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United States Peanut Federation

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

Perspectives From the Field:

Farmer and Rancher Views on the Agricultural Economy, Part 1

Washington, D.C.

February 5, 2025

Chairman Boozman, Ranking Member Klobuchar, and members of the Committee, thank you for the opportunity to appear before you today to provide the peanut producer's perspective on the agricultural economy. My name is Garrett Moore. I am a fourth-generation farmer from Chancellor, Alabama, where I own and operate Moore Family Farm LLC. We grow peanuts, cotton, corn, and raise cattle on 1,500 acres of land in Southeast Alabama. I have been fortunate to have several leadership opportunities in my short time as a full-time farmer and am honored to represent the United States Peanut Federation (USPF) today.

USPF is comprised of the Southern Peanut Farmers Federation, the American Peanut Shellers Association, and the National Peanut Buying Points Association. The Southern Peanut Farmers Federation includes the peanut grower organizations in Georgia, Alabama, Florida, and Mississippi.

I have witnessed my family's many struggles on the farm over the past 29 years and have heard stories dating back many years before I was born. Generations of my family have experienced world wars, the Great Depression, natural disasters, economic turmoil of the 1980's, and the global COVID-19 pandemic, in addition to the simple, everyday challenges faced by a farmer.

The COVID-19 pandemic triggered a series of financial devastations on our farm. Since 2020, we have seen supply chain disruptions, inflation on key farm inputs, and labor shortages. Prior to 2020, the peanut industry was already experiencing difficult variables such as low prices—much of which was a result of trade issues; a reduced market in China and a non-tariff trade barrier in

the European Union (EU), followed by the United Kingdom (UK). The EU and UK are some of our premium markets (see attachment A).

In addition to the financial impact of continued low market prices and increased input costs, peanut farming requires high cost, specialized equipment on top of traditional equipment such as tractors, trucks, cultivators, plows, etc. Specialized equipment for peanuts includes peanut pickers, peanut diggers, peanut carts, peanut lifters, peanut reshakers, twin row planters, layoff rigs, and dedicated sprayer rigs. This specialized equipment is extremely expensive to purchase and maintain, resulting in additional stressors on our farms.

The American Relief Act of 2024, signed into law in December, brought significant reassurance to the peanut industry by including the economic and disaster financial assistance. Due to the ongoing extreme economic conditions and devastating impacts from natural disasters in the past year, many growers were facing a low probability of accessing loan services for their next crop year. These funds will assist many growers in obtaining financing for their 2025 crop. The peanut industry is grateful to the members of Congress who worked tirelessly to ensure this financial assistance was passed before the end of last year. However, peanut growers will still face a deficit in farm income this year and are looking for ways to bridge the gap.

Dr. Stanley M. Fletcher, Professor of Policy at the Center for Rural Prosperity and Innovation at Abraham Baldwin Agricultural College and Professor Emeritus at the University of Georgia, has developed and maintained U.S. peanut representative farms from 2001, prior to the 2002 Farm

Bill, to today. There are currently 22 representative farms (see attachment B) spread across the country. They cover all of the peanut areas from Virginia to New Mexico.

Since the 2018 Farm Bill, we have seen a substantial increase in inflation. Dr. Fletcher reviewed the peanut representative farms' crop year 2021 cost of production as compared to 2024 costs and found a significant increase. The total cost of production increase per ton was 20.17% percent from 2021 to 2024. Prior to the 2021 representative farm update, the peanut reference price of $535 per ton provided an effective safety net for growers. However, according to Dr. Fletcher, the reference price has not been a functional safety net since the 2021 crop year. Total Variable Input Costs (TVIC) such as seed, fertilizer, fuel, crop insurance, etc., have increased 18.52% when comparing 2021 to 2024. Our 2021 cost of production was $546.54 per ton, and Dr. Fletcher reports our 2024 cost of production at approximately $656.80 per ton (see attachment C).

