



**Testimony of Jacob Isley  
On behalf of Michigan Soybean Association**

Before the U.S. Senate Committee on Agriculture, Nutrition, & Forestry

“Growing Jobs and Economic Opportunity: 2023 Farm Bill Perspectives from Michigan”

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Good morning, Chairwoman Stabenow, Ranking Member Boozman, and distinguished members of the Senate Committee on Agriculture, Nutrition, and Forestry. It is a privilege to join you and offer testimony on farm bill perspectives from Michigan.

I am a soybean farmer from Palmyra, Michigan, and am here today representing the Michigan Soybean Association. The Michigan Soybean Association represents more than 12,000 Michigan soybean growers and is a state affiliate of the American Soybean Association (ASA), which represents soybean farmers in Washington, D.C., on domestic and international policy issues. Farmers produce soybeans in nearly every state represented by members of this committee.

Michigan soybean farmers are among the nation's most productive, having sustainably grown more than 109 million bushels on 2.15 million acres in 2021. This allows Michigan's soybean farmers to help provide countless products needed and enjoyed by consumers, including healthy edible oils and other food ingredients, protein-rich livestock feed, and clean-burning biodiesel, among others. A 2019 study conducted by the United Soybean Board and National Oilseed Processors Association estimated Michigan soybean producers generated nearly \$232 million in wages and nearly \$2.2 billion in revenue for the state.

These benefits would not be possible without the efforts of the United Soybean Board and the Michigan Soybean Committee, the partner organization of the Michigan Soybean Association. These agricultural research and promotion programs, also called "checkoffs," are funded and managed directly by soybean farmers, and the funds raised go toward research, promotion, and education initiatives, all aimed at improving yield, sustainability, and driving demand for U.S. soy products. This brings a return on investment—over \$12 for every farmer dollar invested in the checkoff—to farmers like me, who are then better able to support our families, employees, and rural communities.

### **Farm Safety Net**

Soybean farmers rely on domestic and global markets, as well as a steady supply of production inputs and a predictable regulatory environment, for success. When those markets fail or when significant economic disruptions occur, we rely on policymakers to ensure that a supportive farm safety net is in place.

Soybeans have long been U.S. agriculture's top export crop. Foreign markets were destinations for more than 50% of U.S. soy production in the last marketing year, as is historically consistent in recent years. China is the largest importer of soybeans in the world, so our commercial export relationship with China is critically important. Even with ongoing efforts to diversify and open new markets, almost a third of all soybeans grown in the United States are destined for China under normal trade conditions.

During the height of the China trade war in 2018, U.S. soy stopped flowing to the market during the peak export period that fall. Soybean prices fell by about 20%, but the producers of the crop received no Price Loss Coverage (PLC) payments and little from the Agriculture Risk

Coverage (ARC) program under the Title I safety net. USDA stepped in with ad hoc, temporary support to farmers through the Market Facilitation Program (MFP).

If soybeans, the second-largest crop by area in the U.S., did not receive help through Title I during this critical situation, it is hard to imagine a scenario where the Title I safety net could provide meaningful help with the current reference price.

In addition, there is a significant disparity in soybean planted acres compared to base acres, the historical acreage on which ARC and PLC benefits are provided.

In 2021, soybeans were planted on over 87 million acres in the United States. By comparison, soybean base totals 52.5 million acres. 34.5 million acres of planted soybean acres were not protected by the soybean provisions of ARC and PLC in 2021. While some of these 34.5 million soybean acres may have been corn or wheat base, for example, these other crops may not correlate well with the losses being experienced on the farm. Some beginning farmers have little base on their farms, and greater adoption of no-till conservation practices has enabled farmers to cultivate row crops in new areas that have no base.

Looking ahead to the next farm bill, we respectfully request that the committee consider: 1) increasing the soybean reference price for calculating ARC and PLC, and 2) providing the option to update base acres. It is important to note that a combination of remedies to address these deficiencies is needed. For example, if an option to update base acres is allowed, it may not be exercised if the reference price for soybeans remains where it is currently set.

