

Good morning Mr. Chairman and Members of the Committee. Thank you for this opportunity to testify on the 2007 Farm Bill. My name is Ron Rosmann. Along with my wife Maria and our sons, (ages 24, 22, and 20) we operate a 600-acre certified organic crop and livestock farm near Harlan, Iowa. We have a stock cowherd of 90 cows and 50 sows in a farrow-to-finish operation. Maria manages our private label organic meat business using the label of Rosmann Family Farms and markets primarily in Ames, Des Moines, and in western Iowa.

I am testifying today on behalf of the Sustainable Agriculture Coalition , a network of farm, rural, and conservation organizations who come together to formulate practical, effective approaches to agricultural problems. It is also my pleasure to be associated with the Organic Farming Research Foundation , the Practical Farmers of Iowa , and the Iowa Organic Association.

I will speak this morning about the areas of the Farm Bill I have worked the most closely with the last ten years -- research, plant and animal breeding programs, beginning farmer programs, conservation, and finally payment caps and program alternatives to enhance farm family income.

I have not testified at a congressional hearing about a Farm Bill since the late 1990s. In reviewing that testimony it quickly became apparent to me that a lot of good outcomes have happened since then for both the sustainable and organic agriculture movements. Thank you, Senators, for your efforts in helping to make that happen. But there is much more that needs to be done.

For instance, organic agriculture markets have grown at a remarkable rate of around 20 percent every year over this last decade and it appears that growth is not going to slow down any time soon. Unfortunately consumer demand is far outpacing supply. We are beginning to lose markets to foreign competition because of our failure to promote organic agriculture. We should set an ambitious goal -- to supply 10 percent or more of our nation's food supply from organic farms within ten years - and then develop good policy to help achieve it.

In that context, then, I would like to comment on the Research Title. I realize it is perhaps more common to discuss commodity or conservation payments first, as if there were "farmer" programs and then just everything else in a farm bill didn't have much to do with farmers. But in a very real sense our research policies and programs help determine what kinds of farms and rural communities we will have in the future and help determine whether we solve the pressing agro-environmental and rural economic problems of today or whether we fail to do so. So I can think of no more important subject with which to begin my remarks.

Federal agricultural research dollars dedicated to organics is disproportionately low in relation to the size of the organic industry. Only since 1998 has organic research been funded at all, and it currently receives far less than a proportionate share of federal agriculture research dollars. In 2004, 3.1 percent of the USDA gross outlays of \$2.5 billion were used to fund research and education. Of this \$2.5 billion, only about \$10 million (0.4 %) went to organic-specific research.

In 2004, the Agricultural Research Service spent about \$3.5 million on organic-specific

projects, or about 0.35 percent of ARS annual expenditures. A framework of "fair share" funding of organic agricultural research, based on the organic share of U.S. food sales, calls for at least a 5-fold increase in ARS resources explicitly allocated to organic. Moreover, if we are going to grow the organic sector and make better use of its ability to solve environmental problems and help moderate-scale family farms prosper, then we need to be working toward a much larger increase.

In 2005, I was a grants selection panel member for the CSREES Integrated Organic Research and Extension Initiative. The panel reviewed 81 proposals requesting \$39 million. We were only able to fund about 8 proposals for a total of around \$4.6 million, the total amount available from farm bill and appropriations resources. This amounted to only about a 10 percent success rate for getting funded compared to 19-29 percent funding rates for other comparable grants programs at the CSREES. The 2007 Farm Bill should greatly expand the resources available to this program. It is also important for the extension component of the program to be strengthened and for the program to keep its own identity and not be incorporated into the National Research Initiative.

In 1990, Congress determined that the Sustainable Agriculture Research and Education program should be funded at no less than \$60 million a year, consistent with recommendations from the National Academy of Sciences. Since it has come into existence, the SARE program has consistently won awards for being a model USDA program, with strong farmer participation, practical, outcome-oriented research results, a cost-effective regional delivery system, and great customer service and public outreach. Yet, despite these accolades, Congress has never provided more than \$18 million for the program, and, sadly, the current appropriation is several million dollars lower. I would challenge the Committee to find creative ways to re-orient farm bill policy and funding allocations so that programs like SARE and the Integrated Organic Program do not continue to be so seriously under-funded.