Factoring the economic assistance package passed in December, Dr. Fletcher has calculated the estimated deficit remaining for peanut farmers after receiving this financial assistance. USDA's projection of the crop year 2024 peanut price is $520 per ton. This implies that the average U.S. peanut representative farm total revenue would be $1,237.60 per acre. The total cash flow cost per acre is $1,563.18. This translates into a negative $325.58 return per acre. The estimated one-time economic assistance payment for peanuts is $76.30 per acre. This implies that the farmer is still going to have a negative net return of $249.28 per acre.

The average U.S. peanut representative farm is approximately 2,000 acres, with 613 acres growing peanuts, with an expected yield of 2.38 tons per acre. The $249.28 per acre negative return translates into a peanut enterprise loss (peanut portion of the farm acreage) to the whole farm of $152,808.03, even after receiving the economic assistance. With the current policies under the 2018 Farm Bill, the safety net portion of the Farm Bill for peanut farmers is the Price Loss Coverage (PLC) program. With the latest USDA projection for the 2024 seasonal average peanut price being $520 per ton, the projected PLC payment for the 2024 peanut crop would be $15 per base ton. Even after the PLC payment, which would not be issued until approximately October 2025, the peanut enterprise for this farm would still be a negative of $142,544.28 (see attachment D). Therefore, the average farm will be forced to incur this additional debt in a new loan, if possible, or sell some of its assets, such as land, to continue farming.

I would like to provide personal evidence supporting the U.S. peanut representative farms' Cost of Production analysis. On our farm alone, many of our expenses have almost doubled since 2018, and we are seeing no signs of relief in the cost of production area. For example, we need specific fertilizers to sustain nutrient levels in the soil, both for the peanuts we are growing in any given season and to protect the land for future crops. In the past few years, the significant increase in fertilizer costs has caused tough management decisions, including forcing a decrease in our production levels. Additionally, fluctuating fuel prices have caused a decrease in production. Prior to 2020, equipment diesel fuel was less than one dollar per gallon but has reached over five dollars per gallon over the past few years. Due to the extreme financial

devastation in recent years, we have opted to forego repairs and replacements on equipment parts, particularly due to supply chain disruptions and unpredictable prices. Additionally, labor costs have been especially challenging, becoming increasingly difficult to manage and financially sustain our labor costs. For example, we need skilled equipment operators to plant and harvest our peanuts safely and efficiently. Since the COVID-19 pandemic, we have faced competitive wage issues, raising our labor wages from $13 per hour to $17 per hour to be competitive with other job markets.

This testament to our current farm economy clearly conveys why we are in dire need of a new Farm Bill in 2025. Peanut growers, shellers, and buying points all support the PLC program as included in the 2018 Farm Bill, but with a reference price increase. While the 2018 Farm Bill's PLC program has been beneficial for peanut growers in the past, the rise in input costs and cost of production requires a reference price increase if this program is to remain relevant and valuable as a farm safety net.

Additionally, the U.S. Peanut Federation supports a voluntary base update that includes growers with and without peanut base acres. While the 2014 Farm Bill allowed for base updating for peanut growers that already had base acreage on their farms, it excluded many young farmers and new production areas.

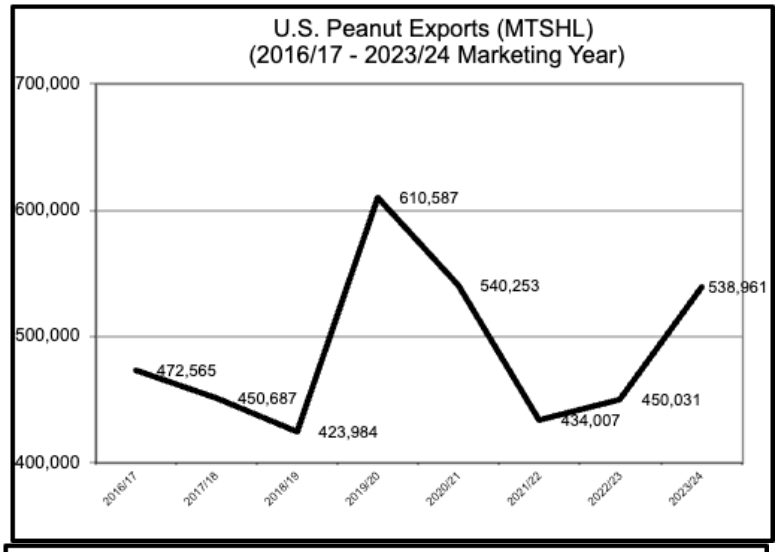
I am proud to be an American peanut grower and am thankful for the opportunity to contribute to our ensuring the security of our nation's food supply. Peanuts have a high nutritional value,

