

**Executive Summary of Paul Kanning
Farm Owner/Operator, TomTilda Farm, Flaxville MT**

**Hearing on Opportunities and Benefits for Military Veterans in Agriculture
Subcommittee on Agriculture, Rural Development, Food and Drug Administration
U.S. Senate Committee on Appropriations
April 5, 2016**

Personal Information

- Current Owner/Operator of TomTilda Farm in Daniels County, Montana
- Farms 1,700 acres producing small grains, pulses, and oilseeds
- Previously served as active duty officer for 20 years in U.S. Air Force
- Utilized numerous benefits available through USDA, DoD, and other agencies

Recommendations

- Support the President's request of no limitations on mandatory funding for Farm Bill conservation programs
- Continue funding the Beginning Farmer and Rancher Development Program
- Meet the President's request of \$10 million in discretionary funding for the 2501 program
- Fully fund staffing requirements of local USDA offices
- Resist any future attempts to reduce and/or consolidate local USDA offices
- Fully fund crop insurance programs and restore the President's proposed \$18 billion cut
- Fully fund staffing requirements of all state Rural Development offices
- Provide the full \$10 million in funding for the US Wheat and Barley Scab Initiative
- Provide oversight to ensure proper USDA research prioritization into crop pests
- Increase Direct Farm Ownership Loan limit
- Increase funding for Direct Operating Loans from \$1.25 billion to \$1.45 billion

**Full Testimony of Paul Kanning
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Thank you Chairman Moran, Ranking Member Merkley, and members of the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for the opportunity to testify on the opportunities and benefits available to military veterans in agriculture.

I am the owner and operator of TomTilda Farm in Daniels County, Montana. I am the fourth generation of my family to operate the farm, which is now 103 years old. The farm of just over 1,700 acres produces small grains (spring wheat), pulses (peas, lentils, faba beans), and oilseeds (flax, canola). I am in my fourth production year on the farm, having started in 2013.

Prior to initiating my farm career, I served as an active duty officer for twenty (20) years in the U.S. Air Force, retiring as a Lieutenant Colonel in 2013. My service included assignments to ten (10) military installations and five (5) combat deployments to Southwest Asia, including a 1-year tour in Iraq with the Coalition's advisory team to the Iraqi Air Force. I was a squadron commander of two aircraft maintenance units, deputy commander of a fighter maintenance group, and the senior-ranking sustainment officer for the F-22 program office.

I am often amazed that I own and operate the farm which I grew up on. As a young man, my sole ambition was to find a way off of the farm and find success out in the larger world. I decided that attending college was the best means to achieve that goal. Because I could not afford to pay for college, I enrolled in and was awarded a scholarship by the Air Force Reserve Officer Training Corps (ROTC) program. Through ROTC, I was able to obtain my degree at Montana State University and get commissioned as an Air Force officer.

Approximately half way through my military career, I began to think about what I would do after retiring from the military. Then in 2003, while engaged in the initial campaign of Operation Iraqi Freedom, I suddenly realized my aspiration was to be a farmer. I then spent the next ten (10) years of my military service working as hard as I could to become a farmer.

Finally, in 2013, my dream was achieved and I have never been more content in my choice of profession.

Many of my fellow service members were surprised to learn of my military-to-farming aspiration. However, there are numerous similarities between the two professions. Both are comprised of honest, reliable, and trustworthy people who place a high value on integrity. Both professions entail service to a higher calling, either through defending our nation or providing food for the same. Both have leadership as a keystone element to success. Both professions are meritocracies, offering great opportunities regardless of race, color, or creed. Both involve a great level of risk and adventure. Both professions require dedication, discipline, and a willingness to sacrifice personal goals in exchange for achieving success. And finally, mission accomplishment in both culminates in the production of a tangible and highly valued product – freedom and food. Because of these professional similarities, it was only natural I would be drawn to agriculture following my military service.

During my transition to my farming career, I faced obstacles which many beginning farmers confront. I also seized on many opportunities to alleviate those challenges. My status as a military veteran afforded me benefits in many situations, while others were addressed through means available to all beginning farmers.

Veteran-Related Benefits Utilized

Veteran Farmer/Rancher Recognition in the Agriculture Act of 2014

Recognition of “Veteran Farmers” as a distinct class in the Agriculture Act of 2014 (Farm Bill) provided numerous new benefits. While the definition is essentially the same as that for beginning farmers and ranchers, this new classification afforded additional USDA program priorities to veterans.