### **Crop Insurance**

A risk management program on which soybean farmers—and our lenders—rely heavily is crop insurance. We must have an affordable crop insurance program. With input costs higher in every area of my operation, I cannot afford to have the crop insurance premium subsidy reduced in the next farm bill.

In 2021, Michigan soybean farmers paid over \$25 million for crop insurance protection on over 1.6 million acres of soy, according to USDA Risk Management Agency (RMA) data. This program allows farmers to select coverage that meets their needs each year and responds in a timely manner when losses are triggered. The competitive private sector delivery system allows farmers to find the best service providers for our operations.

Crop insurance generally works well for soybeans in Michigan, and one area we hope to enhance is specialty soybeans. RMA has met with us to better understand these challenges, and we hope to work with them and you to improve coverage for producers of specialty types of soybeans.

## **Credit**

Farmers also rely on credit to produce a crop each year. There are a variety of providers, including bankers, Farm Credit, and USDA's Farm Service Agency (FSA), for these critical resources.

With land values on the rise, we encourage the committee to consider raising FSA loan limits, which are not in line with the current market. There are also very practical, common-sense modifications that could make FSA's loan process more user-friendly. These include continuing to partner with local leading organizations where farmers are currently doing business; evaluating options to be approved for a young farmer loan prior to a purchase agreement being signed; and working alongside young farmers to evaluate potential property to be purchased and establishing a maximum amount to be spent when a property goes to auction.

Soybean farmers have also been concerned about FSA's approach to implementing the beginning farmer definition used for credit programs. Due to FSA's information technology system limitations, the definition is viewed as an inflexible 10-year timeframe and does not allow for military service or college years to be excluded from that 10-year timeframe. We have discussed this concern with our contacts at FSA and understand they are looking at options. It is simply unfair to penalize beginning farmers for taking a break to serve their country or improve their education.

## **Trade**

Soybeans are one of Michigan's top agricultural export products. Long-term success abroad would not be possible without the foresight of Congress to create public-private partnership programs at USDA to assist trade associations in promoting our products on a global stage. The Market Access Program (MAP) and the Foreign Market Development (FMD) Program are two programs utilized by soybean growers to promote our products on a global stage. Through our national organizations at ASA and the U.S. Soybean Export Council (USSEC), Michigan soybean growers leverage additional dollars to increase market access, address technical barriers to entry, and create on-the-ground capacity and demand for U.S. soy.

