

Testimony

on behalf of the

National Cattlemen's Beef Association

with regards to

Modernizing Agriculture Producer Size Standards

Submitted to the

House Committee on Small Business
Subcommittee on Agriculture, Energy and Trade

Scott Tipton, Chairman

submitted by

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**National Cattlemen's
Beef Association**

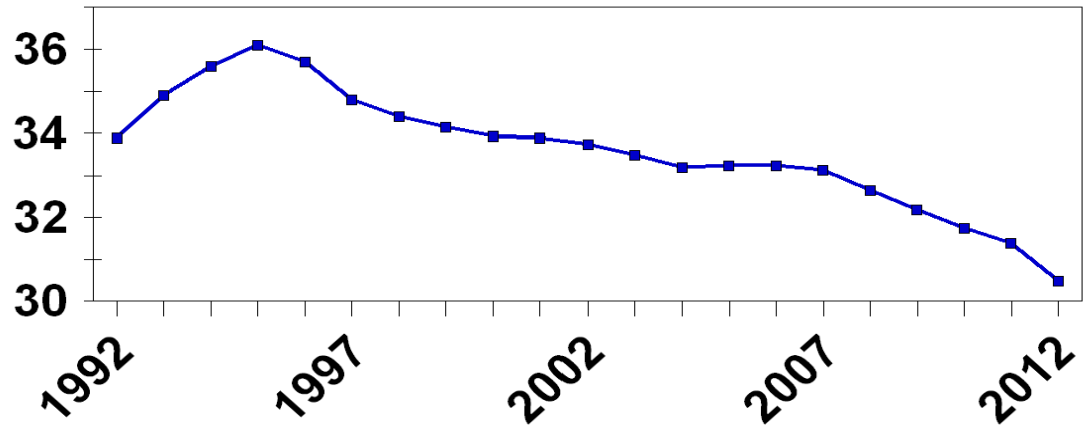
Good morning, Chairman Tipton, Ranking Member Murphy and members of the Committee. I am Ken Keesaman a cattle farmer from Osborn, Missouri. My family and I are members of the National Cattlemen's Beef Association and the Missouri Cattlemen's Association. It is a pleasure to testify before your Committee today on how the livestock industry and in particular our family operation, KK Farms Red Angus, has evolved over the years. My wife and I own KK Farms along with our three sons Kody, Kasey and Kraig. KK Farms is a purebred livestock farm that sells breeding cattle from 300 head of registered Red Angus cattle. Our farm is also diversified as we raise corn, soybeans, hay, a few hogs and over the years have added a vineyard and winery featuring Angus Red wine and a microbrewery. Currently, we are in the process of planning a restaurant and event center to add to our agri-tourism venture.

Our family started in the cattle business in the 1870's and I began farming full-time in 1969 when I returned from active duty with the Missouri Air National Guard. KK Farms consists of 1500 acres of which 900 acres are owned by our family and the remaining acres are leased. Of the 900 acres, 240 have been in the family since the establishment of our farm earning KK Farms the "Missouri Century Farm" award. Maintaining the original farm acreage continues to be a priority for our family and we have expanded our business model throughout the years to maintain our livelihood. Raising cattle is the foundation of our farm and we have been in the Registered Red Angus business since 1972.

The face of the livestock industry is much different today than it was in 1969 when I returned to the farm. In 1969, there were approximately 845,000 beef cattle farms with more than 34 million head of beef cattle. Other than the expansion of farms and herd size in 1974 and 1995 there has been a steady decline of the number of farms and the total head of beef cattle in the United States. Today, we have approximately 29 million head of beef cattle and according to the 2012 Ag Census, there are 729,000 beef cattle farms. Even though we have the smallest beef herd since 1951 our industry has been able to utilize the latest science and management practices to produce approximately 25 billion pounds of beef.

