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**Testimony
Of
Clark Gerstacker
Michigan Corn and Soybean Farmer**

**Before the
U.S. Senate Agriculture Committee at
Farm Bill Field Hearing**

**The Kellogg Center
Michigan State University
East Lansing, MI**

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I first want to thank Chairwoman Stabenow and Ranking Member Roberts for your time today and for selecting Michigan as the site of the Senate Agricultural Committee's first official field hearing for the reauthorization of the Farm Bill. As the second leading industry in our state, Michigan's \$71.3 billion agricultural industry has been a bright spot in our dim economy throughout the recession. We are very appreciative of the Senate Agriculture Committee's consideration of how our diverse, yet strong agricultural sector will be impacted by the upcoming Farm Bill.

My name is Clark Gerstacker and I am a 4th generation farmer from Midland, Michigan. Along with my brother, Kirk, I farm 1,500 acres of corn, soybeans, sugar beets and dry edible beans. Our centennial farm has been in the family for 115 years and I have been farming full time with Kirk, who is a lifetime farmer, for 14 years. Throughout my involvement in agriculture, I have had the honor of serving in many leadership positions: president of the Corn Marketing Program of Michigan, which is the advisory board for our state's corn check-off; all the executive positions on the Michigan Corn Growers Association board of directors; National Corn Growers Association Corn Board member for four years; and chairman for a number of action teams and committees within the National Corn Growers Association. Today, however, I would like to testify before you not as a member of any organizations, but as a row crop farmer who depends on the Farm Bill to help protect my farming operation and to ensure that my centennial farm can be passed along to my children one day.

With food prices on the rise at a time when commodities such as corn are being traded at a near all time high, farmers like me are frequently blamed by consumers for the higher cost of their food. Unfortunately, many consumers do not understand that increased food prices are actually the result of the higher cost for labor, packaging, transportation and processing and not the higher cost of the farm product. In fact, the U.S. Department of Agriculture recently reported that the farm value of each food dollar is less than 12 cents. This means for every dollar you spend at the grocery store, less than 12 cents is going to the American farmer who grew or fed the ingredients in your food. Americans enjoy the cheapest food on the planet and spend only 10 percent of their annual budget on food. In some countries such as India, as much as 50 percent of one's budget is spent on food. As a result of our cheap food system, Americans can afford to spend their money on other items that spur economic growth – like a vacation to Orlando's Magic Kingdom with our family, a hot cup of Seattle Starbucks coffee, or a dependable Detroit-made automobile.

While farmers and ranchers like me are eager to provide this safe, abundant, and inexpensive food supply, we face increasingly tumultuous markets that rise and fall with the tide. At the same time that we encounter ever-changing market opportunities, farmers also face higher input costs such as seed, fertilizer, and fuel, which are all necessary components of a year's harvest. A great deal of time and effort can go into calculating profit or loss margins based on markets and inputs at the time of planting, but the constant fluctuation in the markets throughout the growing and harvest seasons often do not reflect these same margins at the end of the year. In addition to market volatility, farmers are also confronted with the constant uncertainty of weather. We wait for the thaw, the sun, the rain, the heat, which are all conditions completely out of our control. Each of these can present a make-it or break-it factor for our crop.

Due to these ever-present vagaries, farming operations like mine are forced to take on a considerable amount of risk each year we cultivate our land. The fact is, we are faced with the task of providing feed and fuel for a growing world population. We cannot simply choose to sit out a planting season until the probability of a profit is more likely. It does not come as a surprise to you and other members of your committee, that it does not take much – a drop in prices, a spike in fuel costs, a drought or an early frost, for our entire year's work to result in a loss. The increased cost of this amplified risk means that farmers, and consumers, need some stability to ensure a reliable and affordable food supply in our country. Farmers like me, and the others on this panel today, need to have access to affordable risk management tools to better mitigate the impact of significant crop losses and sharp price declines. This is why the upcoming Farm Bill is so important; it is not about providing income to less than two percent of the American population that farms, it is about ensuring that the same two percent can continue to provide affordable food for the other 98 percent of Americans who rely on them.

At Gerstacker Farms, we have utilized a variety of Farm Bill programs over the years such as crop insurance, the ACRE program, LDP's, CRP, as well as EQIP and disaster assistance programs. Faced with the growing national debt and budget constraints across the board, I realize

some of these programs may be changed in the next Farm Bill. Here in the agricultural industry, we want to do our part to improve the federal deficit situation. We have already contributed substantially with savings from the federal crop reinsurance, as well as taking budget cuts in the areas of rural development, conservation, and research. However, I do feel that risk management programs, such as ACRE and crop insurance, are absolutely vital and cannot be lost in the new Farm Bill. The ACRE program, as an example, can be made more efficient and useful to farmers by increasing the timeliness of payments and bringing program triggers closer to the farm. In states such as Michigan, the average yield differs vastly throughout our state's various corn growing districts as a result of diverse soil and weather variations. This means that my operation, in the middle of the state, may suffer a loss but not qualify for revenue protection payments because farms in other parts of the state or even my own county have elevated the average yields. By adjusting program triggers so they are tied more closely to the individual farm, gaps in the current Farm Bill programs will be bridged to help protect farmers from shallow, repetitive crop losses. I also feel crop insurance premiums should be adjusted to reflect today's yield trends and Michigan's average indemnity payment ratio of less than 70 percent. Additionally, programs in the next Farm Bill should strive to be producer-based, as opposed to land owner-based. This will ensure the programs assist the farmers who grow the crops and assume the risk, instead of the property owner who simply rents out the land.

By improving these risk management tools, we can provide the best possible safety net for America's farmers and for the American food supply. As we look to the future of Michigan agriculture, our industry continues to be a beacon of promise and I am proud to be a part of this sector. Michigan's farmers and ranchers provide a bounty of fruit, grain, vegetables and protein which is enjoyed by people across the globe. Crops such as those grown on my farm; corn, soybeans, sugar beets and dry beans, are utilized as feed, fuel, food and fiber. These important resources will continue to play a vital role in our economy throughout the next Farm Bill and the next century. Thank you for your time and consideration. I look forward to your comments and questions.