



NATIONAL SORGHUM PRODUCERS FARM BILL TESTIMONY

Presented to:

House Agriculture Committee

May 17, 2010

**Museum of Texas Tech University
Lubbock, Texas**

Presented by:

Dan Smith

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Introduction

On behalf of the National Sorghum Producers, I would like to thank the House Committee on Agriculture for the opportunity to discuss the next U.S. farm bill and its impact on my operation.

My name is Dan Smith, and I farm near Lockney, Texas in Floyd, Hale and Briscoe Counties. I raise sorghum, cotton, wheat and corn on a fourth-generation family farm that was started by my great-grandfather.

NSP represents U.S. sorghum producers nationwide and our mission is to increase the profitability of sorghum producers through legislative and regulatory representation. I serve on the NSP legislative committee because I understand that the actions of this committee and the U.S. Congress have a great impact on my farming operation.

NSP supports the work put forth by this subcommittee in passing the 2008 Farm Bill and looks forward to working with the Committee to craft the next set of vital farm policy. This testimony will focus on various areas of farm policy as they relate to sorghum: crop insurance, budgets, the importance of the Energy Title to sorghum producers, and the sustainability of sorghum.

Industry Overview

The Great Plains states produce the largest volume of grain sorghum, but the crop is grown from Georgia to California and South Texas to South Dakota. According to the National Agricultural Statistics Service, last year sorghum was produced in many of the states that you represent. This includes Kansas, Georgia, Mississippi, Colorado, Nebraska, South Dakota, Missouri, Texas, Iowa, Indiana, Oregon, North Carolina, Illinois, Maryland, Pennsylvania, Oklahoma, North Dakota and Ohio.

Over the past 15 years, grain sorghum acreage has ranged from a high of 13.1 million acres in 1996 to a low of 6.5 million acres planted in 2005. Annual production from the last 15 years has ranged from 795 million bushels to 277 million bushels, with an approximate value of \$1.2 billion annually.

The creation of the Conservation Reserve Program in the 1985 Farm Bill had a significant impact on the sorghum industry as producers enrolled thousands of sorghum acres in the program. In addition, poor crop insurance coverage has played a role in declining acreage.

Today's sorghum acreage is one-third of its levels prior to the 1985 Farm Bill. It is a goal of the industry to increase producers' profitability and to bring acres back toward the pre-1985 Farm

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Bill level. NSP expects that returning acreage to that level will help ensure necessary infrastructure to supply the needs of the ethanol industry, livestock industry and export markets.

In addition, forage sorghum utilized as silage, hay and direct grazing represents approximately an additional five million acres of production. The USDA reported that in 2009, 254,000 acres of sorghum were harvested for silage, producing approximately 3.7 million tons of silage.

The U.S. is the world's chief exporter of grain sorghum, and the crop ranks fifth in size as a U.S. crop behind corn, soybeans, wheat and cotton.

Grain sorghum is typically exported to three main markets: Mexico, Japan and the European Union (EU). Sorghum is a non-transgenic crop. According to the April 9, 2010 World Agricultural Supply and Demand Estimate (WASDE), U.S. exports will account for 38 percent of this year's sorghum use.

The most important new market for grain sorghum is the ethanol industry. According to the latest WASDE report, ethanol production will account for 26 percent of domestic grain sorghum usage. This is more than triple the amount of the 2007-08 crop year. This market has even more potential with the classification of grain sorghum as an advanced biofuels feedstock in the 2008 Farm Bill.

In addition, the U.S. dominates world sorghum seed production with a \$200 million seed industry focused on 200,000 acres primarily in the Texas Panhandle.

Sorghum is a unique, drought tolerant crop that is a vital component in cropping rotations for many U.S. farmers.

2008 Farm Bill

USDA has struggled implementing the Supplemental Revenue Assurance Program (SURE) that was created in the 2008 Farm Bill. Some sorghum producers have suffered through two years of drought and are still waiting for payments. The program is complicated and FSA is having a very difficult time in distributing dollars to producers who need it the most. We encourage the Committee to allow for immediate payments based on producers' direct payments at some percentage to get money into the country. FSA can "square up" when SURE is fully implemented.

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Crop Insurance

In the 2008 Farm Bill, Congress instructed RMA to work with five independent reviewers to establish a new methodology for implementing price elections for the 2010 crop year. This methodology was required to be transparent and replicable. As part of the Farm Bill language, RMA was required to supply the data used to compute price elections.

After extensive work with RMA, I am pleased to report that crop insurance price elections for this crop season increased from 88 percent the price of corn to 97.8 percent the price of corn. For the average producer, this increase translates to \$20 to \$60 more coverage per acre depending on location and irrigation strategy. This change in price elections will make a huge difference in the insurability of sorghum because farmers will have a competitive insurance product. We do not expect to hear any longer that a banker will not finance a farmer to plant sorghum because it has inadequate insurance coverage.

I would like to personally thank this committee on behalf of myself and the rest of the nation's sorghum farmers for changing how sorghum crop insurance price elections are calculated. While crop insurance is a tool I never want to have to use, the reality of weather and the nature of farming guarantee that crop insurance will be necessary some years.

At the same time, I ask this committee to maintain a strong crop insurance program in the next farm bill. Crop insurance has saved my operation several times in situations where I would have gone out of business without this vital risk management tool. Crop insurance is extremely important across all crops on my farm and I want to underscore that good sorghum crop insurance is indispensable for me.

I would also like to thank the committee for increasing the subsidy on enterprise units. This has allowed sorghum producers to increase coverage on their crop while paying a lower premium. Many sorghum producers have taken advantage of this opportunity to increase their risk management coverage. I would suggest a change, only for enterprise units that would allow the separation of irrigated and non-irrigated practices into separate enterprises.

