

Testimony of

Rodney K. Gangwish
52685 70th Road
Shelton, NE 68876

United States House of Representatives
Committee on Agriculture

Field Hearing on the 2012 Farm Bill
Sioux Falls, South Dakota
May 18, 2010

Good morning Chairman Peterson and members of the committee. My name is Rod Gangwish and I am from Shelton, NE located in south central Nebraska along the Platte River where I have been involved in farming and agribusiness for 36 years. I am a fourth generation farmer and my wife and I and our son John farm about 2200 irrigated acres of corn, soybeans and seed corn. We are also invested in, and I serve on the Board of Managers of KAAPA Ethanol LLC, a farmer owned ethanol plant at Minden Nebraska and I also hold a leadership role in several other KAAPA business entities. KAAPA Cooperative is an organization of approximately 500 farmers in central Nebraska whose mission is to add value to the production of its members and to bring business opportunities for them to invest in.

Thank you for holding the hearings across the Midwest and for the opportunity to testify. I am representing myself and our family farming operation today, however I am a past president of the National Corn Growers Association and have been active in past farm bill debates as well as other issues affecting American agriculture.

I remember the 1996 Farm Bill debate. Cash corn price was near \$3.00 and farmers did not think they would ever again see corn below \$1.50 again. Corn went to over \$5.00 in 1996, three years later it was back to \$1.50 and we were selling soybeans below \$5.00. This has repeated itself many times over in agriculture's history, many times driven by weather; we are involved in a business that has to deal with incredible price volatility.

We in agriculture today are survivors. I and most of my colleagues had balance sheets that took big hits in the mid 1980's at the height of the farm crisis. Without farm programs during those years and in the years that followed, my colleagues and I may not have farming operations today. Out of necessity we learned to use the loan program, target prices, the LDP program and other programs to cash flow at the bank. Some years the dollars that came from government program were greater than the profit at the end of the year. There were some years that there was no profit -- or net income.

I was planting beans the first week in May the day after I received the call inviting me to testify at this hearing. On the 8:00 news that morning, a recording of Secretary Vilsack, who was speaking at an outlook conference, came on the radio in the tractor and he said, "We should treat farmers like what they are producers of a cheap, safe and abundant food supply, not only for this country but for the world". I agree with Secretary Vilsack, although I am not sure what the word "treat" is to mean. I wish that I could farm without any intervention or income from the government -- from any program, farm or otherwise. We could do this if we had a free market, free of controls and regulations, free of tariffs, without export subsidies or currency manipulation world wide. But the fact is that agriculture is one of the most regulated and controlled sectors of our world economy and the US farmer must fit into this system. The ups and downs of the world economy, variation in world crop production and weather, are the perils that necessitate some type of farm program that will protect and insulate individual farmers from the forces that over time can come and go, but on a short term basis can drive them out of business.

Margins today with \$3.00 to \$3.50 corn are as narrow as they were when corn was \$2.00 a few years ago, a result of higher expenses and input costs making risk in farming greater today because of the total dollars involved. We have a farm bill today with payments, but the safety net that would be triggered by a catastrophic drop in price or a production related weather peril, is well below a level that would provide protection for farmers and assist them in staying in business in the short term.

ACRE – On our farm, we have always participated in the farm program and today we have about 70% of our acres in the ACRE program. We look at the ACRE program a bit like buying a put. A portion of the direct payment is given up as protection and insurance against the probability of something happening that would cause prices or yield to fall below the triggers for some reason. I do not like the way the ACRE program triggers, with respect to state averages as compared to our farm, but the program does cover the systemic loss that would be incurred in case of low price or wide spread low production. We use hail insurance to cover the rest of the uninsured portion as hail is our primary peril.

SEED CORN – Most of the corn that we raise on our farm is seed corn. We produce for a major seed corn company raising our crop under contract and managing all aspects of production with the exception of harvest and choosing the day of planting, which the company decides, as planting day also determines date of de-tasseling and date of harvest. Our problems of growing seed, which we raise in a rotation with soybeans, relate primarily to crop insurance. The issue is that we do not produce commercial corn and have not produced commercial corn on these acres since back in the early 1980's when yields were in the 150 bu. per acre range. Today commercial corn yields are routinely the 230 to 250 bu. range in our area, and consequently we have a 150 bu. commercial corn Actual Production History (APH) as opposed to the 240 bu. APH's of our neighbors, on like land just across the road. This severely handicaps us from a crop insurance standpoint as we look at going back to raising commercial corn on these seed fields with 150 bu. APH's when our yields would be in the 230 plus range had we been producing commercial corn rather than seed corn. This also impacts as we look at placing the farms into the ACRE program.

I spoke with my crop insurance agent about this APH problem. He said that CIPA (Crop Insurance Professionals Association) is proposing a correction to the RMA (Risk Management Agency) that will help my situation and also help solve another problem with the APH involving multiple year losses. I would like to encourage RMA to work with CIPA on their APH improvement proposals.

CROP INSURANCE – The main perils that affect our crops in the irrigated regions of Nebraska are hail and wind. We use Federal Crop Insurance to insure the bottom portion of our crop and supplement it with top end hail insurance. Crop insurance provides us the ability to be able to market our crop and guarantee us a certain revenue.

