

Hearing on Benefits of Regenerative Agriculture

Good afternoon Chairman Khanna and members of the Subcommittee on Environment.

My name is Brian Lacefield and I serve as the Executive Director of the Kentucky Office of Agricultural Policy. Throughout my career I have worked directly with Kentucky farmers in multiple capacities. I have worked with the university extension service, as a banker, a crop input retailer, and most recently as State Executive Director (KY) of the USDA Farm Service Agency. Each role has provided me with a unique view of a farmer's decision making process. The topic we are covering today is very broad and difficult to find a one size fits all solution.

Regenerative Agriculture and Agriculture Technology, while newer names, are not new concepts. Throughout our history there has been a push for efficiency and sustainability. Our human nature has driven us to find new and innovative ways to maximize production and limit resources used. This has driven the evolution of our agriculture industry.

The first agriculture technology advancement was possibly a simple stick, allowing the tilling of the soil, establishing better seed to soil contact and establishing the plant where we wanted it. This has continued to evolve over time with the technology advances. As technology advances the cost must be weighed. Practices must be sustainable, both economically and agronomically. We have learned as our industry evolved that there are both short and long term costs to production and we must balance production practices with goals of preserving resources for the future.

Kentucky farmers have been pioneers and early adopters of conservation and regenerative practices. The resources we work with have driven the need for this. Early work with terrace farming in Kentucky was studied during the dust bowl. No till farming was started commercially in Western Kentucky by a progressive farm family working with University of Kentucky Research and Extension. Today, this is a widely utilized practice throughout the world as it balances agronomic and economic sustainability.

Kentucky agriculture had a paradigm shift in 1998 with the Tobacco Master Settlement Agreement. The individual states sued the tobacco companies for Medicaid health cost, related to tobacco consumption. At this time, more than half of Kentucky's farmers raised tobacco. This was over 48,000 farm families in our state. Tobacco receipts accounted for 25% of our farm gate receipts.

Agriculture leaders and members of our State Legislature had the foresight to understand the impact to our producers and our rural economy. In 2000, Kentucky's Office of Agricultural Policy was created and half the available funds were dedicated to be invested into agriculture. This investment was established to provide economic incentives to diversify Kentucky's agriculture and to grow our net farm income. Twenty two years later, our General Assembly continues to dedicate 50% of the available annual Master Settlement Agreement payments to agriculture.

To date nearly \$700 million dollars have been invested in Kentucky agriculture. The majority of these investment dollars have had a cost share component, so well over a billion dollars of public-private investments have been made for this purpose in Kentucky. The result is Kentucky farm gate

receipts has more than doubled and our tobacco dependence has declined from 25% to 4% of income. We have declined from more than 50% of Kentucky producers raising tobacco to now just over 1%.

The most popular program that we currently administer is a menu based cost share program covering over 11 investment areas including beef improvement, forage quality, technology, and markets. Each producer can find items that are based on research and best management practices to utilize. There is a producer education component required for participation and requirement to have a water quality plan. This program has had a very high participation rate across the state and repeat annual applications. It is a purely optional plan and great distinction has been built in to be the “economic carrot” to an incentive to a best management practice and not a subsidy.

Many of the items available for cost share participation are consistent with several of the principles of regenerative agriculture:

- 1) Enhancing and improving soil health
- 2) Improvement of water quality
- 3) Optimization of resource management

The optimization of resources management is of critical concern as our producers are facing many challenges in our current market. High input prices, global disruption of markets, challenges finding labor, and rising interest rates are putting intense pressure on our nation’s farmers and ranchers. As I was preparing for this meeting, I went to the University of Kentucky’s Ag Econ website. The first link was for information related to financial and mental stress. Our producers need our help as we navigate these challenging times. Additional regulations or production mandates would cause detrimental stress. I share the examples of my agency as a way we can work towards offering elective incentives for practices that are proven to be agronomically and economically viable.

I appreciate the opportunity to visit with you today. I am happy to discuss these points or additional topics as you have questions. As we move our industry forward, it will take the collective work of a diverse group of stakeholders and I look forward to the discussion. To quote my favorite Kentucky Chef, Quita Michel: “There is room at the table of agriculture for everyone.”