The action of this committee and Congress in the 2008 Farm Bill will give me more planting options and ability to choose a crop that is an agronomic fit for my land. Thank you for working diligently to help correct these crop insurance issues in the 2008 Farm Bill.

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Balancing the Budget

As the Committee prepares to develop farm policy for 2012 and beyond, I would like to remind you that the agriculture sector has been contributing to positive economic growth of our economy. We encourage the Committee to recognize the success of investing in rural America. We believe the Agriculture Committee has done a very good job of making sure increases in farm bill spending have been paid for and we would like to be recognized for that fiscal responsibility by maintaining a strong safety net for sorghum producers. America's farmers provide a safe, efficient and abundant supply of reasonably-priced food, fuel and fiber to people around the world. Maintaining a strong farm safety net is one key to that success and we urge the committee to fight for the interests of farmers. Cutting commodity programs that viable farm businesses rely on will only weaken our national infrastructure for these products.

The current administration's focus on "rural development" should be on "farmer development" because it is the farmer that truly brings money into the rural economy, supports local businesses, and educates our youth. Off-farm jobs do not keep my local school district's tax base healthy. The school district is heavily dependent on property taxes, which are driven by land values, which are driven by farm economics.

Trade

Trade is vital to our marketplace since 38 percent of U.S. grain sorghum is exported to Mexico, Japan, the E.U. and numerous other markets. We support a robust trade agenda. This includes full funding for both the Market Access Program (MAP) and Foreign Market Development (FMD) program.

Energy Title

As previously mentioned, investment in rural America has shown good returns for the U.S. government. We believe that the Committee should continue to invest in the Energy Title of the farm bill. Currently, more than one-quarter of the U.S. grain sorghum crop is processed through an ethanol plant. The renewable fuels industry is the fastest growing value-added market for the sorghum industry.

We believe that sorghum can be involved in many aspects of the renewable fuels industry. For example, the versatility of sorghum is attracting attention from the seed industry as it looks at sweet sorghum for its potential ethanol production. Biotech companies are recognizing the diversity of the sorghum crop and private industry is exploring the production of biodiesel out of sorghum.

We encourage the Committee to continue programs of the Energy Title of the 2008 Farm Bill. For example, the Bioenergy Program for Advanced Biofuels (Section 9005) has been very positive for the sorghum industry. The Biomass Crop Assistance Program (BCAP) assists with the establishment, collection, harvest, transportation and storage of biomass crops for bioenergy production. If implemented correctly, it will help build cellulosic and sweet sorghum as feedstocks for companies looking to make ethanol out of its biomass and sugars. Neither program has run its course or completed its work. Both programs should be maintained in the next farm bill to continue to develop existing and emerging markets for farmers who are involved in energy crop production.

At the same time, we encourage the committee to look at new proposals for energy programs in the farm bill that will continue to involve the agriculture industry in the business of providing America's energy.

Sorghum: Rewarding Sustainability

Finally, sorghum is a water sipping, highly sustainable cropping option for many producers across the U.S. Especially in the semi-arid Sorghum Belt, sorghum is an excellent fit for farmers with limited irrigation capacity or dryland farmers without predictable rainfall. In addition, sorghum tends to use less fertilizer than other crops but produces high yield with proper management. As the Committee works to reauthorize its conservation programs, we encourage you to consider programs that reward decreased use of water in the semi-arid Sorghum Belt.

NSP is prepared to support farm bill language that recognizes the sustainability and environmental benefits of crops like sorghum while maintaining the profitability of sorghum producers.



**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, 2004.

Name: Dan Smith

Address: 921 FM 2286, Lockney, TX 79241

Telephone: (806) 652-2338

Organization you represent (if any): National Sorghum Producers

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, 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, 2004, as well as the source and the amount of each grant or contract:

2004-2005 Extension Risk Management Education Grant Source: **Risk Management Agency**

Silage Sorghum Pilot Project Amount: \$150,000

2005-2006 Competitive Grant

Source: **Risk Management Agency**

Sorghum GRIP Education Program

Amount: \$30,000

2006-2007 Competitive Grant

Source: **Southern Risk Management Agency**

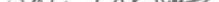
The Use of GRP/GRIP for Coverage of

Amount: \$10,000

Sorghum Silage in Texas, New Mexico,

Oklahoma and Kansas.

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

Signature: 

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P R O D U C E R S**

Rule XI, clause 2(g)(4) 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.



**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: Dan Smith

Address: 921 FM 2286, Lockney, TX 79241

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Dan Smith Biography

Dan Smith was born and raised in Lockney, Texas. He is a fourth-generation family farmer on the land his great-grandfather homesteaded over 100 years ago. His 4,300-acre operation extends into Floyd, Hale and Briscoe Counties of Texas. He holds a BS in Agriculture Economics from Texas Tech University.

Active in his community, Smith served as the mayor of Lockney from 1987 to 1991, as president of the Lockney Rotary Club, president of the Floyd County Farm Bureau, member of the Lockney Independent School Board of Trustees, and president of the Floyd County Tax Appraisal District board of directors.

Smith has also served as state chairman of the Texas Farm Bureau Young Farmers and Ranchers, received his Lone Star Farmer Degree and Outstanding Young Farmer of Texas, served as state chairman of the Texas Farm Bureau Feed Grains Committee, is a member of the Plains Cotton Producers Executive Board, and a member of the National Sorghum Producers Legislative Affairs Committee.

He is married to Reeda Cay Smith and has two children, Tikka and Michelle.