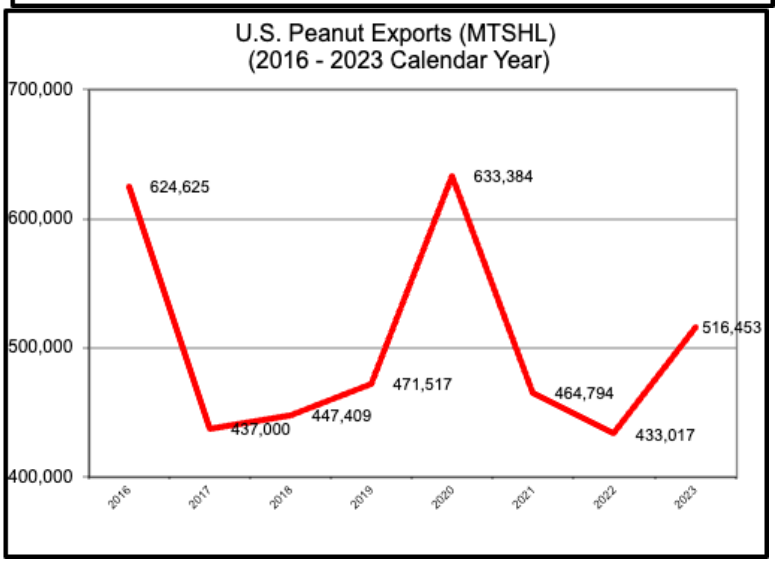
providing health benefits and combating hunger and malnutrition across the world. The Peanut Institute has released data highlighting the health value of peanuts in reducing heart disease, Alzheimer's disease, and Type 2 diabetes. Peanuts, one of the cheapest sources of protein choices for consumers, contain 19 essential vitamins and minerals (see attachment E). I am committed to supporting the continuation of our industry's global nutrition efforts.

I would like to thank the committee members for the tireless work you are doing on the 2025 Farm Bill in efforts to improve our farm economy. The importance of improving the farm economy cannot be understated for my family's work as American farmers. I hope to continue my family's farm for a 5th generation, which cannot be done without increased support for our industry. Many of the witnesses today are current leaders in the industry. As a young farmer, I want to be a part of the future of agriculture. Just as I served my country, I look forward to working, serving, and sacrificing for the farm families of our nation. Thank you for allowing me to testify today. I look forward to any questions you may have.