Since 2003, I have been on the national steering committee for an effort known as "Seeds and Breeds for the 21st Century." This effort centers on a national initiative to re-invigorate public plant and animal breeding capacity and development. Research dollars for classical plant breeders have declined significantly. We desperately need to support the development of public varieties that meet the needs of organic and sustainable agriculture. Molecular technologists in the lab, with little or no experience in the field, are replacing breeders with phenotypic selection skills and adaptation in the field with genetic diversity and farming systems in mind. I am encouraged that the Senate Appropriations Committee has approved report language this year that "directs the Department to establish a specific category of grant application requests for classical plant and animal breeding to foster more diverse, energy efficient, and environmentally sustainable agricultural systems" and that a Government Accountability Office inquiry has been requested by Senators Harkin and Kohl. The 2007 Farm Bill should build on this foundation to address the renewal of public plant and animal breeding and germplasm conservation in a serious way.

Perhaps the most needed but often ignored question related to the next Farm Bill is asking where the next generation of farmers is going to come from. Is it going to come from family farmers or is it going to be controlled by mega farms and corporations? Our second oldest son graduated from Iowa State University this past winter and has chosen to join the farming

operation with us. We are delighted, but also realize farm succession and farm entry has become increasingly difficult.

We desperately need the Beginning Farmer and Rancher Development Program that Congress created in the last farm bill. Unfortunately, precious time has been wasted. The Senate wisely funded the program with significant farm bill dollars in the 2002 bill, thanks to the leadership of Senators Harkin, Lugar, and Grassley and with support from the entire Committee, but that funding was stripped out of the bill when you met with your House counterparts. In the interim period between farm bills, no funding has been provided. I urge you to right this wrong and to launch this program with solid funding in the next Farm Bill so we can begin to address the aging of American agriculture and barriers to entry in a serious manner.

Either as part of the Beginning Farmer and Rancher Development Program or separately, we need to create a Beginning Organic Farmer/Rancher Program that would offer training and extension services to those wanting to begin farming or ranching organically. It is not true that young people do not want to farm but it is true that the economic barriers of conventional agriculture have made it very difficult to do so. Some barriers faced by new farmers using conventional systems may be less prohibitive for beginning organic farmers, but new organic farmers have their own obstacles, including difficulty in finding transition land, difficulty obtaining appropriate crop insurance, etc. I hope that whatever program or programs come out of the 2007 Farm Bill will be targeted in part to address issues that are faced by beginning organic farmers and ranchers.

I am the treasurer for the newly formed Iowa Organic Association. One of our immediate goals and programs will center on finding ways to support beginning and transitioning farmers to organic agriculture. We hope to be working in concert with Iowa State University, the Practical Farmers of Iowa and the Iowa Department of Agriculture and Land Stewardship in this endeavor. If you as our elected officials are truly serious about the future of family farming, you will make this a national priority. The "farmer" replacement rate has fallen below 50 percent; there are twice as many farmers over 65 as under 35 years of age, and nearly one-half of all farm operators in the US are over 55 years of age.

The future health and vitality of agriculture and the food system will depend on public policies that encourage a new generation of farmers and ranchers to work in agriculture. The last three farm bills and the 1992 agricultural credit act took important strides in creating policies and programs to serve beginning farmers. The beginning farmer loan fund set-asides and targeting provisions in place since passage of the 1992 Act should be maintained. The Private Land Contract pilot program should be turned into a regular, ongoing nationwide program. The last farm bill's authorization of loan guarantees on state "aggie bond" first time farmer loans should be matched by a parallel tax reform provision to remove the current tax code prohibition on USDA loan guarantees in conjunction with "aggie" bonds.

The positive movement made in previous bills should be consolidated and accelerated, however. The 2007 Farm Bill should include a major, cross-cutting, multi-title new farmer and rancher initiative that addresses in a comprehensive fashion the needs of beginning farmers and ranchers. The "New Farmer" initiative should provide beginning farmers and ranchers with tools they need to get started in agriculture and to be good stewards, to be innovative and

entrepreneurial, and to be better able to respond to the rapidly changing demands of the marketplace. I encourage you to thoughtfully consider the New Farmer and Rancher Initiative being proposed by the Sustainable Agriculture Coalition and other farm groups for inclusion in the next farm bill.