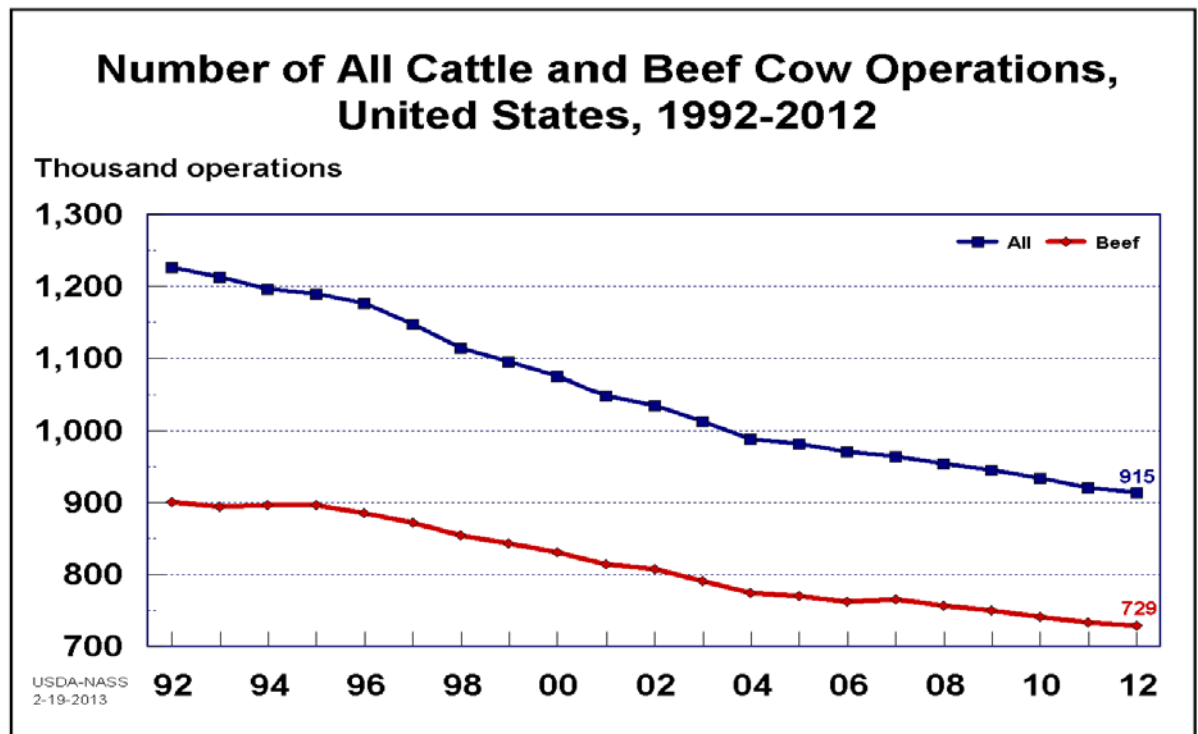
July 1 U.S. Beef Cow Inventory 1992-2012

Million Head



2012 Inventory 30,500,000

USDA-NASS
7-20-2012



When you evaluate the success of America's cattle farmers and ranchers, we have developed a successful business model not only domestically but also globally. In terms of production, the United States has only seven percent of the world's cattle supply but we are able to produce 20 percent of the world's beef. We have found ways to utilize more of our natural resources and the latest science to be more efficient than our international competition.

