

**JOHN WILLIAMS
FARM BILL TESTIMONY**

Presented to:

House Committee on Agriculture

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**1301 Longworth House Office Building
Washington, D.C. 20515**

Presented by:

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Introduction

I would like to thank the House Committee on Agriculture for the opportunity to submit testimony on the next U.S. farm bill and its impact on my operation. I am honored to be here and be asked to present my views.

My name is John Williams. I farm with my father and son near McLeansboro, Illinois, in Hamilton and White Counties where we raise grain sorghum, corn, wheat and soybeans. Grain sorghum is a crop I use as a foundation for defense. It is less expensive to plant and much more adaptable to varying weather conditions. Grain sorghum has proven itself as an integral component in my rotation, providing a resilient, dependable crop each year on my third-generation family farm.

My partners and I appreciate the work put forth by this committee in developing the next farm bill and look forward to working with the Committee to craft this set of vital farm policy. Because it is an integral part of my operation, my testimony will focus on multiple areas of farm policy as they relate to sorghum's safety net.

Protect Federal Crop Insurance

On my operation, I plan defensively and understand the upside and downside of risk. I have seen what can happen to friends and neighbors when they do not plan for risk, underscoring the need for meaningful risk management tools that producers can utilize. Therefore, my first priority is to "do no harm" to Federal Crop Insurance, and I feel the program should be built upon in the following ways:

- The APH methodology should be reformed and county T-yield system improved so as to reduce the impact of local weather phenomena and allow the producer's insurable yield (pre-deductible) to reflect what the producer and his lender would actually reasonably expect to produce in that year. I believe a personal T-yield system, which would allow a producer's APH to more accurately reflect his yield potential, would be a productive way to improve APH
- I would also support improvement to the product development processes so that there would be a clear pathway to bring new policies, like one for sweet sorghum or high biomass energy sorghum, to market.
- In no case should the crop insurance tools, which are purchased by the producer, be weighed down with environmental regulation or other conditions that fall out of the scope of insurance.
- I would encourage RMA to include sorghum in the trend adjusted yield pilot program. It is inequitable to allow competing crops to have trend adjusted yields while sorghum producers' APHs are left unadjusted.

2012 Farm Bill

Crop insurance is a safety net in a time of disaster but it also is an integral part of my overall marketing strategy. Because of revenue protection insurance, I can market aggressively and still be protected against market shifts. I remember having a glut of grain in the 1980s and I don't want to be caught in a position like that again where it affects my bottom line.

In the 1980s, with high interest rates and low grain prices, my crop was worth less than it cost to produce it. While interest rates are not the problem today, the cost of basic inputs has skyrocketed over the last two years. That is why it is critical to have some protection in the next farm bill against a steep drop in commodity prices; I know input prices are sticky and slow to follow declining commodity prices.

Whether that protection is a reference price system or a revenue based system, it is important that it be in the farm bill safety net and producers have the option to choose what fits their operation and risk appetite the best. In a revenue based program, it is critical to have a reference price and plug yields. The reference price will protect against a large commodity price drop and plug yields will help in times of consecutive years of yield loss.

With that said, sorghum is an agronomically important crop to my farm and likewise to those in the Sorghum Belt. However, it's not always the primary crop for many producers, and is extraordinarily sensitive to any incentives that are created in the farm program. No matter which form of policy is pursued, special care must be taken to encourage crop diversity and rotation on the farm and avoid a monoculture system which rejects agronomics in favor of farm policy incentives. Based on both experience and a producer's understanding of the program, I suggest the following:

- A farm bill should not dictate or distort planting decisions. Direct payments are excellent in this regard. SURE or similar whole farm aggregations tend to discourage diversification, which could be problematic for sorghum. Any commodity specific program that is tied to planted acres must be designed with extreme care to avoid creating payment scenarios that incentivize farmers to plant crops with higher inherent value to maximize payments rather than making the wisest possible agronomic decisions.
- A program should be simple and bankable. The recently expired SURE program had too many factors and was not tailored to the multiple business risks producers face — it was not simple. The current ACRE, while offering improved price-based protection, is based on the state's income, not the farm's — it is not bankable, especially in some of the large states where sorghum thrives. The current loan and counter cyclical programs are simple and bankable — unfortunately the 2008 price levels are no longer relevant given current production costs. It is important to me to have a simple, bankable program to take to my lender, should disaster strike my crop.
- A farm bill should be targeted and defensible. It makes sense to provide assistance when factors beyond the producers' control create losses.