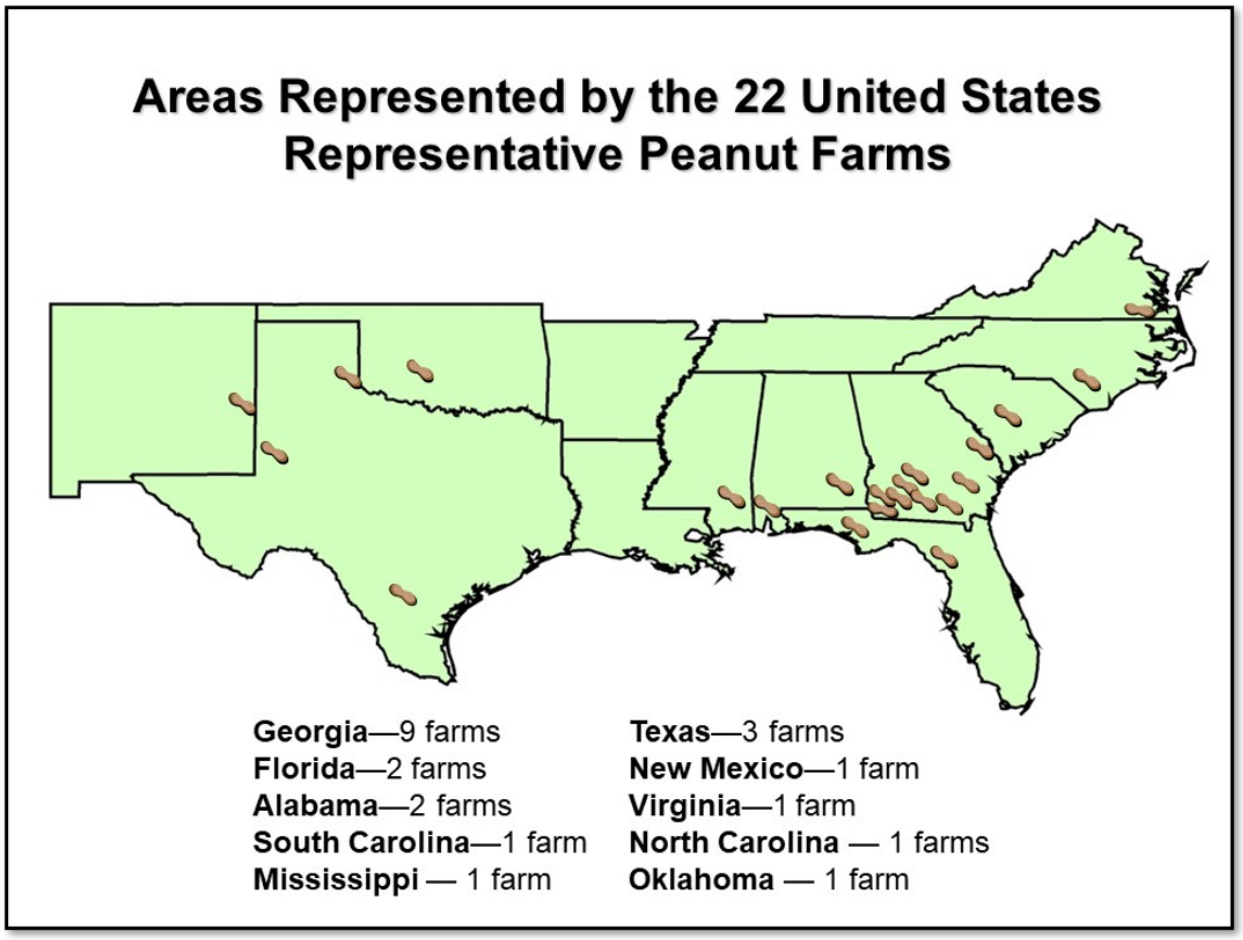
U.S. SHELLED PEANUT EXPORTS 2016 - 2023

Total Shelled Peanuts			UNIT	Calendar Year	QUANTITY	Marketing Year	QUANTITY
World Total	1	Peanuts	MTSHL	2016	624,625	2016/17	472,565
World Total	1	Peanuts	MTSHL	2017	437,000	2017/18	450,687
World Total	1	Peanuts	MTSHL	2018	447,409	2018/19	423,984
World Total	1	Peanuts	MTSHL	2019	471,517	2019/20	610,587
World Total	1	Peanuts	MTSHL	2020	633,384	2020/21	540,253
World Total	1	Peanuts	MTSHL	2021	464,794	2021/22	434,007
World Total	1	Peanuts	MTSHL	2022	433,017	2022/23	450,031
World Total	1	Peanuts	MTSHL	2023	516,453	2023/24	538,961





Attachment A

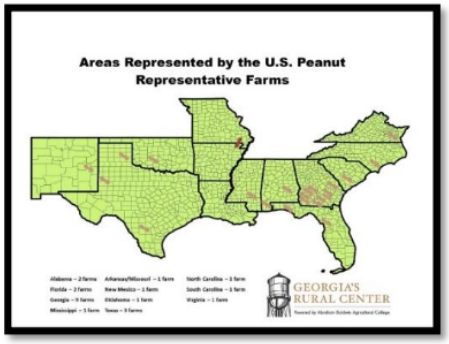


Attachment B

United States Peanut Cost of Production

Stanley M. Fletcher, Professor of Policy
Center for Rural Prosperity and Innovation
Abraham Baldwin Agricultural College
Professor Emeritus, University of Georgia