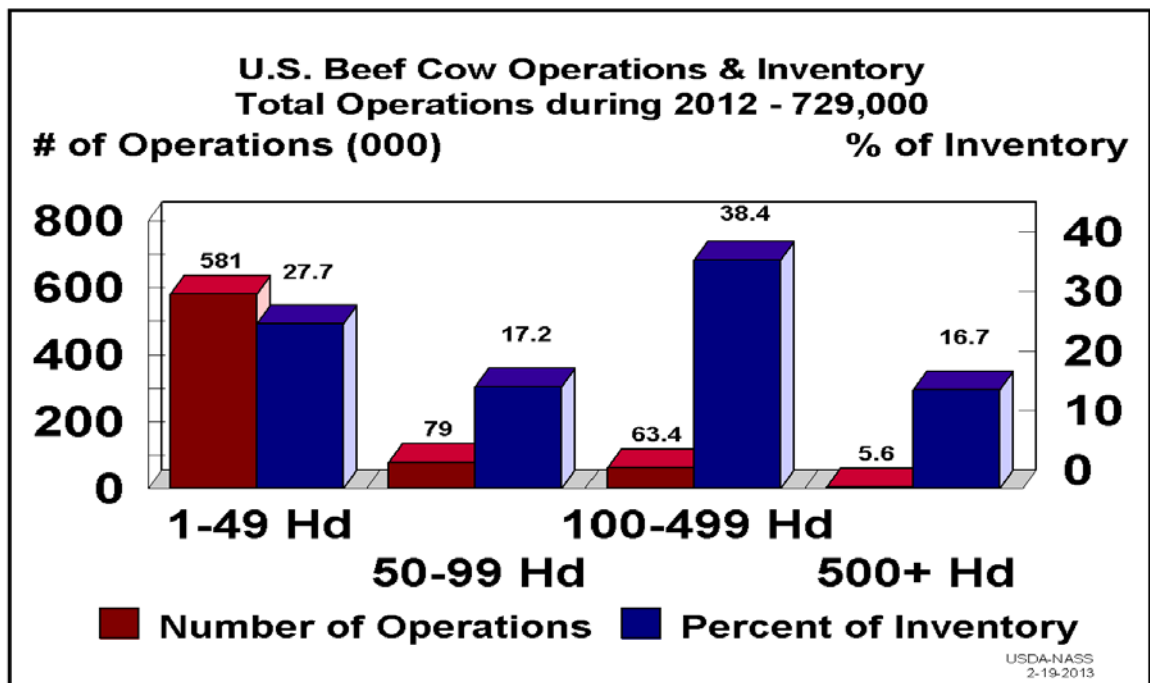
Our farm has changed like many other small family farms since 1985. During the late 1980s, due to changing trends in agriculture, we downsized our hog operation and increased our Red Angus herd. Our production costs have increased making it difficult for family farms to compete in today's agricultural environment.

The cattle industry in Missouri is comprised of a lot of smaller family farms who make a big impact. We have a lot of small player who make a big impact nationwide. The average herd size in Missouri is 36 head but overall, we are the second largest beef cattle state behind Texas. We have to do everything we can to send signals to these families that the climate is right to expand.

We use risk management by utilizing research and technology afforded to us through land grant universities like the University of Missouri Extension. Examples include planting cover crops over our corn and soybeans, which can be grazed by livestock. This helps us manage our feed costs during the recent droughts of 2012 and 2013. Also, in regards to risk management, we've added new ventures to spread our risk. In 2009, my son Kraig and his wife added Windy Wine Company and planted nearly 8 acres of Missouri grapes. We've also ventured into All-Natural

Meat production/sales of our Red Angus Beef and another son started a microbrewery called Blackbelt Brewery. Future plans to spread risk include a farm-to-table restaurant, event center and bed and breakfast. All of this adds value to our farm and helps to spread risk. It also ensures every member of my family have a place on this family farm.

The evolution of today’s livestock industry has shifted and in order for family businesses to survive we have expanded and diversified our operations. In terms of agriculture, today’s small business has changed and it is appropriate for the size standards applied by the Small Business Administration to more accurately represent today’s small operations. It is my understanding that agriculture is the only industry where the statute establishes our size standard. With that being the case, Congress must change the statute and consider alternatives to the current size standards so they more accurately reflect today’s small businesses. Smaller operations play a significant role in the beef cattle industry. The chart below from USDA’s National Agricultural Statistics Service shows the number of operations that have fewer than 500 head of cattle and the percentage of our industry inventory they raise. You’ll quickly notice that smaller operations account for the majority of beef cattle operations in the U.S.



In closing, I appreciate the work this Committee does to ensure there are opportunities for individuals to pursue the American Dream. Small businesses are the life-blood of America and our rural communities. As industries evolve it is important for the government to modify the governing statutes and regulations to better reflect the changes in the business climate. Another area where I appreciate the work of the Committee is on the regulatory front. Burdensome regulations stifle innovation and cripple America’s small businesses. The good work this

Committee does to bring the small business perspective into the regulatory climate is appreciated by smaller operations like KK Farms. Thank you for the opportunity today, to share our family's history and commitment to agriculture – it's more than a business, it's our way of life.