

Testimony of David W. Howell

Before the

U.S. House Committee on Agriculture

March 23, 2012

The Future of U.S. Farm Policy: Formulation of the
2012 Farm Bill

ORAL PRESENTATION

Introduction

Good morning. My name is David Howell. I am honored to present testimony today.

I am a farmer from Middletown, Indiana. My wife and I started our family farm upon returning home from college, and it is our vision that our children and their families will successfully transition what we sacrificed and worked hard to establish. Our family farms approximately 7,000 acres, of which more than 90% is leased. We grow corn, soybeans, pumpkins and about 500 acres of processing tomatoes. Our tomato production is under contract with Red Gold, Inc., an Indiana tomato processing company.

We are seeking a modification of Federal law that restricts Midwestern farmers from growing fruits and vegetables on program acres. I am here as one family farmer, but we do concur totally with the position of the American

Fruit and Vegetable Processors and Growers Coalition.
(AFVPGC)

The Issue

Since 1996, farm policy generally has prohibited the production of fruits and vegetables on base acreage. However, this was not a significant problem until the 2002 Farm Bill made soybeans a program crop. This change meant that virtually all of the quality farmland in states like Indiana now have program base.

The problem is twofold.

First, program restrictions. For example, our farm has been personally affected by the prohibition on growing fruits and vegetables. Our family is in transition to the next generation from my wife and me. We began our processing tomato operation in the early 90's and established our personal production history over the years. The regulations as they stand now serve to limit the abilities of my children to

diversify their farming enterprise with specialty crops, not enhance them as any good agricultural policy would attempt to do. In essence, the prohibition on planting Fruits and Vegetables are protecting my wife and me from our own children entering the very enterprise that will help ensure their success because there is no mechanism for them to either earn their own producer history or have my producer history transferred to them, even though we have been continuously engaged in growing processing tomatoes for nearly 20 years. This seems contrary to any goal of encouraging young farmers to seek alternative crops and provide a more sustainable future, both economically and environmentally. Additionally, we are needing to change our business structure to ensure an orderly generational transition. When we do, however, our producer history will be lost.

Second, fear of base acreage loss. We have struggled to get rented ground for growing our processing tomatoes and

pumpkins. In the Midwest, most family farms rely on rented acres to grow their crops. I have found that landlords who I have approached fear, and rationally so, that future base recalculations will result in loss of base acres on their farms if they rent it to me for processing tomato production. This means that my ability to rotate crops as a good IPM practice and to fulfill my traditional contract obligation to Red Gold is severely restricted.

H.R. 1427, the Farming Flexibility Act of 2011, would fix this twofold problem by allowing an acre-for-acre opt out from the program acreage for production of fruits or vegetables under contract for processing. Also, it would declare a policy that vegetable production for processing on program base acres will not cause future loss of base acreage.

I realize that some in the fresh produce industry do not agree with me. They make two basic points. Let me address those.

They suggest that the 2002 Farm Bill restrictions do not present a real problem. That is wrong.

- First, it is a problem because of the restrictions. As we attempt to pass along our operation to the next generation, our producer history will be lost, because it is not transferable. What my wife and I worked hard to establish under the rules will simply vanish and the ability to lease production acres for fruits and vegetables for processing will artificially be hindered, not by a free market determination, but by a protectionist decree that offers no actual protection but harms a traditional industry that provides safe and economical foods to a population in need of better nutrition.
- Second, this is a threat to base acreage. I have lost base acreage, some of my landlords have lost base acreage, and that has happened to my neighbors

who grow vegetables. This base acreage experience is why my landlords generally will not let me grow vegetables on leased land and in some cases specifically prohibit the production of fruits and vegetables because of this issue. My colleagues who grow vegetables are facing the same thing. Most family farms have significant production on leased land.

- Third, this is a threat to my market. As time goes on, **about 5 percent of Midwest vegetables producers stop growing vegetables each year. That means that each year, it will be harder for our processor market to stay in business because they cannot contract for enough production. This year is the first time that some of them were not able to contract for their production capacity. Each year this will**

get worse. Eventually, we will lose processors, and the canned vegetables market will be taken over by imports.

- Italians can put tomatoes on the East Coast cheaper than California canners. South America is already importing a range of other canned vegetables, such as corn and asparagus.

Clearly, this is a real problem.

Opponents of H.R. 1427 also claim that it would somehow hurt fresh producers. This is also wrong.

- H.R. 1427 is narrowly tailored. It would not hurt fresh producers.
 - First, it would be against the law for us to grow vegetables for fresh markets. H.R. 1427 would only allow opt out for FAV

production FOR PROCESSING. The production would have to be for processing.

- Penalties for program violations are very heavy -- I would be crazy to intentionally violate program rules. (Penalties are equal to twice the per acre value of the tomato crop produced in violation.)

○ Second, vegetables for processing are not the vegetable varieties produced for fresh anyway. My family has been growing processing tomatoes for 20 years and, even though it has been legal to sell them to fresh markets, we never have.

- They are the wrong variety – not right for the fresh market.
- So, there is no market for them.

- Where there is no market, there is no market distribution system.
- Third, H.R. 1427 would just take us back to the 1996 Farm Bill situation prior to the inclusion of oilseed acreage. Under the 1996 Farm Bill and even before that, the Midwest processing industry was getting smaller, not expanding.
- There is no way that this would hurt fresh producers.

