

Testimony

on behalf of the

**National Cattlemen's Beef Association**

with regards to

Small Agriculture Producer Size Standards Improvements Act of 2015

submitted to the

United States House of Representatives  
Committee on Small Business  
Subcommittee on Agriculture, Energy, and Trade

submitted by

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Member  
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Mr. Chairman, Ranking Member, and members of the subcommittee, my name is Jeff Beasley and I am the co-owner of Beasley & Sons Livestock from Creal Springs, Illinois. It is my pleasure to testify before your subcommittee to discuss my family's beef cattle operation. Nearly a century ago my great-grandfather, along with his four siblings and families came together to purchase the land that remains as the core acreage of the Beasley Farm in Southern Illinois. Times were really tough then for my family and the older children worked for friends and family to earn enough money, over time, to fulfill their hope of farming their own land. The siblings worked together to grow crops and hay, raising cattle, hogs, horses and mules. Over the next several decades, they were able to scratch out a living and provide for their families, but had achieved what they set out to do, and that was farm the land they owned and raise livestock. My grandfather, his brother and cousin helped work the farm, and eventually the farm was passed down to them. Then my grandfather and father became proprietors of the farm together. I remember helping work on the farm as a boy, then as a teenager and then as a young man. More than twenty years ago I joined my father in working and managing the farm. Our dream of raising beef cattle and crops is now a reality; we pursued the goal of living the life and work that we loved, yet knowing that it was a business that must be financially viable to survive.

Our farm has grown and expanded significantly over the years. Depending on the year and circumstances, we have been caring for anywhere between 2,000 - 4,000 head of cattle per year on several hundred acres of our own land in addition to leasing and managing two other farms. Because of our love for raising cattle, well over ninety percent of our farm income is derived from cattle sales. We are focused on growing grass, raising and feeding beef cattle that we know consumers around this country and the world need and desire as their delicious and healthy source of protein.

The legacy of the Beasley's cattle raising continues, but the changes to agriculture in my lifetime have been overwhelming and hard to fathom to say the least. Living and working on a cattle farm is a wonderful way of life, and a great place to raise a family. You must have a strong desire, passion and good work ethic to accept this challenge of raising livestock. I've never had anyone tell me they got into agriculture to get rich, but rather because they loved doing this work. However, we in agriculture can't live solely on dreams. We must accept the reality that we are in a business, and to sustain the business we have to profit on what we have invested I truly believe that farming and ranching is the quintessential "small business". We should be recognized as such and we need to be treated as such, in regard to business regulations that can so greatly affect us.

The amount of capital that we are required to manage these days is almost mind boggling. Costs of production have soared. It takes a good amount of equipment and facilities to manage and care for the cattle, and that comes at a hefty price tag. Feed costs, grass and crop seedings, fencing, equipment, maintenance and labor costs all add up significantly. This doesn't even take into account the cost of purchasing cattle.

So while I consider a cattle operation the size and structure such as ours as a small business, the dollars that we must spend and manage far exceed what Congress considers an agricultural small business. The current definition is restrictive and limits our ability to operate on a level that other non-agricultural businesses operate. For us to be sustainable, to expand and profit in order to pass along the family farm, or for young persons to enter and start their own farm or livestock enterprise, we need regulations that are fair and equitable, and that is what I am seeking today.

The Small Business Act of 1953 authorized the Small Business Administration to establish the standards for determining the financial eligibility assistance of small businesses. The definition of a small business has been somewhat subjective over the years and varies by industry. Under the Small Business Act, a small business is determined by number of employees, dollar volume of business, net worth, net income, a combination thereof, or other factors. The definition is meant to be relative to each industry and reflect the differing characteristics among industries.

In effort to keep up with an evolving economy, the Small Business Administration has proposed comprehensive size standards reform on five different occasions—three of which have occurred since the last revision to the agriculture standards for SBA loans. In 1984, the Small Business Administration proposed changing the definition of ‘small’ to farms with cash receipts less than \$100,000. Congress responded in 1985 by removing SBA’s ability to establish a small business size standard for agriculture by enacting a statutory level of \$500,000 that was later increased to \$750,000 by Congress in 2000. The authority to update the standards has not been transferred back to the Administrator of the Small Business Administration. The Small Agriculture Producer Size and Standards Improvement Act is a bill I support to amend the Small Business Act and return the authority to the Small Business Administration to establish size standards for agriculture based on the same process as other small businesses.