Crop insurance is a vital component of production agriculture as it gives producers the ability to forward market based on a guaranteed revenue. Without this guarantee we are fully exposed to any problem our crops may incur over the growing season.

ETHANOL – Much of the growth of the U.S. ethanol industry has been supported by farmers and rural America investing their hard-earned dollars in local biorefineries. For the American farmer, the ethanol industry provides the opportunity to enjoy some of the value added to their commodity while revitalizing rural communities, creating economic opportunity and good paying jobs for American workers, and expanding the role of U.S. agriculture in our movement to greater energy independence. The programs included in the Energy Title of the 2008 Farm Bill will greatly contribute to ensuring America's future energy security. Congress has a significant opportunity to further advance the development of renewable bioenergy, cellulosic ethanol and other advanced biofuels technologies in the 2012 Farm Bill. It would be my hope that the programs the House Agriculture Committee will include in the Energy Title of the 2012 Farm Bill will continue to promote Federal procurement of biobased products, expand loan guarantee programs for biorefineries and biofuels production facilities, increase research to better utilize ethanol co-products such as distillers grains, and continue programs to incentivize cellulosic and biomass feedstocks for ethanol production and energy production of ethanol plants. Thank you for recognizing the potential of biofuels and providing the agriculture community a pathway that will provide a more stable and sustainable energy future for all Americans.

The topic of the extension of the tax incentive for ethanol, the Flexible Fuel Vehicle requirements and the increase in the blending of ethanol from E-10 to E 15 do not fit within the parameters of the farm bill, but they are significantly related to the profitability of my business and I cannot pass on this opportunity to urge you as Members of Congress to look favorably on these issues when they come before you at another time.

I want to thank you for the opportunity to testify before you and share my thoughts. I would be happy to answer any questions.

ROD GANGWISH FARMS

52685 70th ROAD
SHELTON, NE 68876-9572

Phone (308) 647-6960
Fax (308) 647-5471
e-mail: rkgangwish@rcom-ne.com

Rodney K. Gangwish

Rod Gangwish and his wife Jane have farmed for 36 years near Shelton, NE and grow corn, seed corn and soybeans as part of a 2200 acre irrigated operation in central Nebraska. They have three children, a son John who is involved in the farming and trucking business, a daughter Erin from Omaha, and a son Steve from Watertown, South Dakota.

Gangwish serves as a past president of the National Corn Growers Association. Prior to serving as past president of NCGA, Gangwish served as Chairman of the Board, President and Vice President. Previously, he has chaired NCGA's Government Relations, and Market Development Committees. He worked extensively in Washington DC representing NCGA in the development of policy and legislation for GATT, NAFTA and the 1996 Farm Bill. Gangwish is a past president of the Nebraska Corn Growers Association, a past president of the American Baptist Churches of Nebraska and a past president of the Ag Builders of Nebraska. He served on the Agricultural Advisory Committee of the Chicago Board of Trade, and on the Agricultural Advisory Committee to the Commodity Futures Trading Commission, in Washington DC. He is a past Chairman of the Board of Directors of the Nebraska Agricultural Leadership Council, which directs the Nebraska Leadership Education Action and Development (LEAD) Program. In addition he has served in a variety of leadership positions at the local and state level. He received a Bachelor of Science degree in Agronomy from the University of Nebraska. He has been honored for his service to the Nebraska Corn Industry with the "Golden Ear Award" presented by the Nebraska Corn Growers Association and the Nebraska Corn Board and received the "Service to Agriculture Award" from KRVN Radio in 1997. He was elected to the Nebraska Hall of Agricultural Achievement in 2002. He was the Nebraska Hall of Agricultural Achievement Award Honoree in 2004.

He serves on the Presidents Advisory Council for the University of Nebraska. He serves on the Council for Agriculture, Research, Extension, and Teaching (CARET) representing the University of Nebraska. He is a member of the Nebraska Agricultural Relations Council, the Nebraska Farm Bureau, the Nebraska Corn Growers Association, the Nebraska Soybean Association and the Nebraska Cattleman's Association. He serves on the Board of Directors of KAAPA Cooperative and as the Board Treasurer, and was instrumental in the development and building of the KAAPA Ethanol Plant at Minden. He serves on the board of Managers of KAAPA Ethanol L.L.C. and as the Board Secretary. He serves on the board of Managers of Energy Grains Development Group LLC, which is developing several new ethanol plants. He is a member of the board of managers of KAAPAMEX L.L.C. He serves on the Board of Managers of KAAPA Investments LLC which is currently raising money for the development of a plastic made from dried distillers grains. He serves on the Department of Investment and Finance for the American Baptist Churches of Nebraska and remains active in the Gibbon Baptist Church, and in local community affairs.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Rodney K. Gangwish

2. Business Address: 52685 70th Road
Shelton, NE 68876

3. Business Phone Number: 308-647-6960

4. Organization you represent: Rod Gangwish Farms

5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:

6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:

BS Agronomy from University of Nebraska
Past President National Corn Growers Association
Full time Farmer for 36 years

7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:

N / A

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.

Name: Rodney K. Gangwish

Address: 52685 70th Road - Shelton, NE 68876

Telephone: 308-647-6960

Organization you represent (if any): _____

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: N / A Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:

Source: N / A Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: X

Signature: 

• Rule XJ, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*