



WESTERN PEANUT GROWERS ASSOCIATION, INC.

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TESTIMONY OF
JIMBO GRISSOM
PRESIDENT
WESTERN PEANUT GROWERS ASSOCIATION
BEFORE THE
HOUSE AGRICULTURE COMMITTEE
LUBBOCK, TEXAS
MAY 17, 2010

Thank you, Mr. Chairman. My name is Jimbo Grissom. I am a peanut farmer from Seminole, Texas and President of the Western Peanut Growers Association. I would like to welcome you and the members of the committee to Lubbock on behalf of the peanut growers of West Texas. We appreciate your willingness to come and hear first-hand from Texas producers our views of the farm programs and their importance to production agriculture in the Southwest.

Mr. Chairman, we appreciate the leadership you demonstrated in getting the 2008 farm bill enacted into law. We want to commend you, Mr. Chairman, and the Agriculture Committee for getting an early start on consideration of the 2012 Farm Bill. In this time of budgetary pressure, we know that crafting the next commodity program legislation will be a great challenge for you, and we want to offer our support as the Committee works on putting a new bill together.

The State of Our Peanut Farm Economy

We are now in our third year of operating under the 2008 Farm Bill, and this has been a particularly difficult period for peanut growers in West Texas. Like commodity producers across the country, we have been coping with volatile and rising input costs. From 2002 to 2008, fuel prices rose over 200%, and while they dropped by 34% in 2009, those costs are on the rise again this year. The picture is the same for all of our basic crop inputs. Fertilizer prices rose over 80% in 2008 alone. In that same time-frame pesticides costs rose by almost a third. While input prices have risen and fallen over the last five years, the trend-line shows overall steep increases in the cost of growing a crop.

Producers of some other field crops have seen significant increases in the market value of their commodities, allowing them to partially or, in some cases, fully offset the rise in production costs. That has not been the case with peanuts in West Texas. The 2007 crop year's shortage of peanuts created an attractive contract offer price of \$500 per ton for 2008 crop peanuts. In our production area the crop was subjected to drought, hail, high winds and a pre-harvest freeze that reduced yields from 20 to 40 percent. These weather losses combined with soaring input costs in 2008 turned what might have been a profitable year into losses as high as \$200 per acre.

The relatively good contract prices in 2008 led producers nationwide to increase production, resulting in excess production and lower contract prices for 2009. Despite some easing in input cost increases, we had a second very poor year for income. In West Texas, peanut farmers have dramatically reduced planted acres, and there has been some increase in contract offer prices. But input costs are on the rise again, and it looks to be another disappointing income year.

These repeated income shortfalls and production cost increases are taking their toll on our producers. One young farmer I know well was told this year by his banker that he simply couldn't get financing for another year. He now has a job in town and is cash leasing his farm to meet the land payment. Most of the older farmers, like me, are using the equity on their farms to secure operating loans. More and more of our producers are turning to USDA loan guarantees as they use up the last avenues to borrow the money to farm another year. Mr. Chairman, our West Texas peanut producers are under so much continuing economic pressure from the last several years of poor income and high costs that all our attention is focused on making it through another year. However, the Committee has asked for our thoughts on federal agriculture policy in preparation for the 2012 Farm Bill.

The Peanut Program

Our first comment is in favor of the preservation of the marketing loan. The commodity loan remains the foundation of all program structure for our producers. It is the only program element that applies to all of our harvest; it is essential for the marketing of our crop; and it provides the absolute floor below which the value of the crop cannot fall.

Our next concern is to protect the direct payment, which represents guaranteed income regardless of the price or size of the crop. It is a dependable security for our lenders, and it is the only part of our program that can be reliably protected from World Trade Organization sanctions. Since many Texas peanut producers are also cotton producers, we fully appreciate the importance of that fact.

Finally, the countercyclical payment is a valuable tool to provide at least part of our crop with a somewhat higher price floor. This was helpful in 2009 when we suffered a fairly steep price drop, although its utility is mitigated by fixed yield and acre determinations and the effect of stricter payment limitation requirements.

When all three of these components are combined they make a valuable tool to set a much needed "floor" price for our commodity and our lenders.

Workable Crop Insurance Program for Peanut Growers

Crop insurance has been a growing factor in managing the risks of farming in West Texas. Lenders and farmers agree that insurance risk management tools are a necessity to cope with the variable nature of the weather in this region. Multiperil insurance is the only semi-viable tool available for peanuts. One problem associated with multiperil insurance is the pricing mechanism. Unless farmers' contract their peanuts by the acreage reporting date, the mechanism used to set the coverage price is many times unrealistically low. This results in a policy that does not relate to our costs or reflect the actual price situation.

