

Testimony

with regard to the

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

Submitted to the

United States House of Representatives

Committee on Agriculture

The Honorable Frank D. Lucas, Chairman

Submitted by

**Keith Miller**

**Producer**

**Barton County, Kansas**

April 20, 2012

Mister Chairman, Ranking Member Peterson and Members of the Committee, thank you for the opportunity to join you today to share some thoughts about the necessity of an economic safety net for farmers and how some possible improvements to the current program will allow us to achieve this goal.

I'm a third generation farmer who grew up on the same farm where I currently live in rural Barton County, Kansas. When I started farming with my wife in 1976, my father was farming 400 acres and raised a few hogs. Since then, the farm has grown to over 7,500 acres and is a diversified grains, alfalfa and cattle operation.

All of my daughters and sons-in-law work on the farm at various times, and my daughter, Dara, and her husband, Jason, work there full time throughout the year. Whenever I'm away from the farm, I can count on my family to ensure that things run smoothly with respect to the day-to-day business on our farm.

I've been fortunate to have the opportunity to serve in a host of leadership capacities, in my community, my county, my state, and even internationally.

Our family is deeply involved in our church, where I serve on the church council and I've had the good fortune to serve on my local school board for a number of years, including a stint as president, when we shepherded a major bond issue to pay for school improvements.

I currently serve on the board of directors of Kansas Farm Bureau, and am a past chairman of the United States Meat Export Federation.

But I'm here today under my own steam, grateful for the opportunity to share my thoughts about the next Farm Bill and eager to engage the Committee in this important dialogue.

Mister Chairman, please allow me to begin by publicly thanking my own Congressman, U.S. Representative Tim Huelskamp for his leadership in the Big First U.S. House District of Kansas, and for arranging this field hearing today in Dodge City.

## **SAFETY NET/CROP INSURANCE**

Our family is deeply committed to agriculture and to rural America. My wife, Connie, and I raised our daughters and run our farm with an eye to the future generations of our family who will help feed, fuel and clothe the world from our lands.

Stability through the use of effective risk management tools is imperative for our operation. Protection and enhancement of crop insurance programs ranks as the number one priority for a long list of farm organizations in the 2012 Farm Bill process. I could not agree more.

Agriculture is a highly erratic industry influenced by a multitude of variables beyond the producer's control. Farmers can use top quality seed, fertilizer, chemicals and best management practices, and still not be able to control the weather or the markets. Profit margins in the

industry are such that it is critical that farmers have access to a strong, viable and flexible risk management program.

Simply put, during the development of the 2012 Farm Bill, crop insurance must be a priority.

In fact, there are several possible improvements that I would urge the Committee to consider that would allow the program to better meet the needs of producers in Kansas and across the nation.

### **Enterprise Units**

Enterprise units allow farmers to access quality coverage at a lower premium rate. The program should be made permanent, but unfortunately, given the diversity between irrigated and dryland acres, the concept doesn't work as well as it could. To address this situation I would recommend introducing additional flexibility within the program to allow producers to designate enterprise units by practice; specifically, differentiating between irrigated acres and dry land acres.

In drought years, this differentiation would have allowed us to receive indemnity payments on the dryland acres while continuing to attempt to bring a crop to fruition on our irrigated acres.

### **Limited Irrigation Products**

Given our focus on the future we routinely look for ways to maximize production while conserving water. One option I would encourage the Committee to support is the concept of a limited irrigation insurance product. Currently, producers have only two choices: They must declare acres either irrigated or non-irrigated. An irrigated designation implies application of adequate water to produce the crop but also requires planting at higher population rates.

Properly developed, a limited irrigation product would encourage conservation by allowing producers with limited or declining water supplies to plant lower populations and set a lower yield goal while maintaining insurance coverage at better than dryland levels.

### **Declining Yields**

Many parts of the nation have now endured successive years of disaster events. Under our current structure these consecutive bad years result in declining Actual Production History and subsequently increasing producer premiums.

Alternatives should be explored to rectify this situation and could include the use of a personal 'T' yield in addition to the adoption of a higher yield plug to allow a producer's insurable yield to reflect what he hopes to produce in a given year.

### **Improving Data Collection**

Like many operations, we have aggressively implemented technology on our farm. It seems only natural to continue to encourage the implementation of technology at FSA and RMA as well as on the farm allowing greatly improved accuracy in reporting and eventually adding the potential for real time data collection.

We believe the 2012 Farm Bill should continue to encourage agencies to embrace technology to better serve producers and allow for more efficient delivery of all farm programs and indemnity payments.

## **Reform Wisely**

As you're well aware, recent cuts to crop insurance and the renegotiation of the SRA have resulted in \$12 to \$20 billion in savings. Additional cuts will likely result in increased premiums to producers or reductions in the products available or the level of service companies are able to provide. We simply cannot afford additional cuts in today's high risk marketplace.