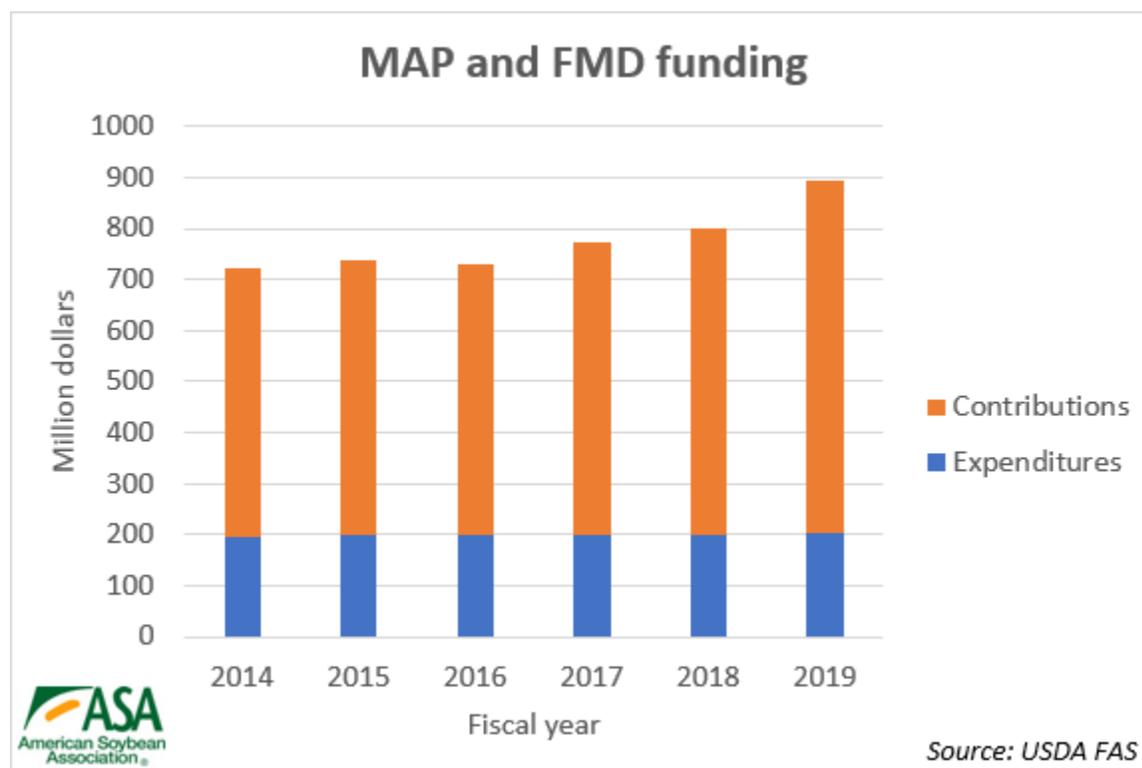
U.S. soy has invested these dollars in a variety of projects across the globe. Recognizing the global demand for sustainably produced and verified soybeans, our industry used MAP funding to create the U.S. Soy Sustainability Assurance Protocol (SSAP). SSAP is a benchmarking system that helps industry customers ensure U.S. soy is produced following a strong set of conservation regulations and best management practices. For Marketing Year (MY) 2021, the U.S. sold 28,432,763 metric tons of SSAP-verified soy. Every year, the number of SSAP-certified shipments to our export markets is only expected to increase. Eighty percent of U.S. soy shipments to the European Union are SSAP certified, and SSAP has recently passed independent benchmarking to confirm compliance with the European Feed Manufacturers' Federation (FEFAC) Soy Sourcing Guidelines 2021.

SSAP was also recognized for meeting the Olympic and Paralympic Games Tokyo 2020 Organizing Committee's sustainable sourcing code for agricultural products, the Global Seafood

Alliance’s Best Aquaculture Practices and the Consumer Goods Forum’s Sustainable Soy Sourcing Guidelines.

Promoting the sustainability story of Michigan-grown soybeans is of high importance to our state, and the Michigan Soybean Committee has invested state dollars to help USSEC support SSAP efforts in the European Union.

We appreciate Chairwoman Stabenow’s leadership in helping to secure permanent, mandatory funding for MAP and FMD in the 2018 Farm Bill. These programs, however, are in desperate need of an increase in funding allocations. The MAP program was officially created in 1996, but authorization can be traced back to 1978, while FMD was created in 1955. Available data about total export market development funding and partner contributions ends in 2019. However, MAP and FMD funding has not changed since fiscal years 2006 and 1997, respectively. Over that same time, partner funding coming from states like Michigan continually grew to be about twice the level of federal dollars.



For FY 2021, 67 organizations received MAP funding and 21 received FMD funding. With the increase in the number of cooperators and adjustments for inflation, a steady budget of \$200 million annually for MAP means the full pool of funding available to cooperators is more akin to \$129 million.

It is critical for the continued success of U.S. agriculture that Congress invest additional resources in trade promotion programs in the 2023 Farm Bill. We respectfully request doubling

the minimum annual mandatory funding for the Market Access Program to \$400 million and the Foreign Market Development Program to \$69 million.