We believe a good crop revenue coverage (CRC) policy for peanuts would be a more viable option for a risk management tool. We urgently need USDA's Risk Management Agency's assistance to develop an affordable and viable CRC policy for peanuts that would protect farmers against price as well as yield risks. We stand ready to support any reasonable price reporting requirements necessary to make that happen.

Payment Limitations

On the subject of payment limitations, we urge the Committee to avoid further changes in eligibility standards. We are still trying to adjust to the significant changes in this area from the 2008 Farm Bill. Constantly moving the markers on eligibility makes it very difficult for full-time farmers, who are under pressure to grow their operations to make a decent living as costs drive down the per acre profit possibilities. Major changes have been made, and now farmers need stability for at least the next several years.

Conclusions

As you can see, Mr. Chairman, the distressed economic condition of our West Texas growers causes much of our analysis to be viewed through the lens of our lenders. The banking and financial world is experiencing major instability of its own, and lenders are seeking the means to limit their risks in extending credit. Without their credit, many of our peanut producers are simply out of business. We wish the current program elements were stronger and provided more financial support, but at least they provide an understood and reliable basis upon which a lender can work with a farmer, even in bad times.

Mr. Chairman, the financial condition of West Texas peanut producers is too fragile and perilous for us to advocate abandoning that which is known. The history of new programs, including our own venture away from our traditional program in 2002, is full of examples of unexpected and often unfortunate consequences.

We applaud the efforts of the Chairman to explore new options for building a better safety net for farmers. If we are not successful in getting a satisfactory revenue insurance program through the administrative proceedings of the RMA, we will seek legislation that makes a good revenue program a reality for peanut producers.

Thank you for the opportunity to testify today and thank you for coming to Lubbock. I will be happy to answer the Committee's questions at the appropriate time.

2010 Biographical Sketch of

Jimmie "JIMBO" GRISSOM

Representing
Western Peanut Growers Association
PO Box 252
Seminole, Texas 79360
(432) 758-2050

1959	Born June 20th in Dublin, Texas
1977	Graduated from High School in Stephenville, Texas
1978	Married Shelia Fletcher
1978	Began farming in the area Stephenville, Texas (100 acres peanuts)
1981	Stephenville farms consisted of 500 acres Expanded operation with 300 acres in Georgia, for one year (Produced corn, soybeans, and peanuts)
1984	Moved to Seminole, Texas (Farming peanuts, cotton and wheat in Seminole and Stephenville)

Current Agriculture and Business Operations

Present	Jimbo and Shelia Joint Venture, SonGrown, Triangle G, and partner in West Texas Irrigation
Present	Farming 4 sections of land SW of Seminole and 2 sections NE of Seminole (1,200 acres cotton, 1,000 wheat, 600 acres flavor runner peanuts)

Agriculture Organizations

1998-Present	Western Peanut Growers Association Board of Director
2000-01	Chairman of the WPGA Research Farm Committee
2002-08	American Peanut Council Board of Director
2003-2008	Secretary/Treasurer of the Western Peanut Growers Association
2006-2008	Southwestern Peanut Growers Association Board of Director
2008-Present	President of the Western Peanut Growers Association
2008-Present	Southwest Council of Agribusiness Board of Director

Civic Organizations

Present	Member/Deacon South Seminole Baptist Church
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Awards

1998	Gaines County "Farmer of the Year"
1997	Gaines County "Peanut Farmer of the Year"

Family

Grissom credits his wife, Shelia, not only for taking great care of him and their family but for being a good hands-on business partner. The couple has two adult children a son, Jeramie, a daughter, Chloe, and three grandchildren Maelie, Mackenzie and Kooper. All reside in Seminole.

Jimbo's future plans are just to "keep farming". *"I want peanut farming to be good so that everyone involved in this industry can make a living doing what they love. I will try hard to do what I personally can to keep peanut farming profitable for all of us."*

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: Jimmie "Jimbo" Grissom _____

Address: Rt. 2 Box 135 A, Seminole, TX 79360 _____

Telephone: 432-758-6362 _____

Organization you represent (if any): Western Peanut Growers Association, Inc. _____

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: _____ Amount: _____

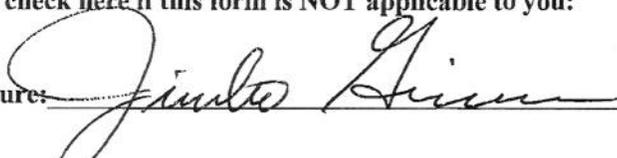
Source: _____ Amount: _____

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: _____ Amount: _____

Source: _____ Amount: _____

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

Signature:  _____

* Rule XI, 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.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.