane caused the worst stalk breakage, but this damage occurred virtually everywhere in the cane belt. The cane varieties that tend to produce higher tonnage suffered more breakage than lower-yielding varieties, and the brittleness of the higher-yielding varieties will make cutting the cane more problematic.

Hurricane Ike's eye stayed to our south as it moved in on Texas, but this meant that its counter-clockwise winds drove the sea surge deep into the Louisiana cane belt in a manner eerily familiar to those of us who experienced Hurricane Rita in 2005. In some areas, the damage was even worse than Rita. From my farm in Bourg, across Terrebonne, St Mary's, Iberia and Vermillion Parishes, levees were topped and standing water remains.

As a general rule, we keep a field in production, using existing root systems, for three years and, after harvesting the third crop, let that ground stay fallow for nearly a year before replanting. So I always have roughly 25% of my fields lying fallow, except for that brief time each year when we start harvesting mature cane for the purpose of planting the fallow ground. This generally occurs in August and September. But the rainy weeks before Gustav came left us way behind in our planting, so there is less newly planted cane to be lost to the surge. This may sound like good news, but the delay in planting increases our risk of not being able to plant some of the fields before winter sets in. This delay also has the potential of pushing harvest deeper into the winter months, when a heavy frost or hard freeze can destroy whatever is left in the fields.

In order to increase our chances of getting new growth from the damaged cane we will be planting over the next few weeks, we will use more acres of our mature cane as seed for the fallow fields. In my case, this will mean that I will use 260 acres of mature cane to plant 800 acres of fallow ground this year. Typically, I would use only 160 acres to plant that same acreage. Income from one hundred acres of sugarcane that I would normally deliver to the processing facility will be lost.

You have asked for my experience with crop insurance as a disaster assistance tool. Our growers have traditionally had access to only one type of crop insurance policy, the Actual Production History (APH) program. The costs of APH buy-up coverage have been prohibitively high, as USDA's Risk Management Agency acknowledged this past year when it lowered the APH rates in response to potential competition from a farmer-developed Group Risk Program (GRP) policy. While the rates are lower, the buy-up coverage has not been seen as reducing our actual risks by a sufficient amount to make the added expense worthwhile for most of our farmers.

Despite the destructive natural forces that are sometimes unleashed against it, the sugarcane plant is a hearty survivor and catastrophic production losses, meaning losses of greater than 50%, are rare. Since 1995, when Louisiana sugarcane participation in crop

insurance went from $2 million in liability to over $61 million, the cumulative loss ratio has been approximately .17. Since nearly 90% of our policies are the basic catastrophic coverage, which has been a prerequisite for disaster assistance eligibility in the past, this loss ratio can conceal significant losses to a farmer's bottom-line. The GRP policy will be available in the coming year and we are hopeful that the GRP program may be a more useful and affordable insurance policy for our growers in the future. Initial modeling suggests that it would be a significantly better risk management product in hurricane years.

The new permanent disaster assistance program included in the '08 Farm Bill has not been implemented and regulations explaining how the Department will administer the program are still under development. As I understand the Supplemental Revenue Assistance Payment Program, or SURE, it provides payments to producers in disaster counties based on the crop insurance program. The revenue guarantee is equal to 115% of (payment rate x payment acres x payment yield). The payment rate is the crop insurance price election level, the payment acres are the insured planted acres and the payment yield is the crop insurance coverage level selected by the farmer times the crop insurance yield. The sum of this equation is then subtracted by the revenues from the whole farm (except that 85% of the direct government payments that most program crop farmers receive are excluded from this calculation) and multiplied by 60%.

If the goal is to provide a hand-up to farmers when they most need it, before the natural disaster becomes a full-fledged economic one, the SURE program's linkage to whole farm revenue is problematic. For sugarcane farmers, this requirement would mean that any SURE payment would come approximately a year after the disaster occurs. Based on the experience of many of our farmers who were hit hard in 2005, the assistance can arrive too late to save the farm, even if it does ameliorate some of the debt load after the fact. As a farmer dealing with another spike in input costs, the assistance is most helpful if it can be used to keep my employees working, my diesel tanks filled, and my banker hoping for the best.

Regrettably, we have been unable to find an accurate SURE calculator for sugarcane to gain a better understanding of the actual assistance that might be available to cane farmers, but the poorly performing crop insurance program it will be built upon would seem to reduce its effectiveness as a hurricane assistance program.