Veteran Preference and Priorities

The USDA is required to set aside a portion of the acres available for the Conservation Stewardship Program (CSP) for beginning and socially-disadvantaged farmers and ranchers. Under the 2014 Farm Bill, a preference must be given to veterans that fall within one of these set-aside categories. Veterans now receive points when applying for the program which are in

addition to any points granted for being a beginning or socially-disadvantaged farmer. This preference allowed me to qualify and enroll TomTilda Farm in CSP in 2014. This significantly helped me to obtain additional farm revenue while also providing a great incentive to conserve my critical land resources. **I encourage Congress to support the President's request of no limitations on mandatory funding for Farm Bill conservation programs.**

Microloan Assistance

The 2014 Farm Bill specifically excludes microloans used by veterans from the term limits applied to other USDA Direct Operating Loans. In addition, the legislation also allows veterans to choose between the microloan interest rate (set at 5%) or the regular interest rate for USDA operating loans. I am currently in the process of applying for a microloan to assist in the purchase of new capital equipment for TomTilda Farm.

Beginning Farmer and Rancher Development Program Grant

The Beginning Farmer and Rancher Development Program (BFRDP) provides grants to organizations providing training, education, outreach, and technical assistance to beginning farmers and ranchers. Under the 2014 Farm Bill, assistance for veterans is made a priority under the BFRDP by specifically including "agricultural rehabilitation and vocational training" as an eligible service and by providing a 5% set-aside of BFRDP funding for programs serving veterans.

I have benefited greatly from programs funded through BFRDP grants. For example, the Beginning Farmer and Rancher Program through Montana State University provided me training in commodity price risk management, farm income tax management, acquiring farm financial credit, and USDA program overviews.

In addition, Montana State University partnered with Montana Grain Growers Association to provide additional training through the use of these grant funds. This allowed me to participate in an intermediate grain marketing strategy workshop, gain farm bill program training, and obtain membership in the Montana Grain Growers Association.

Because of the significant training I have received through BFRDP grants, **I encourage Congress to continue funding the Beginning Farmer and Rancher Development Program.**

Outreach and Assistance Program for Socially Disadvantaged Farmers and Ranchers

The Outreach and Assistance Program for Socially Disadvantaged Farmers and Ranchers, commonly referred to as the 2501 Program, was expanded to include veterans. This allows the USDA to provide additional technical assistance to veterans focused on enabling farm ownership and operation as well as outreach to encourage participation in USDA programs.

Specifically for me, this benefit was realized through the Farmer Veteran Coalition (FVC). The FVC has provided access to a large network of other veteran farmers, provided me with numerous training and education opportunities, and enabled my certification in the nation-wide “Homegrown By Heroes” agriculture marketing label program. **I encourage Congress to meet the President’s request of \$10 million in discretionary funding for the 2501 program in FY 2017 in order to restore total program funding to its previous total funding level of \$20 million.** This appropriation would restore total program funding to its historical level in order to meet the increased demand for outreach and technical assistance by veterans.

Land Transition Incentives

The Conservation Reserve Program (CRP) Transition Incentive Program (TIP) provides owners of land coming out of CRP with additional program payments if they lease or sell the land to a beginning farmers, including veterans. While I have not yet participated in this outstanding program, I am actively seeking an opportunity to do so.

Military Retirement Income

As a retired officer, I am blessed with an advantageous source of non-farm income through my military retirement. While many of my farming peers are forced to obtain a second job to assist in paying family living expenses, I am able to cover those expenses through my retirement pay. This allows me to focus solely on farm management and operations.

Military Healthcare

Likewise, I am also blessed with a healthcare plan as part of my military retirement which significantly reduces my living expenses. Although not a member of the Veterans Affairs healthcare system, I am enrolled in the military TRICARE Standard program which requires no

premium payment. Additionally, dental care is provided through the TRICARE Retiree Dental Program at a significantly reduced premium.

Department of Defense Transition Assistance Program

The Transition Assistance Program (TAP) was established to meet the needs of separating service members during their period of transition into civilian life by offering job-search assistance and related services. Through TAP, I participated in the Entrepreneurial Module which provided outstanding training and assistance as I established my farm business.

Non-Veteran Related Benefits Utilized

USDA Conservation Programs

In addition to enrollment in CSP as previously mentioned, my farm also has acres enrolled in the Conservation Reserve Program (CRP). As stated previously, **I encourage Congress to fully fund all USDA Conservation Programs.** Through CRP, I have been able to keep environmentally-sensitive land out of agricultural production while planting valuable land cover to help improve water quality, prevent soil erosion, and reduce loss of wildlife habitat. However, the 2014 Farm Bill and sequestration have cut over \$6 billion from conservation programs.

USDA Agricultural Risk Coverage Program

TomTilda Farm is enrolled in the Agriculture Risk Coverage (ARC) Program. **I encourage Congress to fully fund staffing requirements of local USDA offices for management of Farm Bill programs.** The benefits of the ARC program are critical to my continued farming operation. This safety net provides revenue loss coverage in years when I may be unable to pay all of my operating expenses due to weather-related crop failures or commodity price deflation. In addition to management of ARC, local USDA offices provide outstanding advice to veteran farmers such as me. This critical service must continue.

