

U.S. House Committee on Agriculture
Field Hearing on
The 2012 Farm Bill
Lubbock, Texas
May 17, 2010

Mr. Chairman and members of the Committee, I am here today representing the Texas Farm Bureau. I am a grain and cattle producer from Panhandle, Texas, and currently serve on the Board of Directors for that organization.

Mr. Chairman, we appreciate your willingness to have a hearing in Lubbock, and are particularly glad to have our Texas delegation members, Mr. Cuellar, Mr. Neugebauer, and Mr. Conaway with us today. As those members are aware, agriculture is king in this part of our state, and the Farm Bill has been and is critical to this area and the rest of Texas' future. Texas agriculture is the # 2 economic engine in our state, and generates more than \$100 billion annually in economic activity. Furthermore, Texas is the number 2 agriculture producing state in the nation. We are the number 1 producing state in cotton and beef and the number 2 producer of grain sorghum. Hay and forage production is also critical to our livestock industry. Our state is also diversified in that we produce sugar, vegetables, and ornamentals on a large scale.

The Texas Farm Bureau supports the "safety net" established in the 2002 Farm Bill and maintained in the 2008 legislation. The provisions of the 2002 legislation have been very effective, primarily because farm commodity prices have improved over the period. The circumstances that occurred in 2008, record high commodity prices for a short period of time, also resulted in cost increases for farm inputs that have still not returned to the pre-2008 levels and are unlikely to decrease in the foreseeable future.

We recognize the 2008 Farm Bill was the best we could get given the budget limitations at that time. Unfortunately, the budget outlook for 2012 presents even more challenges than in 2008. While our organization supports continuing the direct payments program, counter cyclical program, marketing loan program, and permanent disaster assistance; we recognize that conditions are changing and have changed since 2008. Market projections are for most commodity prices to be at levels close to or below the cost of production, making the current farm program questionable in maintaining the "safety net".

Risk Management, specifically crop insurance, is critical to Texas producers generally and especially those in this region of the state. Because of the vagaries of weather and terrain, Texas is very reliant upon the crop insurance program. In crop year 2009, when the state experienced major drought losses, the Texas loss ratio was 133% compared to the 56% for the U.S. Over a 20 year average, Texas has a loss ratio of 126% while the U.S. experienced an 85% loss ratio. These numbers emphasize the fact that any proposed changes in crop insurance must recognize the challenges that producers face in Texas each year.

We understand the Risk Management Agency is now considering restricting the availability of crop insurance in “drought prone” areas. Unpredictable weather conditions are the major reason for purchasing crop insurance in dryland production. This would be a disastrous change for Texas agriculture because much of the dryland production in the state could be considered “drought prone”.

For good reasons, the ACRE program has not been well received in Texas. Program provisions are simply too complicated, and the reduction in program benefits are too great for many Texas producers to participate. The inability to opt out of the program in later years after enrollment has also been criticized in our state. The ACRE program would be better received in Texas if the “loss trigger” was determined at the farm level. Again, we are cognizant of the limitations the Committee faced in developing this program.

We support the continuation of a permanent disaster program in the next farm bill. Due to delays in implementation and the inability to determine crop revenues until the end of the marketing year, it’s still too early to determine the effectiveness of the SURE program. Many producers are just beginning to receive payments while others are still awaiting theirs. We urge the committee to continue to evaluate this program to make it more effective.

We support the current conservation programs. However, these programs are designed to provide an environmental component, and in our view, cannot replace the need for a commodity safety net for producers. Conservation spending for the 2002 farm bill was increased 60% and has been maintained at that level. We strongly believe the established balance between commodity and conservation programs should not be altered.

From the livestock perspective, the Pasture, Rangeland and Forage (PRF) program has been very helpful to livestock and forage producers in recent years. This program provides risk protection for forage or pasture production. We would strongly suggest that this program be expanded to cover all states (currently it is available only in a limited number of counties in Texas on a pilot basis). Some complications have developed due to the limitation on measurements of rainfall in certain areas, but overall we believe the program has been a success and offers much promise. The livestock risk protection (LRP) program, designed to provide price protection, has proven to be cost prohibitive for most producers.

We recognize that any changes in the 2012 Farm Bill will require compliance with the WTO obligations of the United States. Agriculture trade and commodity exports in particular are critical to the future of our industry. Texas is a leading state in agricultural exports. We are the largest exporter of cotton and cottonseed, and currently rank number 2 in feeds and number 3 in animal fats, hides, and live animals and meats. Texas annually exports more than \$6 billion of agricultural products. We encourage the committee to give careful consideration to trade matters that might result in increased exports of farm commodities, and specifically support the Market Access Program (MAP) and the

Foreign Market Development (FMD) programs. We encourage the members of the committee to fight to maintain these programs at their current funding levels.

Mr. Chairman, as we look toward the next farm bill, we must remind ourselves of the original intent of farm programs. American producers were provided certain protections and financial support to ensure that their fellow citizens have a safe and plentiful food supply. Our people should not be dependent on other countries to produce and export food to the US. That premise is still important today. The American Farmer and rancher has proven that the US can feed much of the world, but an effective and efficient federal farm policy must be established for our producers to continue to be successful. I appreciate the opportunity to appear before the Committee today, and will respond to any questions.