



Testimony of Dr. Dana Allen-Tully, PhD

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“Financial Conditions in Farm Country”

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Chairman Thompson, Ranking Member Scott, and Members of the Committee, thank you for inviting me to testify before you today.

My name is Dana Allen-Tully and my family and I own and operate a diversified family farm near Eyota, Minnesota where we produce dairy, corn, soybeans, and alfalfa. I also have the honor of serving as the President of the Minnesota Corn Growers Association, representing about 7,000 farm families across the State.

I'd like to begin by thanking each of the Members of this Committee for making the decision to serve on the Agriculture Committee and for the work that you do every day to promote our nation's farm and ranch families, our rural communities throughout the country, and all the people and places positively impacted by the Farm Bill and the many other policies under your jurisdiction. Thank you.

Earlier this month, a national news outlet afforded me the opportunity to explain to its readers why passing a stronger Farm Bill this year is so important to farm families like ours. My aim here this morning is not to discourage you, but I do feel it's important to provide a glimpse into the economic landscape that producers are facing right now. Unless conditions change, I believe we're heading into a perfect storm, a storm that I don't think will be fully appreciated until early next year when farmers try to get loans but are unable to do so because they cannot demonstrate the ability to cash flow.

There are a myriad of factors contributing to this situation, including plummeting crop prices, very high costs of production, interest rates that have doubled, natural disasters for so many around the country, and tightening credit. Our working capital is fast being depleted. Recent analyses by both the Federal Reserve Bank and the Farm Bureau point to the trouble that is brewing in farm country. And the recent lay-offs of a thousand workers by John Deere is a canary in the coal mine.

An extension of the current Farm Bill will not head off the economic hemorrhaging that is coming. Unfortunately, even a new Farm Bill with a strengthened safety net may not be timely or sufficient to address the current situation, though this Congress certainly should pass a strong, new Farm Bill because it would help address the problems over the long term. These economic conditions along with natural disasters may well have been what prompted Senator Martin Heinrich to declare a couple of weeks ago that Congress "must pass a disaster supplemental as soon as possible".

Recent USDA estimates project that farm income will drastically fall again this year. In fact, from last year to this year, the decline will mark the biggest year-to-year drop ever recorded. Adjusted for inflation, net farm income this year will be down \$43 billion, or 27 percent compared to last year, and this comes after a nearly 19 percent drop from 2022 to 2023. All said, net farm income from 2022 to 2024 will have fallen by 40 percent, which is the single largest two-year drop on record.

This helps explain why Purdue University’s July Ag Economy Barometer found farmer sentiment sharply declining as farm families are left to wonder how they are going to make ends meet. It also helps explain the increased mental health issues and even suicides we are facing in rural America.

To provide a little more color to the economic situation, consider this: The national average corn yield that a farm family would have to make this year just to break even is 219 bushels per acre – which is 27 percent higher than the past 10-year average. For soybeans, it’s 56 bushels per acre – or 12 percent higher than the past 10-year average. This is true across the spectrum of commodities grown in every region of the country, whether it’s wheat, sorghum, peanuts, rice, cotton, and so on.

We’re all looking at average losses of more than \$150 per acre if crop prices remain at current levels. For Minnesota farmers, the loss per acre is actually projected to be even higher this year.

UM FINBIN Estimates	
2024 Estimates	
Input Costs	\$625
Cash Rent	\$275
Overhead Expense	\$125
Total Cost	\$1,025
Current Corn Price	\$4
Yield Needed to Cover Costs	256
10-Year Average Yield	198
Average Expected Loss per Acre	\$233