Congress has developed a disaster assistance mechanism that works. In response to the 2002 hurricanes, Congress developed a delivery mechanism for ad hoc assistance to sugarcane growers in Louisiana that is tailored to the types and levels of damage associated with hurricanes and cane fields. The mechanism, as improved in the Emergency Agricultural Disaster Assistance Act of 2006 (2006 Act), targeted a portion of the overall package to address losses and costs from planted cane that was lost to the hurricanes. Another portion of the package was designated to offset some of the increased planting costs and harvesting costs that we incurred. A final portion was allocated to address yield losses and other sector-wide losses. By apportioning the package in this way, Congress was able to link the bulk of the assistance directly to the

specific losses or costs of the hardest-hit producers, while reserving a portion to address the yield losses that virtually every producer absorbed. In the current instance, given the uncertainty about the eventual losses, the delivery mechanism could be further refined to allow for quick release of some funds to address the plant-cane losses and the higher planting and harvesting costs, while reserving funds to address the yield losses that become clear later in the year.

USDA's Farm Service Agency (FSA) office in Louisiana, along with FSA's Economic Policy Analysis division in Washington, DC, have developed invaluable experience in operating this program and could, if provided sufficient resources, move expeditiously to implement such a program now.

In conclusion, Louisiana has been growing sugarcane commercially for well over 200 years. Our forbearers harvested cane during the worst days of the Civil War and the Great Depression. They survived the great flood of 1927 and went back to farming after the waters receded, just as I and many of my friends have done twice in this decade. For the record, Louisiana sugarcane growers have received agricultural disaster assistance twice over our more than 200 years of production. The fact that both of those assistance packages were made necessary by intense hurricanes in this decade is a direct result of rampant coastal erosion. Unless we investment in energetic coastal restoration efforts soon, my farm may be a beachfront property in a few short years before slipping quietly beneath the waves.

Wallace R. Ellender III
239 Hwy 55
Bourg, LA 70343
Home: 985.594.7806
Fax: 985.594.7482
wellender4@yahoo.com

EXPERIENCE

Ellender Farms, Inc. **1993 – Present**
President & Farmer
- Purchased family farm from my father, and increased it to 3200 acres
- Manage an annual budget of 2 million dollars

Hope Farm, Inc. **1977 - 1993**
Farmer
- Farmed 1200 acres of Sugar Cane with my father and brothers

American Sugar Cane League **1977 - Present**
Chairman, National Legislative Committee *2006 - Present*
- Lobby for the sugar industry
- In process of writing sugar portion of the Farm Bill
- Secured 40 million dollar disaster assistance to Louisiana sugar industry

Representative, Barataria Terrebonne National Estuary Program (BTNEP) *2001 - Present*
- Liaison for sugar industry to assure healthy agricultural practices in the wetlands

Vice-Chairman, National Legislative Committee *2004 - 2006*
- Assisted with CAFTA opposition
- Testified before the US Senate Ag Committee on Farm Bill legislation

Dedicated Research Committee *2003 - 2005*
- Decided on the distribution of approximately ½ million dollars to various Sugar Cane research programs

Strategic Planning & Re-organization Committee *2003 - 2005*
- Reviewed and revamped the by-laws
- Implemented the restructuring of the League

Search Committee *2004 & 2006*
- Assisted in the search for a new General Manager
- Assisted in the search for and hiring of a new lobbyist for the League

Nominating Committee *2001 - 2002*
- Made nominations for new League Board members

National Agriculture Technical Advisory committee (ATAC) **2005 – Present**
- Participate in advising the USDA & the Administration (USTR) on international trade policy regarding sugar

First South Farm Credit **2003 – Present**
Regional Director
- Assist in the review of the quarterly cooperative reports and make recommendations as needed

Vision Christian Center **2005 – Present**
Men's Leader
- Teach monthly Bible studies to men

Bourg Recreation Center Board of Directors **1990 – 2003**
Chairman *1994 – 1998*
- Created the annual fiscal budget
- Made financial and staffing decisions for the Center

Bayou Land YMCA Board of Directors **1995 - 2001**
President *1998 - 2000*
- Completed phase I of the basketball court

Agricultural Stabilization and Conservation Service Committee **1981 – 1990**
- Approved conservation program practices

EDUCATION

B.S. Agriculture Economics, Louisiana State University, Baton Rouge, LA, **1977**

LSU Ag. Leadership Program, Louisiana State University, Baton Rouge, LA **1996**