



12125 Woodcrest Executive Drive, Suite 100, St. Louis, MO 63141, Phone: (314) 576-1770, Fax: (314) 576-2786

**Statement by Kevin Scott
Member, Board of Directors and Governing Committee
American Soybean Association**

before the

**Committee on Agriculture, Nutrition and Forestry
United States Senate**

July 25, 2017

Good morning, Chairman Roberts, Ranking Member Stabenow, and Members of the Committee. I am Kevin Scott, a soybean and corn farmer from Valley Springs, South Dakota, and a Member of the Board of Directors and Governing Committee of the American Soybean Association. ASA represents U.S. soybean producers on domestic and international policies, including trade. We commend you for holding this hearing on agricultural risk management programs in advance of development of the 2018 Farm Bill.

ASA's policies on current Title 1 programs and crop insurance were approved by our Voting Delegates at Commodity Classic in February, and presented by the Presidents of the Kansas and Michigan Soybean Associations at the listening sessions your Committee held earlier this year. I would like to briefly summarize those positions, and then describe some personal experience I have had with wetland determination regulations on my farm.

Title 1 Programs

ASA believes that Title 1 programs have worked as intended, and supports reauthorizing ARC and PLC as choices on a farm-by-farm and crop-by-crop basis. We also support offering an option to reallocate crop acreage bases or to update bases to reflect recent planting history, and to update program payment yields, if funding is available to do so. Payments under these programs should continue to be based on average planting of covered commodities in recent years, rather than on current-year plantings. Decoupling encourages farmers to follow market signals rather than prospects for receiving government payments.

With regard to the county ARC program, yield data from RMA should be used, where available, rather than the current policy of using NASS data. For counties that lack RMA data, RMA yields from similar or adjacent counties should be used or averaged to reduce discrepancies in yields and payments in neighboring counties.

Due to the steep decline in farm prices since 2013, the revenue protection provided under the ARC program has also declined. While 94 percent of soybean producers signed up for county ARC under the 2014 Farm Bill, CBO projects that only 25 to 30 percent will choose ARC if it is reauthorized in its current form next year.

ASA believes the Committee should look at ways to strengthen county ARC in order to make it a more attractive program option, and might be done without increasing the combined cost of ARC and PLC. Adjusting the ARC benchmark revenue guarantee or lengthening the year span for the Olympic average price could improve the choice given producers between these two programs.

Crop Insurance

Regarding crop insurance, ASA strongly supports the current program as an essential tool for managing risk. Crop insurance is now widely acknowledged as the most valuable part of the farm safety net. However, farmers in some regions choose not to purchase policies, showing us all that there is still work to be done.

The cost of crop insurance is paramount for Congress; it is also top of mind for farmers. For most of us, the cost of crop insurance is among the top expenses in growing a crop, along with land, seed and fertilizer. The idea of capping crop insurance subsidies is perennial. I want to draw your attention to recent work by Kansas State University showing that, in Kansas last year, farms would have hit a \$40,000 payment limit at just 1,166 acres. If such a payment limit were imposed, farmers would pay 100% of the premium for any covered acres above that level. It is important for the Committee to recognize the high cost of crop insurance premiums to farmers, and that many family farm operations would easily hit such payment limits.

Wetland Determinations

I would like to comment briefly on some experience I've had with regulations governing wetland determinations. Conservation and ensuring that, as farmers, we are good stewards of our environment is paramount to ASA. One of the ways we do so is by conserving our wetlands. However, the process at NRCS for determining the existence of wetlands has become slow and burdensome to producers, particularly in the prairie pothole region where I am from. There is such a backlog of applications waiting on NRCS in our area that producers can wait years before they know what they can or cannot do on their land. Not only that, the appeals process is burdensome and can take years to get a definitive outcome. This is unacceptable. We urge the Committee to find ways to reduce this backlog and reform the process for wetland determinations so that producers can get a fair and timely process.

Some thoughts on how to reform the regulations include: (1) allowing a 3rd party to make the determination; (2) making a determination a final agency action therefore allowing producers to go straight to District Court rather than exhausting the agency appeals process first; (3) Giving NRCS deadlines to complete a determination; and, (4) making USDA move NRCS resources between states to where there is the most need.

That concludes my statement, Mr. Chairman. I'll be pleased to respond to any questions you or Members of the Committee may have.