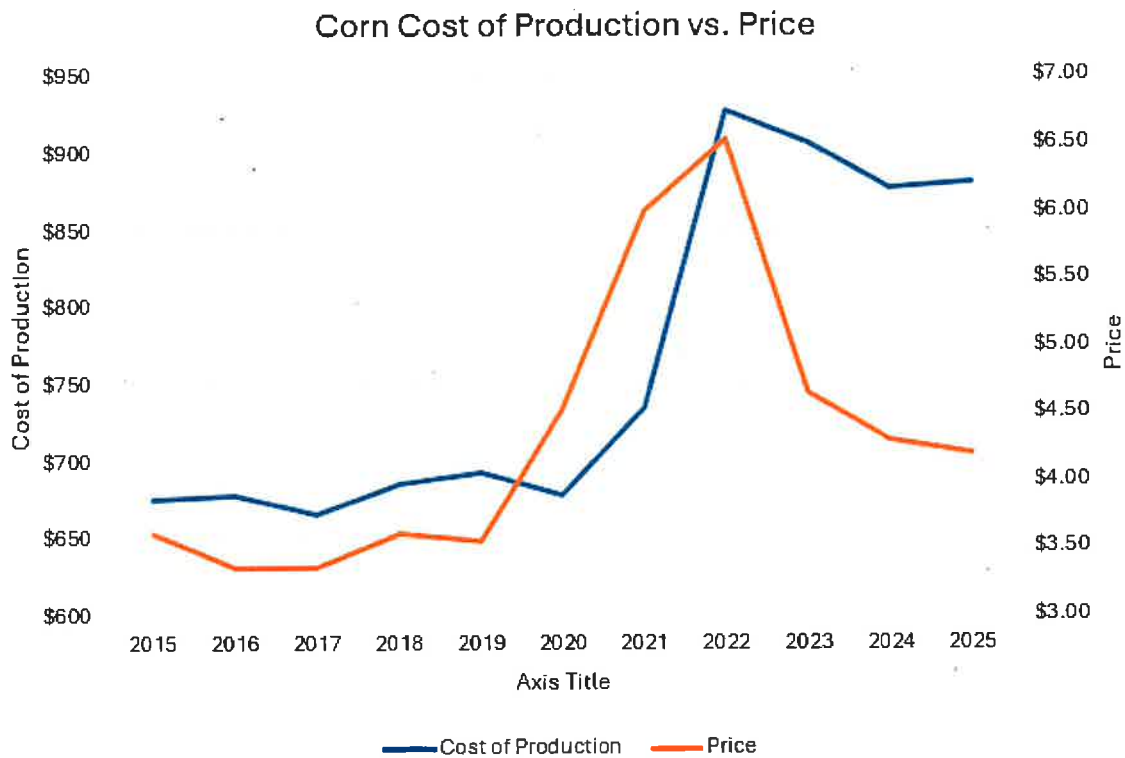
University of Minnesota Farm Financial Management Data Base

So, I know this is a bit sobering but the truth is, our farm and ranch families across the country are going to need help. The good news in all of this is that this Committee and Congress are uniquely positioned to offer a hand.

What specifically can you do?

First, putting aside whatever other issues may divide you, the Commodity Title and Crop Insurance provisions included in the Farm Bill this Committee passed are excellent and would go a long, long way in helping producers around the country, including in States like Minnesota. The Commodity Title in the House Farm Bill in particular provides a meaningful safety net and it's my sincere hope that it makes the final cut in whatever Congress sends to the President's desk for signature.

The \$4.10 PLC/ARC reference price is well below what we requested based on costs of production but it represents a 40 cent per bushel increase and, along with the reference price escalator, it should help carry us through to better times, at least in the long run. It also improves the revenue thresholds for ARC, and with the increased trigger to 90% of the previous 5-year average, we see a very tangible and significant increase in support ahead. This is especially important now given current conditions.



I also greatly appreciate your work to update pay limits and AGI and to ensure that eligibility requirements do not lock out farm families likes ours from a safety net. Although my parents, brother, husband, and I all work on our farm, we needed help and so we've found a couple of terrific beginning young farmers to join us. They're not technically our family but we certainly

regard them as family and we hope that the Farm Bill will always ensure that farm families like ours are not penalized. If Congress and USDA want beginning young farmers, allowing these kinds of apprenticeships are vitally important.

Please strongly support these provisions and principles in the next Farm Bill because this Committee did a great job in responding to the needs of all producers, all regions, and all commodities, especially in the face of tight budget constraints. Thank you. If the Senate Committee could arrive at a bipartisan bill sometime yet this month, perhaps that could diffuse the more controversial issues and put the wind at the sails of getting a new Farm Bill done this year. We have to work for this, we have to hope for this – necessity is the mother of invention.

Second, urge USDA to resume making ERP payments for 2022. In Minnesota, we did pretty well in 2022 in terms of a crop but we did have pockets of losses. Two years is a long time to wait for relief – it's time to get those payments to farm families in need.

And, third, as I mentioned earlier, Senator Heinrich has called on Congress to pass a disaster supplemental. In Minnesota, we've had lots of flooding and lots of production losses this year. I know in other parts of the country, it's just the opposite where drought continues to grip them. But, across the country, it's the same in terms of economic losses: the prices we are receiving for what we produce simply cannot cover our costs, and this is especially true in areas hit by natural disasters. It's also particularly true for those who rent land, and for young and beginning farmers. Even if you were able to pass a new Farm Bill this year that included the exceptional Commodity Title you wrote, because support for crop year 2025 will not be provided until October of 2026, for many the help may well come too late. So, please watch agriculture's economic conditions closely in the coming months and if things do not turn around, please consider a supplemental with near-term assistance for production and economic losses alongside enacting the Farm Bill.

