**Testimony of**

**Jennifer James**

**Before the House Committee on Agriculture**

**Hearing: A 2022 Review of the Farm Bill: Commodity Group Perspectives on Title 1**

**Washington, D.C.**

**March 1, 2022**

Good morning, Chairman Scott, Ranking Member Thompson, and Members of the Committee. Thank you for the opportunity to testify before you today concerning the Commodity Title of the 2018 Farm Bill.

My name is Jennifer James, and I am a fourth-generation rice farmer from Newport, Arkansas.

While I consider myself a rice farmer first, our family farm is very diversified. I farm with my father and my husband, and we primarily grow rice and soybeans and corn as well as provide many acres of over-winter habitat for migrating waterfowl every year. As we have built the habitat in and around our fields my family enjoys watching the ducks, geese, bald and golden eagles, swans, deer and a variety of wildlife coexist with production agriculture.

I am proud to serve as the Chair of the USA Rice Federation's Sustainability Committee and as a member of the USA Rice Federation Board of Directors, USA Rice Farmers Board of Directors, the USA Rice Domestic Promotion Committee, the USA Rice Communications Committee, and the USA Rice Asia, Turkey Promotion Subcommittee.

I'm very proud to be the first woman ever elected to serve on the Board of Directors of Riceland Foods, Inc. – the largest miller and marketer of rice in the United States. I'm also active on the state level and serve as vice chair of the Arkansas Rice Farmers Board of Directors, the Arkansas Ag Council Board of Directors, the Jackson County Farm Bureau Board of Directors, and the St. Louis Federal Reserve Bank Agribusiness Industry Council.

I'm truly grateful for having the opportunity to grow up and now help lead our family farm and to help guide the U.S. rice industry in a way where farm families can continue doing what they love to do — feed the country and much of the world — while also excelling at being good stewards of the land and natural resources.

Rice farmers in the United States harvest roughly 20 billion pounds of rice grown on 3 million acres of sustainably managed farmland. About half is consumed here at home while the other half is exported to more than 120 countries around the globe.

Family farmers primarily in six major rice producing states, including Arkansas, California, Louisiana, Mississippi, Missouri, and Texas, produce about 85 percent of all the rice consumed domestically.

In addition to putting rice on grocery shelves, in restaurants, and on the dinner table and in creating tens of thousands of jobs and billions of dollars in economic activity, U.S. rice farmers have also long been committed to environmental stewardship which dates back generations, long before sustainability became a buzzword.

Our conservation goals have long been and continue to be to produce more rice while using less water, energy, and other inputs, improving water quality, air quality, and soil conservation, while enhancing wildlife habitat and supporting biodiversity.

In addition to sustaining $3.5 billion in migratory waterfowl habitat, rice fields in the U.S. also support crawfish and yellow rails along the gulf coast and even salmon nurseries in California.

Moreover, within the last four decades, rice producers are proud to have reduced greenhouse gas emissions by 41 percent, cut our water usage in half, and decreased our energy usage by 34 percent.

Although U.S. agriculture contributes less than 10 percent to U.S. greenhouse gas emissions and, on a net basis eliminates more greenhouse gasses than it produces, with farmers, ranchers, and foresters removing some 72 million metric tons of CO2 equivalent in 2017 alone, we are eager to partner with the Department of Agriculture to do even more.

One critical point to stress, however, is that farm families must be profitable in order to have the wherewithal to continue contributing these important conservation dividends.

And, it goes without saying that this Committee — on a bipartisan basis — has a long history of recognizing this fact and working alongside farm families just like mine to ensure their profitability and their capacity to protect and improve our land and natural resources.

This hearing is timely and important for rice farmers because title I of the Farm Bill — the Commodity Title — is the cornerstone of the safety net for rice farm families.

Rice farmers recognize and appreciate the fact that other commodity producers represented on this panel might regard crop insurance as their primary safety net, followed by the safety net provided under title I of the Farm Bill.

As rice farmers, we are certainly working to make crop insurance a more effective tool for our producers, but we have historically lagged well behind producers of other crops in terms of participation in crop insurance, coverage levels, and the like. This is because our growing conditions and perils are unique and the traditional policy that works so well for other crops does not work as well for us.

Title I of the Farm Bill is really our true safety net. It is what allows us to compete on a global playing field that is the most distorted of any sector due to high and rising foreign subsidies, tariffs, and non-tariff trade barriers.

Just to put things in perspective, China was found to have illegally over-subsidized just three crops — including rice — by $100 billion in a single year. In comparison, it would take 10 years for farm bill spending on all U.S. commodities to reach that level.

In short, U.S. farm families cannot compete on such a distorted playing field without U.S. farm policy to help level the playing field. This policy not only helps U.S. farm families compete, but it also helps to ensure that more of the world's rice is produced in the United States, sustainably and under some of the highest environmental and labor standards anywhere.

In any case, the primary safety net that underpins U.S. rice farm families is Price Loss Coverage (PLC), with about 99 percent of all long grain and medium grain rice and anywhere from 68 percent to 76 percent of all Temperate Japonica rice enrolled under the PLC program.

This is in no way an indictment of the Agriculture Risk Coverage (ARC) program that may work better for producers of some other crops. We support what works best for each producer, crop, and region of the country.

But, for rice, the tool that has generally worked best is PLC, though there has also been at least some ARC participation by some of our producers.

Yet, despite the success of PLC in the years since its inception under the 2014 Farm Bill, this year's economic conditions are nullifying the effectiveness of this safety net.

How is this?

Well, first, rice simply is not experiencing the rally in prices that other crops are experiencing.