A couple final points. I realize that Direct Payments may be eliminated in the next Farm Bill. If that is done, we submit that the restriction on producing Fruit and Vegetables should be eliminated altogether. Of course, the fruit and vegetables we grow for processing go to nearby processing facilities, which means jobs in rural areas. This is

important throughout the Midwest. Here in Illinois, there is a LIBBY'S facility that produces canned pumpkin, pumpkin pie filling and pumpkin bread from the pumpkins produced by 70 farmers on 8,000 acres. These pumpkin products have seen periodic shortages in recent years due to several factors, one of which is the company's difficulty in contracting enough acres. So, Farm Flexibility is critically important. The Federal Crop insurance programs for specialty crops have not received the same refinement and upgrades as have the traditional commodity crops and should be scrutinized to offer reasonable protection for the growers of our nation's food supply.

Thank you for your consideration of our views.

David W. Howell

Business Experience

HOWELL FARMS 1972 – Present

- Established first generation family farming business
- Grew acres under cultivation from 300 to 7,000+ in US and 3,000+ in Brazil
- Instituted 24 hour operation during planting and harvest seasons
- Designed on-farm 540,000 bushel grain drying, handling and storage facility
- Created direct to consumer retail produce sales outlets
- Converted to non-traditional, large-scale fruit and vegetable production, packing, shipping and marketing to national and international retailers
- Increased FAV production to account for over 50% of gross revenue
- Provided entrance to careers in full-time production agriculture to 4 members of second generation

AGROPECUARIA HOWELL 2000 – Present

- Guided establishment of family farm in Bahia, Brazil

CROSSROADS GROUP INTERNATIONAL, LLC 2006 – Present

- Originated concept of private investment offering for family management of 15,000 acre farming company in Bahia, Brazil

Business-Related Activities and Service

- Received Purdue University Distinguished Agricultural Alumni Award
- Appointed to Chicago Federal Reserve Bank council on agriculture, small business and labor
- Elected as Chairman of USGC Asia Advisory Committee
- Appointed to Indiana State Department of Agriculture Advisory Board
- Serves as Vice President Indiana Corn Marketing Council, instrumental in establishment of corn check-off legislation in Indiana
- Serves on NCGA, Trade Policy and Biotechnology Action Team
- Served on Board of Directors for:
 - First Merchants Bank, Ivy Tech Region 6, Delaware County Extension Service, Salem Township Schools, American Farm Bureau Federation
- Served as John J. McCloy fellow to Germany
- Charter member of Indiana Agricultural Leadership Academy
- Represented Midwestern farmers at USGC sponsored Corn Conference and Japanese Feed Manufacturers meeting in Tokyo, Japan
- Presented paper on Large Midwestern Farms to French-American Foundation Agri-Days II symposium in Paris and Toulouse, France
- Presented overview and rationale for South American agricultural operations to Indiana and Missouri state Farm Bureau Conventions
- Past member Purdue University Dean of Agriculture's Advisory Committee
- Hosted:

- Taiwanese DDGs buyers Midwest Tour, Indiana Farm Management Tour, Purdue University School of Agriculture new faculty Tour, Congressional Town Hall Meeting, Royal Netherlands Agricultural Minister Midwest Tour, US Deputy of Agriculture Midwest Tour
- Past Chairman of Muncie Delaware County Metropolitan Plan Commission
Established Indiana's first agricultural enterprise zone
- Twice provided testimony before Congress on behalf of the Canned, Frozen Food, Grower Coalition
- Presented family farm dialogue to American Institute of Cooperatives
- Served as member of Governor Robert Orr's Strategic Plan for Indiana Agriculture
- Elected National Chairman of American Farm Bureau Federation's Young Farmer and Rancher Committee

Education

- Purdue University, Bachelor of Science Agricultural Economics
Member of Alpha Zeta and Ceres Honorary
- Purdue University, Masters of Science Agricultural Economics
Thesis topic: A Study of Full-Time Labor needs on Indiana Farms
Published in multiple agricultural publications

Awards and Honors

- Named Indiana Master Farmer
- Named Honorary Commissioner of Agriculture by Lt. Governor John Mutz
- Reichart Award for professionalism and excellence in the tomato industry
- Red Gold Master Grower Awards
- Named to Order of the Red Tie by Indiana Horticulture Congress
- Designated as Distinguished Agricultural Alumni by Purdue University

Community Service

- Founder and Chairman of the Board Crossroads Historical Preservation Society, rescued 19th century church building and secured placement on the National Register of Historic Places,
- College Avenue United Methodist Church
- Sponsor Hope Children's home, India

Family and Business Partners

- Adam – graduate of Princeton University, active in family business
Chairman of the Board of Crossroads Group International, LLC,
Indiana based Brazilian agricultural investment corporation
- Amanda – graduate of Iowa State University and post-graduate work
at Anderson University, active in family business, teacher
- Aaron – graduate of Texas A&M University, Masters degree from Purdue
University, active in family business, Board Member of Crossroads
Group International, LLC, Brazilian based manager of CGI
- Audrey – graduate of Texas A&M University, active in family business

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, 2009.

Name: David W. Howell

Organization you represent (if any): _____

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2009, 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: _____ Amount: - 0 -

Source: _____ Amount: - 0 -

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, 2009, as well as the source and the amount of each grant or contract:

Source: _____ Amount: - 0 -

Source: _____ Amount: - 0 -

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

Signature: David W. Howell

* Rule XI, clause 2(g)(5) 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.