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Statement of the American Soybean Association to the Senate Agriculture Committee Farm Bill Field Hearing

"Growing Jobs and Economic Opportunity: Perspectives on the 2018 Farm Bill from Michigan"

May 6, 2017

Chairman Roberts, Ranking Member Stabenow, and Members of the Committee: Thank you for holding this hearing and for the opportunity for me and others in the Michigan agricultural industry to provide our input. My name is David Williams and on behalf of the Michigan Soybean Association and the American Soybean Association, I am pleased to provide this testimony with our perspectives on Farm Bill programs and their role in the economy of Michigan, rural communities, and the nation as a whole.

I serve as the President of the Michigan Soybean Association. Our original farm of 160 acres is over 150 years old, founded by my great-great grandfather who emigrated from Devonshire, England. I'm the fifth generation in my family to farm the land. My nephew, who also is my business partner, and I operate and manage W Farms LLC which is over 3500 acres where we grow soybeans, corn and soft red winter wheat.

Much of the focus of the farm bill discussion has been and will be on the importance of the income safety net provided by Title 1 programs and the risk management tools made available through crop insurance. This is appropriate, and soybean producers stated their positions on these issues clearly at your Committee's previous hearing in March in Manhattan, Kansas. Rather than repeat these positions today, I will discuss our interest in and support for other Farm Bill priorities, including conservation and biobased programs.

Before I do, however, I would like to compliment your leadership in developing and preserving perhaps the most important principle in farm policy: the separation of farm program payments from crops planted in the same year, known as "decoupling." Chairman Roberts, you established this principle in the 1996 Farm Bill, or "Freedom to Farm," and it remains the reason why producers make their planting decisions based on market demand rather than on prospects for receiving government payments. This has fueled the significant rise in U.S. farm income and exports over the last 20 years. Ranking Member Stabenow, you played an indispensable role in defending decoupling in the 2014 Farm Bill. We hope your bipartisan support for this important farm policy principle continues as the Committee continues its work on the next version of farm legislation.

Turning to Title II, the Committee knows well that conservation programs have been critical to the great strides American farmers have made in land conservation and sustainability, even in my lifetime.

The 2016 Field to Market national indicators report provides insight into how much change has occurred.[1] Their analysis of sustainability metrics for soybeans between 1980 and 2015 shows that during the 35-year time period:

1. Soil conservation improved 47 percent
2. Irrigation water use improved, even as irrigated soybean acreage increased from 4 percent to 9 percent
3. Energy use decreased 35 percent, and
4. Greenhouse gas emissions also improved over the study period. Like with energy use, emission increases associated with crop chemicals and irrigation has been offset by reduced energy use and associated emissions from fewer tillage operations.

Yet there is more work to be done, which we know because demand for conservation program enrollment outstrips the supply of dollars for every program, every year.
ASA strongly supports working lands conservation programs like the **Conservation Stewardship Program (CSP) and Environmental Quality Incentives Program (EQIP)**. I have personal experience with both and can attest that these programs give farmers the chance to try out new practices and ultimately adopt those that work for our farms on a long-term basis.

Through CSP, let me highlight how that program has helped me to begin adoption of cover crops. When I renewed my CSP contract, I agreed to seed cover crops. I tried oilseed radishes and oats as one combination, and also tried peas. Last winter I seeded cereal rye. I have seen first-hand that cover crops prevent soil erosion, improve water quality by reducing drainage rates, and increase soil fertility by providing habitat for soil microbial action.

CSP also led me to begin stalk nitrate testing. Nitrogen use is one of the most difficult decisions on our corn acres. We know that the key to improving nitrogen management over time is having reliable feedback on how well nitrogen management is working. Stalk nitrate testing provides a good assessment of whether the crop had the right amount of nitrogen, too much or too little. Through testing, I have been able to determine that our variable rate nitrogen program has been providing the most efficient usage of nitrogen to our corn crop.

Under EQIP, the cost-sharing helped us build a chemical and fertilizer containment facility in order to comply with Michigan state water regulations. This is a good example of how leveraging private investment with farm bill dollars leads to improved water quality for everyone.

Much of the discussion in farm policy circles right now centers on whether **Conservation Reserve Program (CRP)** acres should be increased and, if so, by how much? And should the parameters of the CRP program be changed by Congress? ASA voting

[1] Environmental and Socioeconomic Indicators for Measuring Outcomes of On-Farm Agricultural Production in the United States, Third Edition. (December 2016). Retrieved from http://fieldtomarket.org/media/2016/12/Field-to-Market_2016-National-Indicators-Report.pdf

delegates supported a new resolution at this year's Commodity Classic to increase CRP acreage, though we did not take a position on how much, what kind, or how to pay for it.

