

**Statement by
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Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee, thank you for the opportunity to appear before you today to share updates from the U.S. Department of Agriculture's (USDA) Marketing and Regulatory Programs mission area and our efforts to foster markets for producers and consumers. Many of the programs important to creating more and better markets are in the Horticulture Title of the Farm Bill.

I count myself fortunate to come from a small rural community and from a family of farmers where I experienced firsthand the ingenuity and passion that farmers and ranchers bring when faced with challenges. They work hard every day to produce food that feeds their communities, the nation, and the world— and over the last few years we have seen the many struggles they face in accessing markets and capturing their fair share of the food dollar. Even with record farm incomes this year, too many farmers - some 89% - must take off-farm work to meet the needs of their families – particularly those with small and mid-size operations – and there are still far too many barriers to entry for new and beginning farmers.

Under the leadership of the Biden-Harris Administration and Secretary Vilsack, USDA has been hard at work to address these challenges head on and transform our food, agriculture, and rural economies so that at every stage along the supply chain, there are opportunities that benefit all consumers, producers, and rural communities. USDA is doing this by expanding the number of revenue sources and income opportunities for farmers so their operations – and the agricultural economy – become more sustainable, resilient, and profitable. New markets, improved program access, and greater support through research and education for all producers is how we help farmers build the resilience of American agriculture.

Our framework for the future of our food and agricultural supply chains and a resilient food system is guided by four fundamental goals:

First, we are supporting the creation of more, new, and better markets where farmers and ranchers have a fair shot to compete and earn a fair price for their products. Second, we are working to increase the accessibility of nutritious foods, as part of our broader efforts to tackle nutrition insecurity. Third, we are creating new revenue streams for producers by supporting farmers and ranchers' ability to turn a profit from leading the development and implementation of climate smart agriculture and forestry, biobased products, and other voluntary, market-based solutions to climate change. And finally, we are recommitting ourselves to equity and reducing barriers to access through program design, implementation, and outreach so that all producers have the tools and opportunity needed to farm. This framework supports and builds upon our work in implementing the President's Executive Orders on Promoting Competition in the U.S. Economy and on America's Supply Chains.

Thanks to the work of Congress and your leadership, Madam Chairwoman, the Biden-Harris Administration and USDA is doing this work and partnering with farmers, ranchers, and other food businesses with a wide array of resources provided through the American Rescue Plan, the CARES Act,

the Consolidated Appropriations Act, 2021, as well as other recent legislation that is further highlighted in my testimony today.

USDA is on a mission to ensure today's markets work better for both family farmers and the communities they feed. This means making more nutritious food available to more people, with more of the food dollar going back to the farm, while increasing income streams and revenue for producers. As President Biden has said, we are working to build the economy not from the top down, but from the bottom up and the middle out. For our farmers and ranchers, this means we are working hard to find opportunities for more people to benefit, which in turn is creating more jobs in rural communities and supporting a circular economy, so if you chose to be small or mid-sized you can still be successful, profitable, and stay on the land.

As this Committee begins its work on the next Farm Bill, it is crucial that Congress deliver a strong Horticulture Title that supports and expands producers' access to markets, while increasing consumer access to nutritious foods, working with producers in the face of climate change, and supporting the vibrancy of rural communities.

Local Agriculture Market Program

Robust and vibrant local and regional food systems provide more, and often higher value, marketing opportunities for farmers and ranchers while shortening the chain from producer to consumer. This supports rural economic growth while building consumers' understanding of food production and agriculture. For nearly 50 years, Congress has recognized this valuable connection through programs borne from the Farmer-to-Consumer Direct Marketing Act of 1976. According to the 2020 Local Food Marketing Practices Survey, the value of food sold through direct marketing practices was \$9 billion, including \$4.1 billion sold through institutions and intermediate markets. Thanks to the continued support of Congress, through the Farm Bill, discretionary appropriations, and more recently funding under the Consolidated Appropriations Act of 2021, these grants, collectively known as the Local Agriculture Market Program (LAMP), continue to provide critical tools for communities, farms, and businesses to strengthen local and regional food systems and markets, including farmers markets.