One of the best ways to both create opportunities for beginning farmers and improve conservation and agriculture's environmental performance is through the Conservation Security Program (CSP). The CSP should be fully funded and treated like commodity programs and other programs that are available to everyone who qualifies rather than limited to specific watersheds. The eligibility threshold for getting into the program should be set high, with strong, positive natural resource and environmental outcomes to be achieved through participation. If the bar to participate is high, but the program is available on a regular, continuous basis and farmers are encouraged to create sustainable conservation plans that meet or exceed NRCS standards as a result of their participation, I believe the program will achieve more environmental benefits than any in the history of our nation's working lands conservation programs.

I also would emphasize the fairness issues at play with the CSP. Our watershed has not been selected as an important watershed even though nearly all of the land in it is considered highly erodible. Keeping us locked out is unfair. But it is not just the lengthy watershed rotation process that is wrong. Our farm has been a model for conservation for over 65 years. One of the primary reasons is that we have maintained diverse, resource-conserving crop rotations and stayed with a mixed crop and livestock operation. Yet our commodity program subsidies have been less than half of our neighbors every year over those 65 years precisely because of the diverse crop rotations and livestock that have yielded significant benefits for the natural resources and environment. It is high time there was a farm/conservation program for producers like us.

There need to be corrections to the CSP rules in order to prioritize rather than penalize basic sustainable and organic practices such as crop rotations. A diversity index should be added to the program rules. In implementing CSP, USDA has appropriately stressed soil quality considerations, but it urgently needs to adapt the Soil Management Assessment Framework for CSP to do a better job in calibrating the program to soil quality improvements and to remove inappropriate barriers to participation among diversified sustainable and organic producers. Also, USDA should provide a clear, farmer-friendly means by which producers will be able to simultaneously certify eligibility under the National Organic Program and be determined eligible for enrollment in the Conservation Security Program at the 'tier three' level, addressing all resources of concern. USDA promised to do this when it issued the proposed rule and then the interim final rule, but has still not done so.

CSP has key strengths as a conservation program. It rewards farmers who have established and are maintaining farming systems, management methods, and conservation practices that increase environmental benefits. If implemented correctly, the CSP can provide payments to farmers and ranchers based on how intensively they protect and enhance all the natural resources related to their operation, rather than directing the program to minor improvements on large acreages, with significant environment and resource problems left at best only partially

addressed.

Beyond its benefits as a mainstay of our conservation program toolkit, it is my strong opinion that CSP should provide the foundation for an overhaul of agricultural entitlement programs. Farmers should be rewarded for being good stewards, not polluters, energy wasters, or over producers of generic commodities that bring less on the world market than the cost of producing them. I would venture a strong hunch that a program geared to environmental protection and a more sustainable agriculture will generate far more public support than what we have today.

Financial incentives and easier accessibility to conservation programs should be made available to beginning farmers and ranchers. One example would be to offer immediate upfront or advanced payments to beginning farmers and ranchers through multi-year contracts entered into for conservation programs such as CSP, WRP, CCRP, and WHIP. Another option would be to offer a financial incentive such as a 25 percent bonus for beginning farmers and ranchers to develop whole farm/ranch conservation plans under EQIP and CSP.

I agree wholeheartedly with the view that there should be strict farm program payment limitations, with the savings going to support proven entrepreneurial initiatives, value-added agriculture, and beginning farmer programs. Instead we have been getting farm bills that provide money but no solutions, short-term survival, but little hope for the future. Commodity program reform in my view is long overdue.

A primary objective of farm policy should be to foster genuine opportunity for modest-size family farms to earn decent incomes that enable them to contribute to building strong communities. In contrast, current farm programs reinforce declining rural communities, and it is no wonder that rural decline and commodity program payment concentrations go hand in hand. Farm programs help mega farms drive family farms out of business by bidding land away from them. The effect is particularly pernicious on beginning farmers who have few assets to use as a financial base in bidding for land against heavily subsidized mega farms. The programs do little to support the income of farm operators except on land they own. As the long as aggressively expanding mega farms are promised more government money for every acre they add, virtually all farm payments will be bid into higher cash rents and land purchase prices. As long as we squander billions on such dubious purposes as helping mega farms drive land prices up family farms out, little money will be left to invest in programs that offer a future to rural America.

