

Farm Bill Field Hearing

Mr. Chairman and members of the Committee, my name is Randy Veach, a row-crop producer from rural Mississippi County, which is the largest row crop county in the nation. I raise cotton, rice, corn, wheat and soybeans. I farm with my son Brandon, who is the fourth generation to farm the ground cleared by my grandfather and father. This will be my 42nd crop.

I am serving my fourth term as president of Arkansas Farm Bureau, the state's largest agriculture advocacy organization with more than 220,000 member families.

I commend this committee, with your leadership Mr. Chairman, for putting forth a bill to the Joint Committee on Deficit Reduction. Agriculture was the only committee that put forward a proposal, and you should be congratulated for that.

We must as a nation get our house in order, and agriculture is ready to do its part in that effort. We feel across-the-board cuts are the fairest way to reduce our country's spending. We cannot balance the federal budget on the backs of agriculture, and the cuts should not be so severe that eliminate the safety net that helps ensure adequate supplies of food and fiber. I feel, in fact, that agriculture is critical to our national security.

I believe the next Farm Bill should be crafted to benefit all sectors of the agriculture community and all regions of the country. I also believe it should be passed this year. Farmers and ranchers risk it all to feed, clothe and shelter our nation and the world. A one-size-fits-all approach will not work for all regions and all commodities. Farm programs should take into consideration commodity and regional differences.

Agriculture has a national impact of agriculture is \$170 billion. It is our state's largest industry with a direct impact of more than a \$9.4 billion and an indirect impact of more than \$16 billion. We exports more than \$2 billion in agricultural products each year. Arkansas ranks No. 1 in rice, No. 2 in catfish, broilers, and No. 3 in cotton.

Agriculture must have workable risk management programs. These programs consist of a combination of Commodity Programs and Crop Insurance. Historically, commodity programs provided price risk protection and crop insurance covered yield risk. In Arkansas our yield risk is mitigated by irrigation (we are 80 percent irrigated for row crops). However, this greatly increases our input costs. That is the reason crop insurance participation is lower in the Mid-South than other parts of the country.

Arkansas agriculture needs a traditional program that provides price protection.

The current marketing loan program, with increased loan rates that reflect current prices and a counter cyclical program with higher target prices calculated on planted acres and current historic yields, would provide price protection.

Maintaining the marketing loan program benefits all the crops, as recent high prices of cotton, cotton placed under the CCC loan have been steadily declining since the 2007 crop. The Mid-South accounts for approximately 50 percent of cotton placed under loan. This is a perfect time to increase loan rates, as commodity prices are up, as well as our inputs (fuel, fertilizer, crop protectants, etc.) Prices are cyclical, and these high prices are not sustainable.

November Average Cash Price Reported by USDA

Crop	1981	1991	2001	2011
Cotton (lb)	63.00	62.40	30.77	90.40
Rice (cwt)	9.83	7.58	4.23	14.40
Soybeans (bu)	6.00	5.42	4.18	11.50

As you will see, 2001 was a very difficult year for agriculture. The “3-legged stool” approach saved agriculture during the low prices. The marketing loan and counter-cyclical program protected our farmers against those times of low prices.

COTTON

Total value of cotton production in Arkansas totals \$694.5 million. Cotton is more than lint. Cottonseed production was 5.3 million tons and equates to \$118 million. It is used primarily by the livestock industry with 50 percent used by dairy farmers.

U. S. farmers planted 14.4 million acres of cotton in 2011. This was an increase of 34 percent from the previous year. Mid-south plantings were just less than 2.5 million acres, a 29 percent increase.

2011 was a year of difficult and diverse weather; flooding, followed by drought, and back to flooding.

Abandonment rates were up 34 percent. The highest since USDA began reporting both planted and harvested area in 1909. The southwest growers were unable to harvest 60 percent of their cotton area. As you know, Mr. Chairman, Oklahoma registered the largest abandonment, 83 percent of planted area being a total loss. I contend Arkansas growers, through irrigation, didn't have the losses that our western neighbors experienced.

This is another example of why a one-size-fits-all program will not work effectively for all regions.

While flooding delayed planting in the Mid-South, our losses were in yield, not abandonment. Arkansas cotton production experienced a 107-lb. decrease compared to 2010. The average price in 2010 for cotton was \$.89-lb. If you calculate the price of cotton with 107-lb. decrease it equates to an average \$95.23 reduction per acre.

Due to the spring floods, for the first time, we witnessed an issue that needs to be addressed. Flood insurance is not offered to cover grain stored “on-farm.” With more grain stored on farm, we need the federal flood insurance to cover on-farm grain stored in bins.

Another issue that was witnessed for the first time was grain in the loan was unable to be delivered due to the flood. The Secretary could not extend the provisions of the loan due to Section 1203 (b). I suggest amending Subtitle B, “Marketing Assistance Loans and Loan Deficiency Payments” Section 1203 (b) Extension Prohibited, by either eliminating Section 1203 (b) Extension Prohibited or establishing a criteria for the Secretary to have the ability to extend the marketing assistance loans due to Federal Declared disasters.