### **Conservation Programs**

My family has been farming the same land near Palmyra for more than 150 years. I am the sixth generation to farm here. Conservation-minded farming has allowed us to farm the same ground for that long, but it is really in the last 10-15 years that our family has deliberately worked to incorporate more conservation into our operation.

Our soil is primarily sandy loam with gravel subsoil, meaning that its capacity to hold water and nutrients is limited, and we have tile drainage in place on all our acreage. When a toxic algal bloom in the Western Lake Erie basin caused a water shutdown in Toledo, Ohio, in 2014, it shined a spotlight on farming practices in the basin and how they might impact water quality. It encouraged my family to look more carefully at practices that might limit runoff and nutrient loss.

At that time, the farm signed up for USDA's Environmental Quality Incentives Program (EQIP), which provided cost-sharing for implementing cover crops. Today, we plant cover crops on most of our acres, primarily an annual ryegrass mix. We also strip-till and no-till 100% of our acres, and we apply nutrients subsurface. We also soil test half our acres every year to ensure we only apply what fertilizer is needed. I am farming differently now, knowing that I can put nutrients right where the crop is going to need them and where they have the smallest chance of getting away.

As a result of these and other practices, we are using less fuel and fewer inputs, and we have seen yield increases. We have better water filtration and retention because we have improved the structure of the soil. I am excited about the synergy of agriculture and conservation. We think it can provide solutions, and I want to help find those solutions.

The farm bill is essential if we want to continue to extend these solutions across American farmland. Title II of the farm bill is the world's largest investment in private lands conservation, and it shows in the history of farmland conservation success stories. But we can do more. Farmer demand for voluntary, incentive-based working lands programs like EQIP and the Conservation Stewardship Program (CSP) always outpaces available funding: between 2010 and 2020, just 31% of farmers who applied to EQIP and 42% of those who applied to CSP were awarded contracts. We need to adequately fund these programs and ensure they are flexible enough to accommodate this country's wide range of crops, soil types, farming practices, and weather systems. When it comes to conservation and agriculture, one size does not fit all.

In addition, early adopters of conservation practices—like my family—are increasingly unable to access these farm bill programs. With limited funding, farmers understand USDA needs to make hard choices, and the Natural Resources Conservation Service's (NRCS) choice to bring new farmers and acres into conservation is a smart one. But this also has the unintended consequence of driving long-term conservationists to give up on some of their practices when

they become unfeasible in an era of tight margins; farms may also see conservation undone when farmers retire or lease terms end. We must find ways to reward early adopters and hold them up as models to new generations, not allow their hard work—and our societal gains in water quality, wildlife habitat, and carbon sequestration—to be undone.

As you develop the next farm bill, we encourage you to consider directing funding to programs and practices that address cropland soil quality and health, water quality and quantity, provide regulatory predictability, and save input costs; to develop climate smart provisions that focus on total on-farm carbon capture, not additionality; to emphasize working lands programs over land retirement programs; and to consider incentives that encourage adoption of precision agriculture technologies, the use of which has a wide range of environmental benefits.

Soybean farmers have many ideas about how to use the farm bill to improve and expand conservation on American farms. We look forward to working with the committee in this important effort.

### **Biobased Products**

In February, Chairwoman Stabenow and Senator Klobuchar sent a letter to USDA Secretary Vilsack asking the administration to take a meaningful step in addressing the climate crisis by increasing federal investments in biobased products. Thank you, Chairwoman Stabenow, for leading the push to continue to grow the biobased economy through programs like USDA's BioPreferred® program.

Celebrating 20 years this spring, the USDA BioPreferred® program was developed to spur growth in the rural bioeconomy, provide new markets for farm commodities, and increase the use of renewable agricultural resources. However, despite the intent of Congress in previous farm bills, the goals of the BioPreferred program are still not being realized. According to the most recent data, the Federal Service and Construction Contractors reported \$76 million in biobased product purchases in fiscal year 2021—truly a drop in the bucket when looking at the \$650 billion in overall federal procurement that fiscal year.