I would just add that while I was a little too young to remember the 1980s farm financial crisis, I heard a lot about it from my mom and dad and from my grandparents. A lot of farms went under during those years and a lot of store fronts on Main Streets shuttered because of it. Even the big cities felt the negative economic impacts, especially cities like Minneapolis and Chicago. Help eventually came but it was too late.

I am old enough to remember the next big crisis in farm country which began in 1998 – corn prices fell below \$1. In that instance, Congress stepped in and took action. Not only did you see producers through to better times but the positive impact you had on agriculture and Main Street helped offset the economic impacts that the crisis hitting the manufacturing sector was having at the time. So, an ounce of prevention is certainly worth a pound of cure based on this experience.

Beyond the need to shore up the farm safety net over the short and long term, there is a whole host of issues impacting your farm and ranch families that I'd like to talk with you about

more. For example, we have a record trade deficit of \$32 billion this year. Historically, U.S. agriculture always had a trade surplus. We need to turn this situation around by starting to negotiate new agreements that will open up foreign markets to U.S. agricultural goods. We can't afford to cede world food needs around the world to other countries with poor environmental and labor standards which are also often our enemies on the global stage.

Over the course of my lifetime, I've also been excited as a girl growing up on the farm, thinking about all the good we can do producing biofuels like ethanol – and we are doing a lot of good for the environment, for jobs, and for family pocket books. But unfortunately, rules implementing Sustainable Aviation Fuel tax credits, new CAFE standards, and other flawed regulations are wrongly locking farm families like mine from providing proven solutions.

As just two examples: It's very hard to believe that someone in a position of authority actually believes that a smaller CO2 footprint could result from hauling ethanol clear from Brazil to the United States as opposed to buying ethanol made right here at home. And, allowing what's being called "used cooking oil" to be shipped from China in vessels burning bunker fuel to qualify for renewable diesel tax credits for which U.S. grown crops do not qualify makes zero sense. Certainly, when Congress was debating these provisions, lawmakers did not intend for the benefits of U.S. tax credits to benefit foreign actors over domestic producers.

Again, there are so many other issues making it an uphill challenge for farm and ranch families – and that's what 98 percent of us are: family farmers and ranchers – not corporations. Not hardly. But I will close with another statement made by Senator Heinrich a couple weeks ago: "We are experiencing unprecedented rates of global hunger." I have no doubt that this is true, and I want to be a part of the solution to this very tragic, unnecessary, life-threatening issue.

Last year, when I visited USDA, an official there told us that come 2050, there will be 10 billion people on the planet. And, he added, we will need to put under the plough every inch of forestland in the world today if we are to feed everyone – that is, unless we can produce a lot more with less land, less water, less inputs. That sounds ominous.

But Mr. Chairman, Ranking Member Scott, Members of the Committee, we have been here before. In the 1970s, we faced the same grim forecast, but an Iowa farm kid named Dr. Norman Borlaug – whose statue is in the Capitol Rotunda – came along and said America's farmers and ranchers can do this. We can produce more with less and feed everybody. Secretary Tom Vilsack, a fellow Iowan, rightly honored Dr. Borlaug not long ago for not only saving billions of lives around the world but for also saving millions of acres of pristine forestland. We can do it again. We must do it again.

But we have to have policies in place that reflect the realities of farming today. The stakes of farming are so incredibly high – higher than I ever remember them to be. We are putting everything we have on the line every single year for very thin and often times negative margins. Is it any wonder then why the average age of farmers is nearing 60 years old? Farmers

love their kids like all parents, and no parent wants their kids to go through life in a constant state of worry that they will work their life away and risk losing absolutely everything. Please don't get me wrong. I absolutely love farming. I love everything about it. And if one day I can't make it, I hope I will look back as I should with gratitude and no regrets. To me, it will all have been worth it.

But, that's a very tough proposition for people and that's why young people aren't going into farming anymore. And this is not just a problem for farm families who want to keep doing what they do – it's a real problem for the country and the world, most especially for those who already struggle to put food on the table for their families. We need full time farm and ranch families to stick with it.

I hope you do not mind the passion with which I offer this testimony but this all means so much to me and we need Congress and the Administration to make the right decisions if we want to avoid doubling down on world hunger and even hunger here at home.

Thank you very much for the opportunity to offer testimony before you this morning. I'm very grateful to each of you for your time and attention and I'd be happy to answer any questions you may have.