American agriculture relies on a strong safety net, delivered efficiently and effectively through the current public-private partnership. Producers across the nation are concerned and opposed to this notion that crop insurance delivery could be managed and delivered through an existing federal agency.

In addition, in no case should the crop insurance tools, which are purchased by the producer, be encumbered with environmental regulation, conservation requirements, or other conditions that fall out of the scope of insurance. They should also not be subject to payment limits or means testing, doing so would defeat the purpose of the programs and reduce their effectiveness in ensuring that producers, no matter how small or large have equal access to risk management tools and an equal opportunity to continue to operate their farms.

## **CONSERVATION**

Let me switch gears and visit briefly about the importance of conservation. My farm is literally just a stone's throw from Cheyenne Bottoms. It's the largest marsh in the interior of the United States and was designated a Wetland of International Importance in 1988.

The area is considered the most important shorebird migration point in the western hemisphere. Approximately 45% of the North American shorebird population stops at the Bottoms during spring migration. Because of our farm's proximity to this special place, those of us in Barton County understand and value the importance of conservation.

Farm bill conservation programs help producers enhance soil and water quality, improve wildlife habitat, can assist with compliance with federal and state environmental rules, protect agricultural and grass lands and provide various other benefits.

Working lands programs, in my opinion, provide the most bang for the buck. Chief among those is the Environmental Quality Incentives Program which seems to be the best and most effective way to implement multiple conservation practices. Whatever you can do to preserve EQIP funding and programs should be a top priority.

On my farm, I take advantage of the benefits offered in EQIP three different ways: Terracing of my fields, waterways and water conservation. In addition, I have many acres enrolled in the Conservation Reserve Program.

## **REGULATION**

Federal regulations are increasingly costly for the U.S. economy, including for farmers and ranchers. And here, if you'll allow me, I'd like to tip my hat to Congressman Huelskamp for his work keeping this issue in the consciousness of the Congress.

In the last year alone, federal regulators have finalized regulations that ask farmers to draw up oil spill prevention plans for their operations, apply for Clean Water Act permits for certain pesticide applications and report certain air emissions. Unless the courts rule otherwise, farms and ranches will likely be regulated for greenhouse gas emissions, and the Environmental Protection Agency (EPA) is proposing that Concentrated Animal Feeding Operation (CAFO) owners report sensitive information on their operations to federal regulators. Given the wide application, cost and burden of federal regulations, it is critical that the process by which they are proposed and finalized be open, transparent and fair to all, particularly the regulated community.

## **RESEARCH**

As you know, the world population is exploding. In any best case estimate, agricultural production must produce 70 to 100% more by 2050. Current efforts are likely to yield only a 40% increase in our production by that time. We have significant work to do.

Federal programs must encourage both public and private investment in efforts that will produce new information to improve soil, environmental and socioeconomic conditions and allow producers to continue to produce high quality, affordable food on a shrinking land base.

We must also strive to improve the acceptance and implementation of technology in agriculture. Our competitive advantage in world markets will be maintained only through the continued support and encouragement of technological advancements. To that end, our partners in the biotech industry should be encouraged to cooperatively develop protocols for products as they come off patent to allow producers to access and implement cost effective practices on their operations.

## **EXPORTS**

I think we can all agree that in today's global economy, our government needs to be a full-fledged partner in helping expand and enhance agricultural export opportunities. The Market Access Program of the existing Farm Bill works and should be retained.

Agriculture's trade surplus was nearly \$30 billion two years ago. It's forecast to be \$24.5 billion this year. Agriculture is still one of the few sectors of the American economy to enjoy a trade surplus, and without it, the overall U.S. trade deficit would be even worse.

The multi-year impact of the increased market development spending is equal to \$35 in agricultural export gains for every additional \$1 expended. That's a 35 to 1 return on investment.

The Market Access program protects American jobs and increases farm income. Every billion dollars in U.S. farm exports supports about 8,400 American jobs. Given that U.S. farm exports are forecast to be \$131 billion this year, more than a million Americans can trace their jobs to

these exports, thanks in no small measure to MAP and related programs that have boosted U.S. agricultural exports.

And finally, the Market Access Program is a great example of a successful public-private partnership. It is administered on a reimbursable cost-share basis, specifically targeting small businesses and farmer co-operatives. While government's an important partner in his effort, industry contributions are now pegged at more than 60% of total annual spending on market development and promotion, up from roughly 30% only two decades ago.

## **CONCLUSION**

I manage my farm with a focus on longevity and sustainability. We appreciate the partnership we have with the federal government and programs to ensure stability in our efforts to produce food, fiber and fuel. The 2012 Farm Bill provides new opportunities to further define that partnership and to continue to protect and ensure that Americans and consumers around the world have access to safe and affordable food.

Thank you for the opportunity to share our thoughts and our operation with you today. Should you ever find yourself in Barton County, Kansas, please, by all means, stop by for a cup of coffee.