Statement by Ron Moore
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before the

Subcommittee on General Farm Commodities and Risk Management
Committee on Agriculture
U.S. House of Representatives

March 28, 2017

Good morning, Mr. Chairman and Members of the Subcommittee. I am Ron Moore, a soybean and corn farmer from Roseville, Illinois, and President of the American Soybean Association. ASA represents U.S. soybean producers on domestic and international issues. We commend you for holding this important hearing, and appreciate the opportunity to testify today.

Mr. Chairman, it's been only three years since enactment of the Agricultural Act of 2014, but conditions in the U.S. farm economy couldn't be more different. In early 2014, farm prices had been at or near historic highs for five years. Soybeans peaked at over $14 per bushel in 2013. In view of higher market returns, Congress decided to eliminate the Direct Payment program and to reduce farm bill spending by $23 billion below the CBO baseline. Farm programs received most of this cut, and agriculture was the only sector to contribute to deficit reduction.

Today, farm prices are down by 41 percent and farm income is down by 50 percent. Due to continued low prices, estimates for 2017 show a further decline in income of 7.1 percent. Land rents and input costs remain stubbornly high, and producers are having increasing difficulty obtaining operating loans. While the safety net provided by Title 1 programs and crop insurance has cushioned the impact on some farmers, others have not fared as well. And the protection these programs provide is declining as more low prices are factored into their revenue formulas. Many producers are asking that the next farm bill be written now rather than waiting 18 months or even longer.

In view of these circumstances, ASA's Voting Delegates approved policy resolutions early this month that ask Congress to write the 2018 Farm Bill based on the very real need by U.S. producers for a stronger safety net rather than extending existing programs. We appreciate your Committee's recent letter to the Budget Committee, which made a strong case against cuts to the current CBO baseline in the FY-2018 budget. However, as ASA and 16 other national farm organizations stated in a March 15 letter to the Senate Budget and Appropriations Committees, correcting shortcomings in the 2014 Act and funding other important programs whose effectiveness has diminished over time will require additional resources from outside the farm bill. We know this will be a difficult task for Members of your Committee as well as for your Senate counterparts. But farm groups are united and committed to support your efforts through discussions with the House leadership and with your colleagues in the House.

ASA's recommendations for the 2018 Farm Bill begin with the need to maintain the current crop insurance program as the core risk management tool for producers of soybeans and other crops. The various sign-up options provided under crop insurance have proven their worth in recent years, even as the cost of the program is now projected by CBO to decline by about $1.0 billion per year. Crop insurance isn't broken, and it doesn't need to be fixed.

Regarding Title 1, we encourage the Committee to improve and build upon current programs under the 2014 Act rather than to develop new ones. We believe offering producers a choice between a price-based PLC program and a revenue-based ARC program appropriately reflects differences between crops and regions, and that another choice should be offered on a one-time, crop-by-crop, and farm-by-farm basis.

Under a new sign-up, CBO expects many farmers who chose county ARC for soybeans and other crops will opt for PLC because of the impact that successive years of lower prices have had on ARC revenue benchmarks. This may happen, but we believe a choice between programs should still be offered, just as it was when 94 percent of soybean producers chose county ARC under the current bill. And a lower estimated participation level in county ARC relative to PLC may allow its revenue benchmarks to be enhanced without incurring significant additional cost. We also support efforts to improve the attractiveness of the individual coverage option under ARC.

Just as we did during debate on the 2014 Farm Bill, ASA strongly supports basing ARC and PLC program benefits on base acres planted to crops in recent years rather than on acres planted to crops in the current year. This "decoupling" of payments from current-year planting is critical to encouraging farmers to base their planting decisions on market signals rather than on an expectation that a particular crop will receive a government payment. Decoupling prevents production distortions that, under past farm bills, resulted in growing surpluses and a spiral of ever-lower prices for certain crops.

ASA supports giving farmers a choice to keep their existing crop acreage bases, reallocate bases to reflect plantings in more recent years, or update bases to include production of all program crops on a farm. We also support updating program yields to reflect increases since they were last determined.