I would also like to take this opportunity to highlight the importance and benefits of the Farm Bill Energy Title programs in supporting the emerging bioeconomy and agriculture's role and opportunities in these markets.

The USDA economic impact analysis updated in 2016 showed that the U.S. biobased products sector supported 4.2 million jobs, $127 billion in direct sales, and provided $393 billion in total value to the U.S. economy.[2] Market research reports also indicate tremendous future growth opportunities for biobased chemicals and products.

The U.S. soybean industry and the Michigan soybean industry have made significant investments into research, product development, and promotion of biobased products. The soybean industry continues to partner with companies and invest resources into biobased product development. Many of the biobased economic benefits and growth opportunities are evident here in Michigan.

Michigan is a leader in the world bioeconomy thanks to a long history of innovation by companies like Ford and Lear and their collaboration with U.S. soybean growers through their investments in research and promotion to build soybean demand through new industrial uses. Every Ford car made in North America now contains soy in its seat cushions. Michigan also benefits from the sales of our soy, including high-oleic soybean oil, purchased by biobased manufacturers in other states. Additional soy-biobased product uses are under development to expand future uses of Michigan soy in our state and around the world.

I would add that the state of Michigan enacted procurement preference legislation last year that is modeled on the Biobased Market Program established under the Farm Bill and administered by USDA. USDA has identified 97 categories of biobased products, ranging from engine oils to carpet and cleaning supplies, and these products are referenced to receive state procurement preference under Michigan's legislation. Pictured Rocks National Lakeshore in Michigan was an early adopter of soy-biobased products and has set an award-winning example to other state and federal agencies on the performance and environmental benefits of biobased products.

The various Farm Bill Energy Title programs support different aspects of the bioeconomy chain, including advanced biofuels, bioenergy from farms and forests, and biobased chemicals and products. We appreciate the support of the Senate Agriculture Committee, and particularly Sen. Stabenow for your leadership, for the Energy Title in previous farm bills. There are three Energy Title programs in particular in which soybean producers have a strong interest: the Biobased Market Program, the Bioenergy Program for Advanced Biofuels, and the Biodiesel Fuel Education Program.

The Biobased Market Program, established and expanded in previous farm bills, encompasses the federal biobased procurement program and biobased products labeling program. This is an effective and important program that uses the federal government's purchasing power to pull products into the market and encourages investment and development of biobased products.

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[2] An Economic Impact Analysis of the U.S. Biobased Products Industry. (2016). Retrieved from https://www.biopreferred.gov/BPResources/files/BiobasedProductsEconomicAnalysis2016.pdf

ASA supports increased mandatory funding in the next farm bill to expand implementation of the Biobased Market Program and further promote biobased markets.

The Bioenergy Program for Advanced Biofuels plays a beneficial role supporting domestic producers of advanced biofuels and bioenergy derived from dairy farms and forest products. The direct support provided through this program is a bridge to market viability and helps producers preserve investments and jobs when facing market fluctuations and other challenges.

Many of the biodiesel production facilities in the U.S. are located in rural areas. Approximately half of the annual biodiesel production is from soybean oil and all of the feedstocks used to produce biodiesel are surplus co-products, by-products, and waste products that are grown or originate in rural areas.

The Biodiesel Education Program plays a vital role in helping expand marketplace acceptance and use of biodiesel. It supports technical outreach efforts to engine manufacturers, truckers, and fuel marketers. This translates into increased use, higher production, more jobs, and more economic value, especially in rural communities. Specifically, the biodiesel education program had a large part to play in building automakers trust in, and support for, biodiesel blends and growing the number of terminals, distributors, and retail outlets carrying biodiesel. ASA urges the continuation of this modest program that has achieved great success in expanding biodiesel acceptance and availability.

ASA recognizes that these Energy Title programs do not have budget baselines going forward, which increases the challenge to extend these programs and build on the benefits they have provided. However, these programs remain priorities for ASA and we believe that their relatively low cost and the benefits they provide warrant their continuation with an increased level of mandatory funding.

We appreciate the Committee holding this hearing in Michigan and providing the opportunity for soybean farmers to have input. We look forward to working with you on the development of a farm bill that maintains the income safety net for farmers and continues important Conservation and Energy Title programs.