



March 5, 2018

House Agricultural Committee
State of Kansas
Topeka, KS

Dear Chairman Kyle Hoffman and Members of the House Agriculture Committee:

My name is Craig Watts. I am a former contract poultry farmer of nearly 24 years. Thank you for the opportunity to share my experience with you as the Kansas legislature considers a bill that would open the door to major poultry industry corporations coming to the state's farming communities.

I hesitate to use the word "farmer" to describe the sort of work I was locked into for more than two decades. "Indentured servant" may be a more accurate description. The real-world testimony of many contract growers like myself goes something like this: I made an educated decision to enter into a contract based on fraudulent information provided to me by a poultry company, and it almost cost me everything.

In 1991, a major poultry corporation was recruiting farmers in my area of North Carolina. I had been away but had a desire to come back to the farm, so I set up a meeting with the company representative. The sales pitch was straight-forward and very believable. The hooks were these:

1. Their chicken houses were "ahead of its time" (meaning no need for expensive upgrades)
2. It required very little hands-on labor (an hour in the morning and an hour in the evening)
3. The company provided technical support
4. Rewards were given to growers for good farm management
5. The mortgage on the poultry buildings would be paid off in 10 years

It sounded like a solid business proposal from a well-known American company. I had an accountant run a cash-flow and met with a local lender. Based on the information the representative gave me, they both gave it a thumbs-up. I made what I thought was an educated decision to enter into the business. In August 1992, I signed a contract and built two poultry houses.

In the beginning everything was good. It was so good that in 1994 I built two more houses, so I could be on the farm full-time. Settling the first flock with 4 houses was the first thing that opened my eyes to the fact that things weren't what they seemed. I had doubled my capacity and more than doubled my expenses -- but the income did not double. It was a shock. The honeymoon was over and the reality set in. That reality was:

1. I was forced to do major equipment upgrades on the first 2 "ahead of its time" houses in less than 2 years. Upgrades that cost \$10,000 multiple times over.
2. The truth is you are on call 24/7 if you have birds in the houses. It took so much more than an hour in the morning and an hour in the evening to manage a flock of birds.

3. I cannot remember one bit of technical “support” I was ever given that I felt was in my best interest. I did however spend a lot of money at the company’s demand for improvements because the choice was always the same. Either do it or no birds. And no birds means no revenue.
4. Good farm management did not guarantee success. The two most important factors of a good flock -- the chicks and the feed -- are owned by the company. All chicks and feed are not created equal. You can’t hatch over a million chicks a week and have them all with the exact same genetic potential. And every load of feed isn’t the same quality. The fact is it is impossible to get the same results all the time. Paychecks fluctuated wildly and so did my financial security.
5. I was on a never-ending treadmill of debt. The constant push for equipment upgrades makes it necessary for a contract grower to get additional loans which cuts deep into already minimal returns. Out of 23.5 years of raising poultry on contract, I had just a 1.5 year period when I wasn’t paying down debt. Catching up was impossible and making the promised good living as a contract grower became a bad joke.

One day I woke up. I was \$400,000 in debt and I realized I had been misled and taken advantage of by a company and a system that had no interest in seeing me be a success. That was never the plan. Their success was my operation being run so far into debt that I would have to stay a grower to keep up my payments. An indentured servant is exactly what I was.

Everywhere you look there is image and there is reality. I know no situation where this difference is played out with worse results than the business of raising poultry on contract for a major poultry integrator. The image is a farmer working with a responsible, ethical company that supports his work as a contract grower and shares in the success. The reality is countless farmers who have lost control of their finances, their houses, their farms, their way of life and their hope.

I urge every individual to not make the same mistake I did. Contract growing is the end of small farming, not the rebirth of it. Once a farmer signs the first contract, the company has the control and can change the rules of the road at any time and for any reason, including terminating their agreement for “cause” with no explanation given.

Is such a contract worth risking a farm, a home and a community for? My experience and the experience of many contract growers in many states says no. Never.

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