I understand public perception regarding direct payments, but I feel that I must caution you on the overnight elimination of this program and what it would do to the economy of several agricultural states. For example, the elimination of DP would have a \$243 million impact on

Arkansas' economy, and equates to an average of \$40 per acre in eastern Arkansas. In Iowa, the reduction is \$473 million, Illinois \$418 million and Texas \$390 million. This will be an immediate reduction of the state's agricultural economy. This change will affect operating loans, rental agreements and also reduce land values. An immediate elimination of direct payments will cause mid-south farmers higher risk due to larger operation loans with less collateral. That will increase pressures on agriculture lenders. I would caution the committee about a complete and overnight overhaul of farm programs. That could affect markets, crop rotation, our state's agriculture economy, and have unintended consequences in the marketplace.

Federal crop insurance will not replace the lost protection now provided by direct payments. Higher marketing loan rates and higher target rates will help provide the price protection needed by farmers.

DAIRY

For the record, I want to express our support for Congressman Peterson's bill to eliminate the dairy price support program and the Milk Income Loss Contract program and to use the funding associated with those programs to offer a voluntary gross margin insurance program for dairy farmers.

Arkansas Farm Bureau led an effort three years ago to create a successful state program that assisted our dairy industry.

The main reason for this was to assist our dairy farmers during the toughest of times, as the national program did not work and needed an overhaul. Congressman Peterson's bill is the overhaul the dairy industry needs to survive.

RESEARCH

We oppose any cuts to research funding. We recognize the key role that agricultural research plays in making and keeping the farm sector competitive, profitable and responsive to the country's changing food, feed and fiber needs.

Our increase in production is directly related to successful research. Research is an invaluable investment for agriculture and the nation. Land grant universities provide unbiased research that farmers and ranchers rely on to make informed decisions.

We support the funding for our land grant universities through the Research Title, particularly the formula funding like the Hatch and Smith-Lever that enables our universities to deliver programs so important to our states.

These federal investments are not only matched 7-to-1 with state dollars, but finance programs on key issues at the state level, like herbicide resistance, water quality, 4-H, as well as profitable- and sustainable-production practices.

A pressing research issue is pigweed control in cotton and the issue of glyphosate resistance.

CONSERVATION

Funding for conservation practices and programs to help farmers and land owners comply with federal environmental regulations should be maintained. I contend EQIP is the most beneficial conservation program, as it helps all sectors of agriculture and should remain at current funding levels.

We support the current conservation programs, given the fiscal considerations and increasing worldwide demand for food; we strongly support the “working lands” programs over the land retirement programs. The five conservation programs without baseline beyond FY2012 should not be extended by cutting funding elsewhere.

PAYMENT LIMITATIONS/AGI

We oppose any changes to the current payment limitations or means test. To be viable, we must recognize realistic economies of scale to justify the large capital investment associated with farming.

CREDIT

We support the enhancement of the Emergency Loan Program to assist farmers and ranchers during declared disasters. We feel that the eligibility requirements should be modified for the program to meet the needs of our farmers. We propose eliminating the 30 percent loss and the two lender credit denial requirements.

SPECIALTY CROP

We support our specialty crop farmers and encourage assistance on research, food safety, marketing and promotions.

LIVESTOCK

We favor maintaining a Livestock Title.

In conclusion, our country needs a diverse agriculture industry. Rural America counts on agriculture; in fact it is the primary economic engine for our rural communities. At the same time, agriculture counts on those rural communities. Anything that weakens our rural communities has a negative impact on agriculture. So, in that way, we have a co-dependent relationship.

The Farm Bill should be crafted to support all sectors of agriculture. I appreciate the hard work of this Committee to help ensure farmers and ranchers have a reliable safety net that works during times of decreased prices and difficult weather, and one that fits their region and their commodity. With that in place, U.S. farmers will continue to provide the safest, most abundant, and most affordable food supply in the world.

Thank you. And God bless America.

**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: Randy Veach

Organization you represent (if any): Arkansas Farm Bureau Federation

- 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:**

Source: _____ **Does not apply** _____ **Amount:** _____

Source: _____ **Amount:** _____

- 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:**

Source: _____ **Does not apply** _____ **Amount:** _____

Source: _____ **Amount:** _____

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

Signature:



** Rule XI, clause 2(g)(5) 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.

RANDY VEACH

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RANDY VEACH is in his fourth term as Arkansas Farm Bureau's president. He previously served five years as the organization's vice president. He's been on the state board of directors since December 1999.

Before joining the Arkansas Farm Bureau state board, Veach held several positions in Mississippi County Farm Bureau, including president and vice president. He also served on the county's Soybean, State Affairs and National Legislative Affairs committees. Among his many other activities, Veach is a trustee of B.M.A. Theological Seminary in Texas, and a past director of Baptist Hospital — Mississippi County. He is also a past member of the Manila School Board.

A third-generation farmer, he produces cotton, rice, soybeans, wheat and corn on farmland cleared by his grandfather and father. He farms with his son Brandon. Randy and his wife, Thelma, have four grandchildren.