- A farm bill should be built to withstand a multi-year low price scenario. Whether in a revenue loss plan, or a price-based counter-cyclical plan, it will be important to have a set minimum price that serves as a floor or reference price to protect producer income in a relevant way in the event of a series of low price years. Ideally, this minimum could move upward over time should production costs also increase.
- A farm bill should allow for transitional and fair reductions to the baseline for all crops. Generally, the least disruptive and most fair way to achieve savings across commodities would be to apply a percentage reduction to each commodity baseline and structure any new program within the reduced baseline amounts.

The sorghum industry has seen firsthand the impact farm policy can have on planting decisions made by producers.

Specifically evaluating certain revenue proposals, it seems that without yield plugs, in a situation with two consecutive years of loss, the protection quickly drops to a point where the program would have little value and would provide almost no protection for my farm. This component is necessary to ensure equity among crops because sorghum is grown in region with such high yield variability.

Additionally, a revenue policy in conjunction with the potential use of adjusted yields for certain commodities could eliminate the important element of risk involved in growing a crop. This would create a situation that would greatly distort planting intentions because a farmer may be inclined to plant for the largest revenue guarantee as opposed to the most prudent agronomic choice.

Finally, direct payments, while not necessarily tied to a specific crop being planted, have proven to be a WTO compliant, efficient payment for producers. It is one of the few parts of the current safety net bankers have certainty with and will provide financing for our producers. However, if the Committee decides to move away from this program, it makes it that much more important that successor policies be bankable.

Eliminate Dated Pay Limits

Given the likely possibility that a new farm program would have less certainty for the producer (a likely decrease or elimination of direct payments) and will therefore be designed to provide assistance only in loss situations, the program should not be limited based on arbitrary dollar limits, i.e. assistance should be tailored to the size of loss. A producer should not be precluded from participating in a farm program because of past income experience. Any internal program limits on assistance should be percentage-based (i.e. 25 percent of an expected crop value) and not discriminate based on the size of farm.

Build Incentives for Sorghum Production into Conservation and Energy Titles

Sorghum is a highly water efficient crop that works well in various rotation systems, spanning

from southern Texas to South Dakota. It thrives in drought prone areas because, whereas other crops will die during a period of prolonged water stress, sorghum will become dormant and thrive again upon taking in moisture. And while I rarely experience prolonged drought myself, this ability to make a crop under highly water deficient conditions allows sorghum to fit easily into farms where water is becoming scarcer each year.

As such, it would be beneficial to strengthen the principles of water conservation language in the Ag Water Enhancement Program (AWEP) of the 2008 Farm Bill to more specifically encourage planting sorghum and other water saving crops. Currently, the program allows incentives for switching to lower water intensity crops, but a vast majority of payments are going to other projects. There is also place for water conservation language in existing Conservation Security Program (CSP) and Environmental Quality Incentive Program (EQIP) language, and water conservation options should be strengthened wherever practical. Using farm bill conservation programs as a transitional support, farmers will be able to economically justify switching higher value crops to lower water intensity crops over time.

Additionally, grain, sweet and high biomass forage sorghums are all used to produce ethanol under economically viable biofuels technologies. I support the continuation of a farm bill Energy Title and specifically encourage continuing the Bioenergy Program for Advanced Biofuels from Section 9005 of the 2008 Farm Bill. Section 9005 allows incentive payments to eligible biofuels producers that use non-conventional feedstocks, such as sorghum. It has had positive economic impact on the Sorghum Belt and served as a water savings incentive where aquifers are already depleted.

**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: John Williams

Address:

Telephone:

Organization you represent (if any): self

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:
None.

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:
None.

Please check here if this form is NOT applicable to you

Signature: 

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**Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses**

House Rules* require nongovernmental witnesses to provide their resume or biographical sketch prior to testifying.

Name: John Williams

Address:

Telephone:

Organization you represent (if any): self

John Williams Biography

John Williams has been a resident and producer in Illinois his entire life. He currently farms 3600 acres on his third-generation family farm, 1000 of which are sorghum acres. Mr. Williams is a board of director for the University of Illinois Extension Services and is a member of the Hamilton County FFA Alumni. He also is a deacon at the Springerton Family Christian Church.