As you may recall, the 2018 Farm Bill directed USDA and U.S. Department of Commerce to develop North American Industry Classification System (NAICS) codes for biobased products and renewable chemicals, but this past December the Office of Management and Budget still declined to do this. While the biobased products sector is rapidly expanding and developing new product innovations, federal procurement has flatlined. The 2018 Farm Bill sought to address that, but it seems more needs to be done.

There are over 1,000 biobased products made with soybeans that can be utilized by federal agencies and private consumers alike, ranging from cleaning supplies to asphalt sealant to running shoes—and all made with ingredients grown right here on Michigan farms. Biobased products made with soy protein and oil are sustainable. Unlike fossil fuel-based feedstocks, soybeans capture carbon dioxide from the atmosphere. They also fix their own nitrogen for

energy, limiting chemical-based fertilizer applications. And, like me, most soybean farmers use conservation tillage, which disturbs less soil, reduces fuel use, and helps sequester carbon on cropland. Consumers continue to increase demand for sustainably produced products, and Michigan's soy growers are ready to help deliver products with environmental benefits including lower greenhouse gas emissions, reduced energy costs, lower volatile organic compounds (VOCs), reduced exposure of workers to toxic chemicals, credits toward LEED certification of some finished products, and reduced processing costs and environmental compliance fees.

One of my favorite examples of the use of soy-based products is thanks to a partnership between Lear Corporation, based in Southfield, Michigan, and Michigan icon Ford Motor Company, which together commercialized soy-foam applications in vehicles. Since 2008, Ford Mustangs, Explorers, Escapes, and other models have rolled off North American production lines with seats, head restraints, and headliners made with Lear SoyFoam™.

Ford Mustangs and many other vehicles can now also roll on soy-based tires made by Goodyear Tire and Rubber Company. Through a partnership with the United Soybean Board, Goodyear has introduced four lines of commercially available Goodyear tires containing soybean oil, and last year the company made a multi-decade commitment to source sustainably produced U.S. soybean oil, phasing out petroleum-derived oils from its products by 2040.

Henry Ford believed that one day his company would “grow a car,” and you can see the roots of this innovation and partnership with U.S. soybean farmers at Greenfield Village in Dearborn, Michigan, where Ford's soybean research laboratory still stands today. Ford actively looked for opportunities to combine the fruits of industry and agriculture. With your support in the next farm bill, we can help realize that vision here in Michigan and across the country.

### **Energy**

Created in the 2002 Farm Bill, the Biodiesel Fuel Education Program seeks to stimulate consumption and investment in biodiesel and renewable diesel, which are advanced, low-carbon biofuels derived from a variety of vegetable oils, including soybean oil, animal fats and used cooking oil. Information and outreach activities funded under the Biodiesel Fuel Education Program have raised awareness of the benefits of biodiesel fuel use and complemented incentives Congress provided in 2005 when it enacted the Renewable Fuel Standard and biodiesel tax incentive. For example, from 2014-2018 the biodiesel industry leveraged \$3.6 million dollars from the Biodiesel Fuel Education Program to raise an additional \$17 million non-federal dollars. The industry used the funds to promote biodiesel's sustainability attributes, provide technical assistance to original equipment manufacturers, develop fuel quality assurance programs, and promote biodiesel blending in home heating oil.

Unfortunately, the Biodiesel Fuel Education Program no longer receives mandatory funding; after 2018, it switched to discretionary funding, and Congress has unfortunately appropriated no funding to the program. This program remains a priority for soy growers. There is still much work to be done in terms of market growth—especially as industry continues to seek to play a

large role in greenhouse gas emissions reductions in the aviation, marine, and surface transportation sectors.

**Conclusion**

Thank you again for this opportunity to share testimony on farm bill perspectives from Michigan. We appreciate your commitment to agriculture and look forward to working with you to craft the next farm bill.