



**NATIONAL SORGHUM PRODUCERS
COMMODITY PROGRAMS, CREDIT, AND CROP INSURANCE
PART 1: PRODUCER PERSPECTIVES ON THE FARM SAFETY NET
TESTIMONY**

Presented to:

**Senate Committee on Agriculture, Nutrition, & Forestry
Subcommittee on Commodities, Risk Management, and Trade**

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Introduction

Thank you Chairwoman Smith and Ranking Member Hyde-Smith for the opportunity to testify before the Subcommittee on Commodities, Risk Management, and Trade. My name is Kody Carson and I grow sorghum, cotton, and wheat and produce cattle on my operation near Olton, Texas. Previously, I served as Chairman of the National Sorghum Producers' (NSP) Legislative Committee and as Chairman of NSP board of directors. I currently serve on the board as the immediate Past Chairman and I am humbled to be here today, and I hope my testimony as a family farmer and on behalf of NSP will be helpful to you as you begin work crafting the 2023 Farm Bill.

State of the Sorghum Industry and our Economy

Farmers across the Sorghum Belt like me must contend with limited annual rainfall throughout our semi-arid region and that is why sorghum, which is drought and heat tolerant, is such an excellent fit for the economic sustainability of our operations. However, sorghum producers are currently facing exceptional and prolonged drought and have been for multiple years now. Farmers in West Texas have been hammered by intense drought conditions heading into harvest last summer and those conditions remain as we head into planting season this spring. Out of the hundreds of sorghum acres I planted in 2022, virtually every field was a loss. The national average sorghum yield was the lowest our industry had seen since the 1960s, and in a survey to our producers many of them expect to contend with drought again in the 2023 growing season.

While sorghum is drought-tolerant, it is not drought immune, and we continue to experience erratic weather patterns including intense drought in my region. In addition to historic drought impacting our operations, market volatility, inflationary pressures and higher expenses, coupled with lower projections for crop cash receipts, are only adding to the stress and uncertainty of agricultural production today.

Efficacy of the Farm Safety Net

We are fortunate and thankful to have tools at the ready that can help sorghum producers through these extreme events beyond our control in order to stay in business, including Title I, crop insurance, and Congressionally-authorized ad hoc assistance that has been provided at various times. However, due to the increasing severity of these challenges, we believe farmers and ranchers need a stronger farm safety net to provide predictability and certainty for producers and lenders.

It is also clear that additional resources will be necessary to enact a strong Farm Bill this year as there is simply a major shortfall in safety net funding compared to historical levels. For brief context, the 2008 Farm Bill had a safety net baseline of \$85 billion. Adjusted for inflation, that figure would be roughly \$121 billion in 2023 dollars, nearly double what the current baseline is

today. Cost of production has similarly increased, rising at least 50 percent in most cases and upwards of 100 percent in others.

We believe that timely investment now into the farm safety net—which accounts for a modest two-tenths of one percent of federal spending—provides enormous economic returns for rural communities and our national economy while helping to avoid costly and unbudgeted ad hoc programs from having to fill the gaps over the next 10 years.

PLC Reference Prices

Right now, the farm safety net is not adequate. While the changes in the 2018 Farm Bill have been helpful, given the level and speed at which costs have increased, statutory PLC reference prices are now far too low to provide effective support in light of the many risks facing farmers in 2023. The same situation is true of marketing loans, which remain an important cash flow tool for farmers but are now much too low relative to current risk. We continue to believe the sorghum reference price and marketing loan rates must be adjusted upward to remain relevant to U.S. sorghum farmers as we work to maintain productivity through extremely turbulent times.

The good news is with stronger commodity prices over the 2020, 2021 and 2022 crop years, at least, the level of support provided by both ARC and PLC will be enhanced. We are grateful for the wisdom of this Committee in this way by tying the reference price to the market through an escalator included in the 2018 Farm Bill. It will create some improvement to the level of certainty and confidence of sorghum farmers. However, given spiraling costs of inputs, there is work to be done on improvements in this regard.

As you know, Title I policies have generally been decoupled from production since 1996. This is policy we support as we would never want to put USDA back into the position of dictating what is planted where. We also caution against the creation of any base updating models that will influence production against market and agronomic demands by incentivizing farmers to build base rather than plant for the needs of the market and the needs of their farm.