For example, according to the Economic Research Service, the current market prices for corn, cotton, soybeans, and wheat are respectively 53 percent, 86 percent, 54 percent, and 83 percent higher than in 2020 but rice prices are fairly static, up just 8 percent.

As rice producers, we are thankful that our fellow producers are experiencing a rebound after 8 years of depressed prices, along with economic jolts due to trade wars and the pandemic.

We just wish rice prices were also rebounding right now. But unfortunately, our prices have risen only enough to reduce the benefits provided by PLC. To illustrate, the PLC benefit to rice is down 75 percent from where it stood in 2019. The payment rate per pound is projected to be about one-third the rate it was just last year.

Exacerbating the economic problem facing rice producers is that the trade and pandemic relief provided to producers short-changed rice producers relative to the adverse economic impacts and losses we sustained.

These factors alone present significant hurdles for U.S. rice farm families.

But this year's skyrocketing input costs have compounded the rough economic picture for rice producers.

Again, to illustrate, PLC reference prices were established based on 2012 costs of production. They were still very relevant at the time of the enactment of the 2014 Farm Bill, although the Market Assistance Loan (MAL) rate for rice has not been relevant for many years now because it is set so low.

But, while production costs have risen since 2012 notwithstanding low prices, the increases pale by comparison to what we are seeing this year.

And, while these costs hit every farmer and rancher in the country, they are hitting rice disproportionately hard.

The Agricultural and Food Policy Center at Texas A&M found that fertilizer prices, on average, are up $62.04 per acre for rice while fertilizer prices are up $39.55 for feed grains, $29.72 for cotton, and $19.64 for wheat. These numbers have only worsened from the time the analysis was conducted earlier in the year. Every farmer on this panel today is paying too much for and all of the farmers that our organizations represent are paying too much for inputs, especially fertilizer, but rice is taking a disproportionate hit on this front even as our crop prices continue to lag.

Because of the combined conditions of low rice prices and accelerating input costs, rice farmers are in trouble.

As evidence of this, the value of rice production fell from $3.2 billion in 2020 to $2.9 billion in 2021, according to the Congressional Budget Office, although we expect that this is just the beginning unless conditions turn around soon.

We believe that important steps can be taken to shore up the nation's rice farm families in the near term. That's why USA Rice sent a letter to Secretary Vilsack last week seeking relief for rice farmers. I would ask for your support of our request in this time of real need.

However, we certainly believe that strengthening the farm safety net for rice in the context of the next Farm Bill will be imperative and we look forward to working with you to that end.

We believe that establishing and maintaining the safety net at levels relevant to the economic times ought to be a primary consideration in the next Farm Bill authorization.

98 percent of farms in this country are family owned and operated. And, of the small percentage that are not considered a family farm by USDA, a large portion are still run by extended families, neighbors, and friends who decide they can cut costs and be more efficient if they team up to share equipment and divide up responsibilities on the farm.

Whatever their composition, these farms are all experiencing an astronomical rise in the stakes of what it takes to succeed in keeping a farm afloat.

Just as lenders have had to adjust how much they are willing to lend and what they will require as collateral in order to keep up with current conditions, so, too, must the Farm Bill's safety net adjust to the times, including relative to payment limitations and actively engaged rules that simply have not kept pace with fast changing times in agriculture.

They are outdated, as evidenced by the hundreds of Members of Congress on both sides of the political aisle who wrote to the Department of Agriculture expressing concerns that the limitations applied to pandemic and trade war relief simply do not cover the enormous losses suffered.

This reality led Members of Congress to pass more realistic program parameters in the context of the Wildfire Hurricane Indemnity Program Plus (WHIP+) for 2020 and 2021. I hope that Congress will take similar steps in the context of the next Farm Bill. For full time farm families, this is a remedy that is long overdue.

Farm policy rules can no more hold back market realities than auto or home mortgage lenders can expect to lend at loan levels set decades ago. It simply doesn't work.

The antidote to avoiding consolidation in agriculture and thus keeping farmers and ranchers independent and family owned is to ensure that the safety net works for regular full time farm families. If it doesn't, consolidation is absolutely inevitable.

On a bipartisan basis, you took some steps in the right direction in the 2018 Farm Bill and we are grateful to you for this. We look forward to working with you to build on these achievements.

Planting flexibility is extremely important to farmers, both economically and agronomically. Thankfully farmers have that planting flexibility now. We need to protect and preserve this feature of the Farm Bill.

However, even this simple principle has important wrinkles or details to be mindful of.

For instance, in the case of rice, it is absolutely vital to keep our infrastructure in place.

In the Commodity Title, we have a blend of coupled policies, such as the marketing loan, and decoupled policies, including PLC and ARC, with these latter programs tied to historical base acres.

Striking the right balance in this regard is essential not only with respect to these Commodity Title programs but also with other policies as well, including conservation programs tied to farming practices and crop insurance which attaches to planted acres. This issue comes into play even under the climate initiatives being announced by the Department.

From a rice perspective, if we were to lose so much acreage that the infrastructure could not be maintained, we would lose the U.S. rice industry — and once lost it would not come back. This is undoubtedly a concern for producers of other crops where infrastructure is unique to their crop industry.

The work you will do in this Committee to help achieve this balance is extremely important and I am grateful to have this chance to testify before you.

I am very appreciative of all the work that you have done in the past and are doing now to help farm families like mine carry on the important work we do for the country and for people around the world. Farming has been an honor of a lifetime for me and it means a lot that you would place such a value on the work that I love.

Again, thank you for the opportunity to visit with you about these issues of huge importance to farm families like mine.

Jennifer James