Another improvement needed in Title 1 is to change the current cascade policy for selecting yields under the county ARC program. ASA believes that RMA data should be the default county yield data used, when available, as it is generally considered more accurate than data based on voluntary surveys. In the event a county doesn't have RMA yield data, the RMA yield for an adjacent county or counties should be used. In cases where there are no adjacent counties with RMA yields, the county's NASS yield should then be used. While this approach could result in changes in the way benefits are currently distributed, using RMA data as the default county yield would be fairer and more defensible than the current policy.

ASA is aware that other crops have programs that have not provided an effective safety net for their producers. Cotton farmers are asking to replace or supplement the STAX program by making cottonseed an “other oilseed” under Title 1. ASA supports this request, provided funding doesn’t come from elsewhere in the farm bill and that the program is WTO-compliant.

These changes and the need to increase funding for farm bill programs outside Title 1 will require additional resources. These resources need to be in addition to the farm bill baseline, not redistributed from other farm bill programs. As I stated earlier, ASA and other farm organizations are united in supporting this effort, and are committed to working with your Committee to achieve it.

Finally, ASA strongly supports keeping the agriculture and nutrition titles together in the 2018 Farm Bill. The only groups pushing for them to be split into two bills are critics from outside the agriculture community whose common goal is to defeat rather than to pass a new farm bill. However the Committee may decide to proceed, an affirmation that the next farm bill must include programs that support both producers and consumers of food would send a strong message to farm bill critics, as well as to farm and anti-hunger organizations that support this goal.

Thank you, Mr. Chairman. I’ll be happy to respond to any questions.

FARM BILL ISSUES ON WHICH WE AGREE

March 24, 2017

On March 15, 2017, farm and commodity organizations sent a letter to the Senate Budget and Appropriations Committees pointing to the sharp fall in farm prices and income since 2013 and asking Congress to provide additional funding in order to develop an effective farm income safety net in the 2018 Farm Bill. A number of these organizations have met to discuss specific issues that need to be addressed in the next farm bill and will continue to work to develop consensus proposals to share with the Agriculture Committees on potential ways to resolve them. The following organizations are in agreement on the attached initial list of positions. To be clear, the beginning of this document covers only those issues where there is a consensus on every issue.

As our discussions continue and as guidance from the Committees is provided, we hope to expand this list to cover additional issues expected to be considered during negotiation of the new Farm Bill.

Overarching Issues:

Increase funding in the 2018 Farm Bill in order to address the significant reductions in farm prices and income incurred since 2013, and to meet other critical needs.

Federal crop insurance and commodity programs are our top funding priorities.

Commodity Programs:

Continue a counter-cyclical program like the Price Loss Coverage (PLC) program and a revenue program like the Agricultural Risk Coverage (ARC) program.

Change the ARC and PLC programs to make them more effective and fairer to all farmers.

If the ARC and PLC programs continue, farmers must be allowed to re-elect and re-enroll on a crop by crop basis.

Commodity program payments should be based on recent historical crop production rather than on current year planting.

Crop Insurance Programs:

Oppose reducing premium discounts.

Conservation Programs:

Maintain strong funding for federal conservation programs which preserve environmental benefits, while continuing the prioritization of working lands conservation programs.

Maintain strong funding of the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP).

Examine the rental rates of the Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP) annually at enrollment to ensure they mirror the rental rates of comparable land in the immediate area.

Improve State Technical Committees to make them more ag-friendly by encouraging producers' participation and input.

Other Programs:

Ensure adequate funding for agricultural research and education.

Continue work on simplifying procedures, reducing paperwork requirements and streamlining interactions between the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS) and the Risk Management Agency (RMA) via the Acreage Crop Reporting Streamlining Initiative (ACRSI).

Continue and work to improve the Young and Beginning Farmer Programs implemented in the 2014 Farm Bill.

American Farm Bureau Federation
American Soybean Association
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Farmers Union
National Sunflower Association
U.S. Canola Association

Future Farm Policy Work:

On several other issues, more than a majority of the organizations are in agreement, but one or two have conflicting policy statements. We plan to continue to work towards agreement, but rather than another consensus document, we hope to "negotiate" some of those differences in future meetings and provide additional input to Congress.

Note: The National Cotton Council, Southern Peanut Farmers Federation and USA Rice have also participated in these discussions but do not have sufficient policy yet to support these provisions. All three of those groups, as well as those listed on this statement, intend to continue to work together to see if we can come to further agreements on these and other 2018 farm bill issues.