Crop Insurance

While Title I is mostly decoupled from plantings to maximize planting flexibility, there are other programs that serve different purposes that are narrowly tailored to production on the farm while still entirely market-oriented. I am speaking of the Crop Insurance Program, which is a program we very strongly support. In fact, sorghum producers bought crop insurance on 77 percent of their acres over the last five years, and the tool has been absolutely critical in helping us manage the ongoing drought conditions decimating the Sorghum Belt. It is based on market prices in the year, so it does not have any kind of distorting effect. It is also based on premium cost share so farmers have serious skin in the game. Availability of products and rating, however, can have a

very real local impact on plantings, so there remains some more work to be done to improve in this area.

For example, drought-tolerant, resource conserving crops like sorghum should be rewarded under the program. Due to sorghum's water-sipping qualities, the crop can offer farmers flexibility with their groundwater resources where sorghum is grown under irrigation. Sorghum also promotes soil health in rotations that benefit subsequent crops.

However, due to sorghum's ability to withstand short periods of drought and heat better than most other crops, farmers tend to deploy sorghum more aggressively when the production outlook is bleak. This exposes the crop to extra environmental stress. In effect, sorghum transitional yields, which are proxy yields for a farmer's individual yield history when transitioning to a crop he or she has never grown before, ultimately suffer and become an obstacle for sorghum production as well as for groundwater resource management.

Fortunately, in November 2022, RMA announced a new crop insurance option for irrigated sorghum farmers that is now available in the 2023 growing season. The option will be available as a pilot program to farmers in select counties in Kansas, Oklahoma, and Texas over the Ogallala Aquifer. We continue to work closely with RMA and look forward to working with this Committee to build upon these recent efforts that provide meaningful solutions for sorghum farmers.

Program Parity

Backing out to the big picture, sorghum is always competing for acreage to supply our markets, which are growing and demanding more of this product as a resource conserving ingredient. Most of that competition is with soybeans and corn in the northern portion of the Sorghum Belt and cotton in the south. For corn and soybeans, their insurance rating is simply better in many places for reasons stated above. This is something we are working on and being creative to address, to the benefit of all farmers, whatever crop they grow. With respect to cotton, there are options available for higher levels of coverage at higher levels of premium cost share that are not available for sorghum where we also need to work to achieve parity. Sorghum needs the ability to buy insurance products at higher levels like this to compete for acres. Again, we believe this option will serve all farmers and foster a better use of resources over time.

Knowing that this Committee is looking at ways to address predictable weather disasters through improvements in the Farm Bill, we suggest that providing a special cost-share policy for sorghum is a worthy pursuit. From a sorghum perspective, this option could help address our parity and acreage competition concerns and provide a more predictable and timely level of protection against widespread weather disasters compared to ad hoc assistance programs like ERP.

There are a lot of details that would need to be considered in fashioning these policies and NSP staff stand ready to work with you on these very important matters. We want policy that is improved for sorghum producers, and really all producers who are putting it on the line each year to make a positive difference for this world.

Trade Promotion, Development, and Global Food Security

Over the past decade, foreign markets have propelled demand and profitability for U.S. sorghum and we value the relationships with new and emerging trading partners. As such, we support increased funding for the Market Access Program and the Foreign Market Development program to help promote U.S. agriculture abroad. Typically, a third of U.S. sorghum production is exported but in recent years that percentage has climbed dramatically higher. China remains a substantial buyer and additional work is needed through federal and industry collaboration to diversify our markets.

Likewise, the U.S. Sorghum Industry readily collaborates with the global sorghum research and development community to foster and sustain regional sorghum supply chains appropriate to address the long-term agronomic, industrial, and cultural needs of the various other sorghum belts across the globe.

Unfortunately, natural disasters, regional conflicts, and the pandemic have all exacerbated food insecurity among destabilized populations. Sorghum is a resilient crop and grows well in semi-arid conditions, including in Africa, where it originated and remains an especially important and nutritious food and animal feed grain. We support the continued role of U.S. commodities in international food assistance programs as a vital tool to address the short-term needs caused by these interconnected challenges and alleviate the impacts of acute malnutrition. We applaud the work of this Committee as well as the Senate and House Hunger Caucuses in highlighting the critical role of the American farmer in advancing global food security.

Conclusion

Madam Chairwoman, in closing, I want to thank you again for the opportunity to testify and to let you know that our farmer members of the National Sorghum Producers appreciate the task you have before you. While we have focused on aspects of Title I, crop insurance, and trade promotion, these farm policy cornerstones have significant impacts on other important areas to our industry like research, rural development, and bioenergy. All are important pieces to a larger puzzle that underscore the value of the farm safety net and its central necessity toward ensuring farmers like me and my family are able to continue to farm from one season to the next.

Thank you again for the opportunity to testify and we look forward to working with the Senate Agriculture, Nutrition, and Forestry Committee and our fellow commodity organizations to make meaningful improvements to the Farm Bill.