According to an Extension Service poll taken prior to the last farm bill, 81 percent of farmers nationwide, including 70 plus percent of southern farmers, support effective targeting of payments to small and mid-size farms. I strongly support the efforts of Senators Grassley, Dorgan, Harkin and others to bring about fundamental change by lowering limitations and closing the loopholes that make farm programs a mockery of good government. We cannot wait any longer and lose the next generation of family farmers.

While I would hate to see something other than a strong national payment limit standard, if it takes a dual standard in order to save family agriculture in the heartland, than perhaps that must be done. Any dual standard would need to include comprehensive across the board closing of

loopholes to ensure that meaningful limits apply at some level to all commodities. And it would have to achieve proportionate savings across commodities.

Other efforts to reduce land and rent prices and restore a more level playing field will need to include tax reform to remove incentives that favor investors and wealthy farmers over those of more limited means. Another part of an agenda for reform would include a major initiative to support new processing and marketing infrastructure improvements to support mid-sized farmers who are no longer going to survive by growing for raw commodity markets and therefore need viable alternatives. The Value-Added Producer Grants Program championed by our Iowa Senators is one very important piece of such an initiative, and should be continued and expanded in the next farm bill. Another track that needs to be added is support for the development of value chains that include mid-sized farmers as strategic partners in growing and marketing differentiated, value-added food products to customers who are demanding foods that have superior taste, health and nutritional qualities from family farms that adhere to sound social and environmental principles.

We also need a fuller complement of organic programs to achieve the goal of bringing supply in line with rising demand. Under current crop insurance rules, organic farmers are doubly penalized. They are forced, unfairly, to pay a premium surcharge. Should they be hit by drought or flood, however, they are paid at conventional prices, far below the organic price. A "pay more upfront, paid less if disaster strikes" policy is untenable and must be changed in the next farm bill. For all diversified producers, including organic, it would also help a great deal to have a whole farm revenue insurance option, such as Adjusted Gross Revenue or AGR-Lite, available on a nationwide basis rather than restricted to small geographical areas. The farm bill should also extend and enhance the National Organic Certification Cost Share program created in the last farm bill. In addition, an organic transition program is needed to help provide conservation payment support to farmers making the transition to organic.

Of course, all the support in the world to cultivate new markets and new entrepreneurial opportunities will do little good if we continue to have weak to non-existent enforcement of our nation's fair trade and fair competition laws. Increased market concentration and abusive market practices, coupled with dramatic decreases in the number of firms providing agricultural inputs such as seed and breeding stock, is diminishing the capacity of U.S. farmers and ranchers to meet diverse and emerging markets for food and fiber both domestically and internationally. I applaud Senators Harkin and Grassley for introducing the Competitive and Fair Agricultural Markets Act of 2006 and hope it will become the basis of a strong competition title in the upcoming Farm Bill.

There is a school of thought on the approaching rewrite of the farm bill that says given budget and world trade pressures and difficulties in the farm economy, we should basically extend the current farm bill for as very long as possible with at most minor changes. I would challenge that school of thought. I believe we can and should embrace serious reform and new initiatives to promote family farms, small communities, and vibrant rural economies while producing healthy food and a healthy environment. I am convinced public policies can be improved to support these goals and that farmers will respond positively to new choices. We can do far better than retreat to short-term status quo survival options that keep us limping along but

provide no real solutions to the environmental, structure of agriculture, competition, and rural economic problems we face. In my estimation, the next federal farm bill will be an excellent place to start on real, forward-looking solutions. We can and should make a very significant down payment on a new generation of farm and food policy, and we should grasp that opportunity now, with a new farm bill upon us.

In 1997, I closed my testimony with these remarks. I believe they are just as important today as they were then. "Owning and working the land is something that many of us are willing to sacrifice a great deal for. It goes to the very heart of why America was formed as a country and a sovereign nation. As wealth, farming and land ownership continues to be placed in the hands of fewer individuals, this fundamental right continues to be further eroded. We are becoming weaker as a nation because of it."

Thank you again for the opportunity to testify.