The U.S. peanut representative farms development started in 2001 prior to the 2002 Farm Bill. These representative farms have been maintained for 20 years and have been extensively utilized for peanut policy in each Farm Bill. These representative farms cover all the peanut areas from Virginia to New Mexico based on production share as seen in the map. If a state production share equals to a partial representative farm, a whole farm was developed for that state. These farms were updated during the summer of 2021 with 2021 cost of production. Due to the recent peanut production in the Northeast Arkansas/Southeast Missouri, a new representative farm is planned to be developed during 2025.



A cash flow analysis is performed to indicate what the cash flow is required to produce a ton of peanuts. The cash flow costs are divided into 3 categories: TVIC (total variable input cost), QVIC (quasi variable input cost-whole farm cost allocated to a crop acre) and loan payments. A peanut farmer has 3 different loans during the crop season. They are the operating loan, an equipment loan, and a land loan. Over the years of updating the representative farms, it has been found that producers not able to cover all their cash flow cost have been rolling the deficit into their land loan and that percentage has been increasing over time.

Table 1. U.S. Peanut Cost of Production

	2021 U.S. Rep Farm COP	**Projected 2024 COP**
Expected Yield	2.38 tons/acre	2.38 tons/acre
TVIC (seed, fertilizer, micronutrients, lime & gypsum, inoculants, chemicals, wild hog, cover crop, growth regulators, custom application, consultants, irrigation fuel, tractor fuel, drying, cleaning, hauling, checkoffs, crop insurance, and interest on operating loan)	$713.52/acre	$845.66/acre
QVIC (taxes, accounting/legal, fleet liability insurance, repairs maintenance and supplies, truck fuel & lube, phone, utilities, DTN, GPS, apps, labor cost and land rent)	$388.33/acre	$460.48/acre
Total Variable Cost (**TVC**)= TVIC+QVIC	$1,101.86/acre	$1,306.13/acre
Loan payments (equipment and land notes)	$198.91/acre	$257.05/acre
Total Cost = TVC + Loan payments	$1,300.76/acre	$1,563.18/acre
Total Cost per Ton	$546.54/ton	$656.80/ton

Based on the U.S. representative peanut farms, the average total cash flow cost per ton for the 2021 peanut crop was $546.54/ton. Given the significant increase in the cost of production from 2021 to 2024, FAPRI's inflation factors for input costs were utilized to adjust the 2021 cash flow costs by the expected increase in input costs. The projected 2024 peanut total cash flow cost to produce a ton of peanuts is $656.80/ton.

Attachment C

US REP FARM FOR PEANUT ENTERPRISE COST OF PRODUCTION AND NET RETURN				
	2021	2024	% INCREASE BY	
TVIC / acre	713.52	845.66	18.52%	
Total Quasi-VIC /acre	388.33	460.48	18.58%	
TVC / acre	1,101.86	1,306.13	18.54%	
Total Loan/acre	198.91	257.05	29.23%	
Total Costs / acre	1,300.76	1,563.18	20.17%	
Total Costs/ ton	546.54	656.80	20.17%	
Expected Yield (tons/acre)	2.38	2.38		
USDA projected 2024 peanut price/ton		$520		
				NET RETURN TO PEANUT ENTERPRISE
	Revenue/acre	$1,237.60		
	Net return/acre	-$325.58		-$199,579.93
	Economic Assistance/acre	$76.30		$46,771.90
	Net Return after Economic Assistance/acre	-$249.28		-$152,808.03
	Potential PLC/base ton	$15		
	Potential PLC/base acre	$12.75		$10,263.75
			FINAL NET RETURN TO PEANUT ENTERPRISE AFTER EA & SAFETY NET	**-$142,544.28**