Agriculture is one of the oldest industries in the world, and many of our daily concerns haven’t changed: weather, soil, the health of my farm animals, debt, natural disasters, and taxes are still my priorities. As a cattle farmer, I adjust to the daily challenges and try to be successful given the conditions I face. The cattle operation my family owns today looks very different from how it started when you consider the market conditions and cost of production have changed significantly over time.

The outdated size standards of the Small Business Act clearly do not reflect the needs of modern agriculture. Here are some comparisons from USDA’s 1987 Census of Agriculture and USDA’s 2012 Census of Agriculture for my state, Illinois (see attachment).

	<u>1987</u>	<u>2012</u>
Total Number of Farms	88,766	75,087
Average Farm Size	321 acres	359 acres
<b>Farms owned by families</b>	<b>85%</b>	<b>86%</b>
Farmer as primary occupation	64%	50%
Average Age of Farmer	50.4 years old	57.8 years old
Average Value of Farm	\$402,970	\$2.26 million
<b>Average Value of Farmland</b>	<b>\$1,262/acre</b>	<b>\$6,305/acre</b>
<b>Avg. Value of Farm Equipment</b>	<b>\$60,935</b>	<b>\$203,192</b>
<b>Total Farm Expenses</b>	<b>\$4.56 billion</b>	<b>\$13.46 billion</b>
<b>Market Value of Products Sold</b>	<b>\$6.37 billion</b>	<b>\$17.19 billion</b>

You can see that many farm operations, like mine, are still family owned and operated, but the cost of doing business has increased tremendously; as has the average age of the farmer has also increased. By this account, an average farmer in 1987 would have been eligible for a loan through the Small Business Administration by not exceeding the statutory limit of \$500,000. However, an average farm value in 2012 would vastly exceed the statutory limit of \$750,000 established in 2012. The Small Business Administration should have the authority to adjust statutory limits on a regular

basis by using data such as the Census of Agriculture that is conducted every five years, as well as other data provided by the U.S. Department of Commerce.

Throughout America's history, our economy has been resilient due to our willingness to take risks seeking success when previous attempts have failed. In spite of the increasing regulatory and tax burdens and the frivolous abuse of the legal system, America continues to be a fertile ground for the entrepreneurial spirit and multi-generational, family-owned businesses. For many Americans, including myself and my family, this is our pursuit of happiness and it is the foundation of the American Dream; something that each generation has fought to protect.

American agriculture is a prime example of an industry that has evolved to meet market demands by embracing technology, making necessary and often times risky investments, overcoming natural disasters and becoming more efficient than previous generations. Most of our international competitors also face similar risks, but the one advantage American agriculture has had over the years has been our access to credit. The majority of agricultural financing is conducted through private local banks, the Farm Credit System, USDA-backed loans and other government loans. Our industry appreciates access to these credit opportunities, but it is important to realize that agriculture in the 21<sup>st</sup> Century has evolved over 30 years into businesses that have diversified in order to face less volatility on the balance sheet.

Agriculture is a unique industry because we provide a basic necessity - food. History is full of stories of nations rising and falling by not having access to basic needs. The United States has seen its population of farmers fall from 16.5 percent of the total population in 1950, to one percent of the population in 2012. At the same time, our production has grown exponentially from \$109 billion in 1950 to \$279 billion in 2012. Imagine that, less than two percent of the U.S. population is engaged in agriculture and yet we are able to feed America and many other nations. We provide stability that most people take for granted.

Unlike previous generations who had very little job options other than the family farm, today's agriculture industry primarily consists of an educated workforce that wants to engage in agriculture. Even still, the average age of farmers continues to increase, and we face a growing trend of urbanization that continues to draw the next generation away from the farm. Due to the enormous startup and operational costs it is very difficult for new people to enter the agriculture industry. Even though USDA has programs to assist young farmers and new farmers, many times those loans are not great enough to cover the necessary costs. So how do we feed the entrepreneurial spirit of those who want to stay involved or become involved in food production?

There is no silver bullet that can solve this problem alone but one thing our industry has learned over the years is when we are confronted challenge we can work together to find a reasonable solution. That same common-sense approach should be applied to small business loans to provide the agricultural sector greater access for small business loan programs. Improving the existing tools available through the Small Business Administration to modernize definition of a small agricultural business. I appreciate the subcommittee's interest and time to have this hearing today on how small businesses like our family's cattle farm could accurately be represented within the definitions of the Small Business Administration. Enacting the Small Agriculture Producer Size and Standards Improvement Act is a step in the right direction to recognize small agricultural businesses. Thank you for inviting me to be here today.