



Testimony of Chairman Jim Thompson, USA Dry Pea & Lentil Council

To

House of Representatives Committee on Agriculture

Sub-Committee on General Farm Commodities and Risk Management

Farm Safety Net Hearing

Rm 1301 Longworth House Office Building

Washington, DC

June 24, 2010

Jim Thompson, Chairman, USA Dry Pea & Lentil Council
Farmington, Washington

1. Introduction:

The USA Dry Pea & Lentil Council (USADPLC) would like to thank Chairman Peterson and Sub-Committee Chairman Boswell for holding this farm bill hearing about the Farm Safety Net of the 2012 Farm Bill.

My name is Jim Thompson, Chairman of the USA Dry Pea & Lentil Council, a national organization representing producers, processors and exporters of U.S. grown dry peas, lentils and chickpeas. I am a fourth generation farmer from Seltice, Washington, a little settlement outside of Farmington, Washington. The Farmington area was the first region in the U.S. to grow lentils commercially in North America over 90 years ago. Lentils are now grown on over 400,000 acres across the northern tier states of Washington, Idaho, Montana and North Dakota.

2. Statistics

Acreage of U.S. pulse crops (dry peas, lentils and chickpeas) has increased from under 500,000 acres in the year 2000 to over 1.5 million acres in 2010. Last year, the U.S. produced a record 1.0 million metric tons of dry peas, lentils and chickpeas. Strong demand for these legumes around the world has kept prices for these crops above the 10-year average for the past four years despite record production. Fortunately, our producers have not needed the current safety net for pulses over the past five years due to strong demand and high prices. This year, however, prices on all pulse crops have dropped 25% as a reminder of the volatile nature of agriculture and the need for an adequate farm safety net.

3. Farm Programs

Three legs to the stool. Pulse crops are grown across the northern tier states in rotation with wheat, barley, minor oilseeds, corn and soybeans. Our industry fought hard to have pulse crops added as a program crop in 2002 in order to compete for acreage with other program crops. Our goal in 2002, as it is for the 2012 Farm Bill, has not changed. **Pulse producers seek to be included and treated equally with other farm program commodities in the area of farm and conservation program support.** Our industry would like to thank this committee and Congress for approving a marketing assistance loan program for pulse crops in 2002 and adding pulse crops to the counter-cyclical and ACRE farm safety net programs in 2008. However, pulse crops are the only program crop without a direct payment. Pulse producers continue to support becoming a full farm program partner with other commodities including a direct payment.

Price levels for Marketing Loan and Counter Cyclical Programs. We believe the marketing loan and counter cyclical price targets should reflect recent market price conditions and the significant increase in farm input costs. The marketing loan and counter cyclical price levels are well below market price levels for pulse crops in the past five years, and they do not reflect the significant increase in costs facing our producers. For example, the five-year average price for large chickpeas from 2005-2009 was \$29.46/cwt. The current loan rate for large chickpeas is \$11.28/cwt, and the counter cyclical target price set in the 2008 Farm Bill is \$12.81/cwt. The large chickpea loan and target price are clearly set too low and need to be adjusted to reflect market conditions in the past five years. Lentils and dry peas are also set too low. Lentil prices from 2004-2009 have averaged \$23.88/cwt. The current marketing loan rate on lentils is \$11.28/cwt, and the counter cyclical target is \$12.81/cwt. In the case of dry peas, the five-year average price from 2004-2009 is \$9.37/cwt. Current dry pea loan rate and counter cyclical price levels are \$5.40/cwt and \$8.32/cwt, respectively. Pulse crop marketing loan and counter cyclical price levels are clearly set too low and need to be adjusted to provide a safety net for producers when market conditions turn against them. We ask that the price levels established in these two programs be brought up to date to reflect current market conditions and significantly increased input costs.

ACRE Program Plug Yields. Dry peas, lentils and chickpeas are eligible for the ACRE program, and we believe this program should be continued under the 2012 Farm Bill with some adjustments. For example, producers should be allowed to use RMA crop insurance records to establish their “plug yields” on their farm. In those counties with a wide variation in environmental conditions, for example, in my county in the state of Washington, average rainfall ranges from 10 to 20 inches. County “plug yields” include the significant differences in yields across my county. This same story is played out all across the northern tier states where counties are big compared to other parts of the country. **Revenue guarantees are unfairly impacted by large regional averages. Historical crop insurance records give a producer a better reflection of his farm average under the ACRE program.**

Pulse Base and Payment Yield Calculations. The majority of the pulse producers in this country were excluded from establishing a “pulse base” on their farms in the 2008 Farm Bill. A producer could only establish a pulse base on his farm if he grew pulse crops from 1998-2001. This effectively excluded the majority of pulse producers in this country because pulse production was at very low levels in 1998-2001. **We ask Congress to reconsider pulse base establishment in the 2012 Farm Bill to include the most recent five years of production.**