Last April, I toured the impressive space at Eastern Market in Detroit, Michigan and learned about their commitment to increase access to local produce in the city, especially to underserved areas. For 125 years, Eastern Market has worked to nourish Detroit and serve as a hybrid retail/wholesale public market, surrounded by regional food businesses. I also had the pleasure of meeting with different food entrepreneurs that the market hosts and trains to help them build their own food businesses through an accelerator program.

In 2022, Eastern Market received a USDA Local Food Promotion Program grant to expand its food access programs in Detroit and southeast Michigan. Through this funding, Eastern Market will build on the neighborhood-level community markets that are run and serve as bridges for communities to access and consume locally grown produce and value-added food products.

This project is just one example of the nearly 600 projects in all 50 states and three territories that have been funded by LAMP since the 2018 Farm Bill was signed into law. In addition to the Local Food Promotion Program, USDA's LAMP grant program includes the Farmers Market Promotion Program and the Regional Food Systems Partnerships at USDA's Agricultural Marketing Services (AMS) and the Value-Added Producer Grants run through USDA's Rural Development. These popular programs were funded at a combined \$50 million per year starting in fiscal year 2019, with an additional \$100 million

through the Consolidated Appropriations Act of 2021 and additional discretionary appropriations as well. Even with this additional funding, strong demand for these programs persists given their ability to support nimble and flexible local food and farmer efforts that contribute to community level economic development. In recognition of the success of these programs, USDA dedicated an additional \$130 million in American Rescue Plan (ARP) Act emergency funds to support expanding and strengthening opportunities for local food businesses to sell to institutions, such as universities, hospitals, schools, and facilities operated by local, tribal, and state governments. These programs are effectively accomplishing Congress' intent and remain very popular and highly oversubscribed year over year.

To address the supply chain breakages, many of which were exacerbated during the pandemic, we are using emergency funding to anchor and further support strengthening local and regional food systems. Last year we announced USDA's Regional Food Business Centers, supported by \$400 million made available through Consolidated Appropriations Act, 2021. These Centers will complement LAMP. As LAMP supports marketing opportunities for producers, the Centers expand on that by providing localized assistance along supply chains at a local and regional level. I believe these Centers will significantly improve the linkages between producers, the middle of the supply chain, and consumers that make our local and regional food systems more resilient, that make these businesses more profitable and sustainable, and that improve the local economy. These Regional Food Business Centers will coordinate across geographic areas with stakeholders, provide direct business technical assistance to small and mid-sized food and farm businesses, and provide builder grants to support expansion projects and those focused on regional needs. These are needs that I have heard time and again as I meet with stakeholders across the country, and the Centers will address these gaps to help local and regional economies thrive. To solidify a lasting impact of these Centers for local communities and regional areas, this work will require additional investment from Congress.

Local Procurement

We are now coupling the achievements of the LAMP programs to build capacity for producers to access new markets by expanding and enhancing procurement of local products for nutrition programs. Leveraging the purchasing power of the Federal government through local procurement creates a win for local economies and for people's health. It puts rural prosperity front and center by adding value to food where it is produced so that capital stays within a community leading to longer term economic growth and vibrant rural communities. And, as we highlighted in the Biden-Harris Administration National Strategy on Hunger, Nutrition, and Health, "Sourcing local foods can help increase consumption of fruits, vegetables, and other under consumed foods, improve attitudes about healthy eating, and support local economies."