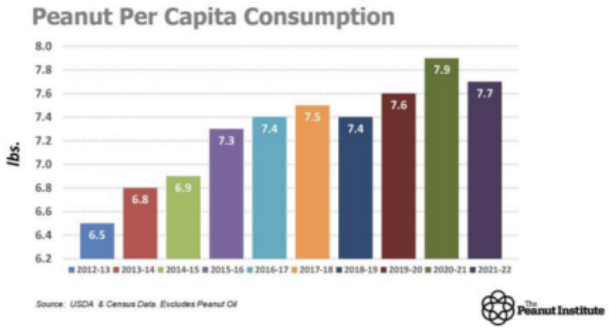
Attachment D

The Peanut Institute
HEALTH | RESEARCH | EDUCATION

THE NUTRITIONAL VALUE OF PEANUTS

Background

Peanuts are botanically classified as a legume, being an edible seed enclosed in a pod [1]. However, because of its composition, peanuts are also described as nuts for nutritional purposes. According to the Agricultural Marketing Resource Center, the total U.S. peanut production in 2021 measured 6.4 billion pounds [2]. Of that, about 60% was used for peanut butter production, while about 15% was crushed for peanut oil [2]. Peanuts and peanut butter account for close to 2/3 of all nut consumption in the United States [1]. Dollar for dollar, peanuts and peanut butter are less expensive than almost all nut and meat proteins. Pairing the affordability with a very long shelf life, peanuts and peanut butter are excellent staples for most pantries. Studies have consistently shown that peanut products, when eaten daily, can significantly decrease the risk of heart disease and diabetes [1, 3, 4]. They also satisfy hunger, help manage weight, and promote health [1]. Peanuts and peanut butter are nutritious, affordable, and sustainable. A serving of peanuts is one ounce, or a handful, and a serving of peanut butter is two tablespoons.



Nutritional Value

Peanuts contain a variety of compounds that promote health including protein, heart-healthy fats, fiber, micronutrients, and antioxidants.

Protein

A one-ounce serving of peanuts—about a handful—is considered a good source of protein based on the United States Department of Agriculture Standard Legacy. Peanuts and peanut butter provide 7 grams of high quality, plant-based protein [5]. Protein is vital for growing children and adults, being integral for muscle growth, immunity, and bone development [6, 7]. Since the protein in peanuts is plant-based, it carries with it additional components promoting positive health benefits like fiber and unique bioactives, unlike animal protein.

Heart-healthy fats

The *2020-2025 Dietary Guidelines for Americans* suggests cooking and purchasing products made with oils higher in polyunsaturated and monounsaturated fat rather than butter, shortening, or coconut or palm oils [8]. More than 80% of the fats in peanuts are from heart-healthy unsaturated fats [5]. The American Heart Association recommends replacing saturated fats for poly- and mono-unsaturated fats to lower risk of cardiovascular disease and inflammation [9].

Attachment E

Garrett Kevin Moore Biography

Garrett Kevin Moore is a fourth-generation farmer and current owner and operator of Moore Family Farm LLC in Chancellor, Alabama. Born and raised near Enterprise, Alabama, Garrett grew up with an appreciation for agriculture and a deep patriotism. He spent his youth learning about agriculture from his father and farming neighbors. After graduating from New Brockton High School, he joined the U.S. Marine Corps, where he served proudly as an infantryman for four years. During his first two years, Garrett was stationed in Washington, D.C., followed by time in North Carolina, Japan, and near the DMZ of South Korea. Upon completion of his service, Garrett returned to his agricultural roots and began working with a local peanut and cotton farmer on a 2,800-acre farm in Coffee County, Alabama. He also worked with his father on their 40-acre family farm and began renting 13 acres of his own. In the past eight years, Garrett and his father have grown to operate nearly 1,500 acres of land, growing peanuts, cotton, corn, and cattle in southeast Alabama. Garrett and his wife Hannah have a one-year-old son, Jack, and are members of Elbethel Baptist Church. Garrett is Chairman of the Coffee County Young Farmers Association, which won the 2024 Outstanding County Committee Award from the Alabama Farmers Federation. Garrett was recognized as Alabama's 2023 Row Crop Farmer of the Year and is a member of the Southern Peanut Farmers Federation's Peanut Leadership Academy Class of 2025.