

Testimony

With regard to

Crop Insurance and Risk Management Programs

Submitted to the

United States Senate

Committee on Agriculture, Nutrition and Forestry

The Honorable Debbie Stabenow, Chairwoman

Submitted by

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Producer

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Madam Chair, Ranking Member Roberts, and Members of the Committee, thank you for the opportunity to join you today to share my family's experience with crop insurance on our Kansas farm and to discuss some possible improvements to the current program.

My wife Amber and our five boys live in rural Haskell County, Kansas on the farm that my great-grandfather homesteaded in 1902. We operate in partnership with my brother Jay and our parents, Jesse and Jerra Garetson on nearly 7,000 acres in Haskell, Gray and Finney Counties. The farm raises irrigated corn, milo, wheat, triticale, soybeans, cotton, and dry land wheat, milo, and cotton on owned, cash rent and crop share acres involving 17 landlords. My specific role focuses on day-to-day operations, including seedbed preparation, planting, overseeing irrigation and nutrient management, applying pesticides, crop rotations, and harvesting.

Our family is deeply committed to agriculture and to rural America. We're raising our sons and running our farm with an eye to the future generations of our family who will feed the world from our lands.

Stability through the use of effective risk management tools is imperative for our operation. Each and every commodity group or farm organization which I am a part of has listed protection and enhancement of crop insurance programs as its number one priority in the 2012 Farm Bill process. Let me simply echo that sentiment.

In the past 18 months concluding on December 31, 2011 our farm received a total of 4.85 inches of rainfall. Quite frankly without strong and effective crop insurance tools Garetson Brothers Farms could likely have been preparing for a farm sale this spring; instead, we're planning and preparing to plant. During that same time our friends in Missouri and other parts of the mid-west have struggled to overcome record flooding, and other weather related disasters.

Agriculture is a highly erratic industry that is influenced by a multitude of variables that are beyond the producer's control. Farmers can use top quality seed, fertilizer, chemicals and best management practices, and still not be able to control the weather or the markets. Profit margins in the industry are such that it is critical that farmers have access to a strong, adequately funded, viable and flexible risk management program.

Simply put, during the development of the 2012 Farm Bill, crop insurance must be a priority. In fact, there are several possible improvements that I would urge the Committee to consider that would allow the program to better meet the needs of producers in Kansas and across the nation.

Enterprise Units

Our operation began using enterprise units about four years ago. They have worked well, allowing us to access quality coverage at a lower premium rate. The program should be made permanent, but unfortunately, given our diversity between irrigated and dry land acres, the concept doesn't work as well as it could.

To address this situation I would recommend introducing additional flexibility within the program to allow producers to designate enterprise units by practice; specifically, differentiating between irrigated acres and dry land acres.

In years like those we've recently endured this differentiation would have allowed us to easily trigger indemnity payments on the dry land acres (some of which didn't have sufficient moisture for the seed to germinate) while continuing to attempt to bring a crop to fruition on our irrigated acres.

Limited Irrigation Products

As you may be aware, our operation is located above the High Plains Ogallala Aquifer. Given our focus on the future we have routinely sought ways to maximize our production while conserving this vital but limited natural resource.

One option the Committee should consider is support for the concept of a limited irrigation insurance product. Currently, as we've discussed, producers must declare acres either irrigated or non-irrigated. An irrigated designation implies application of adequate water to produce the crop but also requires planting at higher population rates.

Properly developed, a limited irrigation product would encourage conservation by allowing producers with limited or declining water supplies to plant lower populations and set a lower yield goal while maintaining insurance coverage at better than dry land levels. The product would provide an incentive to conserve water and potentially provide a bridge to those forced from irrigation to dry land by declining aquifer levels.

Declining Yields

Many parts of the nation have now endured successive years of disaster events. Under our current structure these consecutive bad years result in declining Actual Production History (APH) and subsequently increasing producer premiums.

Alternatives should be explored to rectify this situation and could include the use of a personal T yield in addition to the adoption of a higher yield plug to allow a producer's insurable yield to reflect what he hopes to produce in a given year.

Improving Data Collection

Like many operations Garetson Brothers has aggressively implemented technology on our farm. We were early adopters of auto steer and GPS systems, implemented yield mapping in 1997, and we're the first in Haskell County to implement variable rate seeding.

It seems only natural to continue to encourage the implementation of technology at FSA and RMA as well as on the farm allowing greatly improved accuracy in reporting and eventually adding the potential for real time data collection. We believe the 2012 Farm Bill should continue to encourage agencies to embrace technology to better serve producers and allow for more efficient delivery of all farm programs and indemnity payments.

Reform Wisely

As you're well aware recent cuts to crop insurance and the renegotiation of the SRA have resulted in \$12 to \$20 billing in savings. Additional cuts will likely result in increased premiums to producers or reductions in the products available or the level of service companies are able to provide. We simply cannot afford additional cuts in today's high risk market place.

American Agriculture relies on a strong safety net, delivered efficiently and effectively through the current public-private partnership. Producers across the nation are concerned and opposed to the rumor that crop insurance delivery could be managed and delivered through an existing federal agency.

In addition, in no case should the crop insurance tools, which are purchased by the producer, be encumbered with environmental regulation, conservation requirements, or other conditions that fall out of the scope of insurance.

Conclusion

Since 1902 our farm has operated with a focus on longevity and sustainability. We appreciate the partnership we have with the federal government and programs to ensure stability in our efforts to produce food, fiber and fuel. The 2012 Farm Bill provides new opportunities to further define that partnership and to continue to protect and ensure that Americans and consumers around the world have access to safe and affordable food.

Thank you for the opportunity to share our thoughts and our operation with you today. Should you ever find yourself in Haskell County, we'd be happy to show you around.