In addition, I am certain USDA will seek to reduce and/or consolidate local offices in the future. Proponents will advocate the use of technology as a replacement for local USDA officials. However, the lack of broadband internet service in rural America, the many elderly farmers who are not proficient in utilizing computer services, and the lack of personal interaction

with USDA officials will undoubtedly lead to lack of service and missed opportunities. **I encourage Congress to resist any future attempts to reduce and/or consolidate local community USDA offices.**

Beginning Farmer and Rancher Benefits for Federal Crop Insurance

Beginning farmers are eligible for additional Federal Crop Insurance benefits under the 2014 Farm Bill. Because of this, I was able to obtain an additional ten (10) percentage points of premium subsidy for my multi-peril crop insurance. This is a significant cost reduction in one of the programs that is the most critical to my continued success as a farmer. Without affordable crop insurance, I will be unable to obtain an operating loan and unable to pay my expenses in disaster years. Therefore, in addition to sustaining this benefit to beginning farmers, **I further encourage Congress to fully fund crop insurance programs and to restore the President's proposed \$18 billion cut to crop insurance.**

Additional Training and Education Programs

Through the National Farmers Union, I was able to participate in the Beginning Farmer Institute which includes educational seminars, farm and cooperative tours, meetings with USDA and Congressional staff personnel, and opportunities to participate in Farmers Union activities. The program is funded by the National Farmers Union Foundation, Farm Credit Council, Cenex Harvest States Foundation, CoBank, and Farmers Union Industries Foundation. While I do not know specifically why my application to this program was successful, I am inclined to believe my status as a military veteran was a significant influence.

USDA Rural Development Grants

A significant factor in enticing veterans into agriculture is the viability of rural communities. Specifically, the families of veterans want to live in communities with a strong school system, reliable healthcare delivery, adequate business services, and sufficient recreational opportunities. USDA Rural Development Grants are crucial to ensuring the continued viability of each of these. **I encourage Congress to fully fund staffing all state Rural Development offices.** Specifically in Montana, the staffing of these offices has been reduced from 58 to 43 personnel in recent years. The closest office to my community is located 350 miles away in Billings, Montana.

Simply put, the combination of insufficient staffing and a large coverage area leads to reduced program effectiveness for communities such as mine.

Agriculture Research Programs

Because of outstanding past research in agriculture research, I have been able to grow high-yielding crops which are resistant to pest pressures. Continued research is critical to continuing to improve yields and ensuring food security for America. Specifically, **I encourage Congress to provide the full \$10 million of funding for the US Wheat and Barley Scab Initiative** in order to help fight scab pressures which have extended into Montana. In addition, **I encourage Congressional oversight to ensure USDA continues to prioritize research into crop pests at research facilities** such as that at the Northern Plains Agriculture Research Lab in Sidney, Montana.

Additional Recommendations

USDA Farm Loan Programs

Through Direct Farm Ownership Loans, beginning farmers are able to obtain low-interest loans to purchase farmland, construct buildings, and make farm improvements. Currently the maximum loan amount is \$300,000. However, with recent price increases in farm real estate, this amount is often insufficient. **Therefore, I encourage Congress to increase the limit to assist beginning farmers and ranchers in purchasing land in areas with high real estate values. In addition, I encourage Congress to increase funding for Direct Operating Loans from \$1.25 billion to \$1.46 billion, in line with the President's request,** so that future veteran farmers can access capital critical to their farm operations.

Outreach Services Supporting New, Beginning, and Veteran Farmers and Ranchers

The President proposed \$5 million for USDA enhanced outreach to beginning, women, and military veteran farmers. This funding would be provided to the Office of the Secretary, but could be transferred to other agencies in USDA as needed.

New, Beginning, and Veteran Farmer and Ranch Initiatives

The President proposed \$3.9 million for targeted outreach by USDA to those interested in getting into farming. It will include a certification program to help veteran farmers prequalify for loans, 25 new full-time staff devoted to providing outreach, a pilot new farmer mentoring network that includes stipends for 200 mentors, and funding for cooperative agreements which support organizations in providing assistance and outreach.

Beginning Farmer and Rancher Individual Development Account Pilot Program

In addition to loans, the Administration's beginning farmer proposals include first-time funding of \$1.5 million for the Beginning Farmer and Rancher Individual Development Account (IDA) Program. The IDA program has not received an appropriation in years past and thus has not yet been launched as directed in the last two Farm Bills.

In conclusion, I am honored to have the opportunity to farm in rural America, providing high-quality food. While I used to assist in preserving national security as a member of the military, today I assist in that same effort by providing food security for our citizens. I again thank the members for the honor of testifying about the benefits and programs available to military veterans in agriculture.