Counter Cyclical Payment Yield. The counter cyclical payment yield is calculated based on the average yield of each commodity during the three year period of 1998-2001. The payment yield is then adjusted by dividing the national average yields from 1981-1985 by the national average yields from 1998-2001. For pulse crops, USDA dropped the annual production and yield report for dry peas and lentils during the period of 1981-1985. There are no USDA/NASS national average yields to establish the adjustment factor. The law gives the Secretary of Agriculture the authority to establish those national average yields if none exist in a “fair and equitable” manner. The only yield data available during that period is the data published by the USADPLC. **USADPLC believes the yield factor used by USDA to be too low and requests a recalculation of the pulse payment yield calculation based on USADPLC data for those years.**

4. Federal Crop Insurance Reform.

Revenue Insurance without a Futures Market. The 2012 Farm Bill must improve federal crop insurance for those crops without a futures market. The USADPLC has been working for over ten years to secure a crop revenue policy for dry peas, lentils and chickpeas. The USADPLC has taken two pilot program ideas to the RMA board for consideration. Both times our ideas have made it through expert review with positive marks only to be rejected by RMA. Our two pilot programs were rejected primarily because our crops do not have a futures market. Mr. Chairman, there are a lot of crops without futures markets that do have solid price discovery mechanisms. The 2012 Farm Bill must include reform of the Federal Crop Insurance program that will be more responsive to the risk management needs of those crops not traded on the Chicago Board of Trade.

5. Research.

Research is also a critical part of the producer's farm safety net. Without a significant investment in research, producers will not be able to meet the challenges of the future.

Pulse Health Initiative provides solutions. The 2012 Farm Bill needs to revitalize agricultural research to be a leader in providing solutions to the critical health, global food security and sustainability challenges facing this country and the global community. The United Nations projects that the world's population will grow from 6 billion to 9 billion people by the year 2050. We need to double the food supply in less than 40 years. To do this we need to increase funding to agricultural research programming that will provide short- and long-term solutions to these challenges. The USADPLC, in cooperation with the U.S. Dry Bean Council, has launched the Pulse Health Initiative (PHI) to meet these challenges head on. The mission of the PHI is to provide solutions to the critical health and sustainability challenges facing the citizens of the United States and the global community through research on pulse crops. In March of this year we gathered together 50 of the best scientific minds in this country to map out a strategic plan to achieve the following three goals:

- 1. To Reduce Obesity** and associated diseases (CVD, Diabetes, Cancer) by 50%.
- 2. To Reduce Global Hunger and Enhance Food Security** by increasing pulse crop productivity.
- 3. To Reduce Ag's Carbon & Water Foot Print** by optimizing pulse crop nitrogen fixation and sustainability attributes.

Because of their unique nutrition and environmental attributes, pulse crops can achieve these goals, but it will take a significant investment in research. We ask the House Ag Committee to include the Pulse Health Initiative in the 2012 Farm Bill. If we are to feed this world in a sustainable way, we have to increase our research investment in pulse crops and all agricultural research.

Thank you for listening to these comments. The USA Dry Pea & Lentil Council looks forward to working with your committee on the 2012 Farm Bill. I would be happy to answer any questions.

Comments Submitted on behalf of:

USA Dry Pea & Lentil Council, 2780 W. Pullman Road, Moscow, Idaho, 83843, Phone: 208-882-3023

JAMES (JIM) THOMPSON, CHAIR, USA DRY PEA & LENTIL COUNCIL

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EXPERIENCE

Aurora Inc
Farmer and Owner **1990-present**
Manages and Supervises daily operations of a Dry Land Farm in the Palouse, Farm produces wheat, dry peas, lentils, and barley. Farm is over 100 years old, Fourth generation farmer.

USA Dry Pea & Lentil Council
Chair **2009-present**
Serves as Chair of the National Board representing producers, processors and exporters of dry peas, lentils and chickpeas from the USA.

USA Dry Pea & Lentil Council
Board Member representing WA State **2004-2009**
National Board represents producers, processors and exporters of dry peas, lentils and chickpeas, elected Vice Chair in 2007

Western Pea & Lentil Growers Association
Board Member **2005-present**
Represents Producers and Associated Industries of WA, ID and other States

WA Pea & Lentil Commission
Chair **2002 – 2005**
Served as Chair of the Commission and Commissioner, Represented producers of dry peas, lentils and chickpeas in WA State, represented the official voice of WA State for dry peas, lentils, and chickpeas

USADPLC Research Committee
Chair **2000-2004**
Serves as coordinating committee for Research for Industry, allocates and prioritizes research funding for national breeding efforts, production research and new product development.

WA Pea & Lentil Commission
Commissioner **1996 – 2002**
Represented producers of dry peas, lentils, and chickpeas for the State of WA, Set policy and budgeted funds for research, marketing and education for WA producers and WA State.

RELATED EXPERIENCE

Tekoa Community Church
Treasurer and Church Moderator **1990 – present**
Coordinated and supervised finances of Congregation, Served as leader of services and weekly activities.

EDUCATION

Washington State Agriculture/Forestry Leadership Program
Completion **1997-1999**
Attended training in Ag Policy from local, state, national and international perspectives
Continues to serve on selection panel for subsequent classes

Washington State University, Pullman WA
B.S. in Finance **1990**

MEMBERSHIPS

Western Pea & Lentil Association
Washington Association of Wheatgrowers