Recognizing the importance of this work and the different needs of partners, we created two programs to build and engage local procurement marketing channels while providing nutritious food for food banks, pantries, and schools. The Local Food Purchase Assistance (LFPA) is a new a program supported by American Rescue Plan and Commodity Credit Corporation funding that provides funds to states, tribes, and territories to purchase food from local and underserved farmers for food banks, pantries, and other nutrition assistance programs. Similarly, the Local Food for Schools (LFS) program provides Commodity Credit Corporation funds to states to purchase food from local and underserved farmers for school nutrition programs. These programs address supply chain needs and food system vulnerabilities that were longstanding structural issues that were further revealed and intensified during the pandemic. AMS application of these resources demonstrate the incredible power and opportunity of partnerships and locally-led solutions. Increasing farmers' marketing opportunities and developing the means to sustain a purchasing relationship with them provides consistent access to locally and regionally sourced

food, keeps stable economic opportunities, and improves health outcomes that will make our U.S. food supply system stronger and more resilient.

In April, I traveled to Denver where I announced the first LFPA agreement between USDA and states, tribes, and territories. Through this program, Colorado is working to procure locally grown food products from underserved producers and then pack, transport, and distribute these food products to communities in need of nutritional support. In touring a food bank in Colorado, I had the opportunity to hear about the state's commitment in working across agencies to connect producers with food banks to build a resilient economy with economic justice.

Another great example where I got to hear directly from farmers about how this work is helping them was in Alabama, where farmers participating their state's LFPA program shared with me the benefits of the constant demand and volume presented by this program, and how it allows small farmers to scale up and access better, consistent markets. They've seen how LFPA creates job opportunities in their rural communities and how by LFPA bringing in more revenue to local economies, it is helping to break cycles of poverty. One farmer even mentioned that when he dropped off his farm fresh watermelon and strawberries at a food bank, he saw a young boy's surprise and delight upon seeing the fresh fruits available. That experience alone, the farmer shared, made the program worth it.

Later, in announcing the first LFS agreement in Minnesota, I met farmers and school nutrition leaders who told me how our LFS program has removed logistical obstacles for farmers and promoted local food as both the equitable choice and the easy choice for schools. Communities in Minneapolis and throughout the country are actively supporting LFS. Kids love trying new, healthy produce, and farmers enjoy the new, consistent opportunity that allows them to grow.

As of the start of the year, we had LFPA agreements with 48 states, four territories, and more than 20 tribes. For LFS, we had agreements with more than 30 states. And this list continues to grow as we continue to sign more agreements. These programs give nutrition assistance programs more options and provide States and territories the opportunity to support a fairer, more competitive, and more resilient local food chain, all while providing farmers and ranchers with another market for their products.

Specialty Crop Block Grants

As we work to create and enhance markets into the future, enhancing the competitiveness of our specialty crop producers who grow our fruits, vegetables, tree nuts, medicinal plants, and nursery, floriculture, and horticulture crops is a vital part of this vision.

The Specialty Crop Block Grant Program, which was first authorized by the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621), has been supporting specialty crop producer and consumers since 2006. The 2018 Farm Bill reauthorized the program and made important funding investments that have enhanced the competitiveness of and increased the consumption of specialty crops within the United States. In Fiscal Year 2022, USDA used the \$85 million provided in the Farm Bill to award grants to 55 recipients, which supported 601 Sub-award projects across the country. On January 21st, USDA announced the Fiscal Year 2023 funding availability.

Given my previous role at the California Department of Food and Agriculture, I know first-hand how important this program is to the states as they partner with the specialty crop industries to fund critical research, marketing, and education programs that best meet the needs in their states.

This year will mark a big milestone for this program as AMS will have awarded a total of \$1 billion in funding for projects across the country to support specialty crop producers.

Last year, I had the opportunity to travel to Washington state to see these grants in action as they support important marketing, education, and research. Grants are being used for market development for Washington craft cider and cider made with Washington grown apples. The Washington Wine Industry Foundation is providing updated tools to help producers mitigate financial and production risks. The Washington State Wine Commission is working on research and a strategy to control a virus that plagues Washington vineyards and threatens their long-term profitability, and Washington State University is researching the effects of smoke from wildfires on grape and wine quality. From research to education to marketing, the program is supporting specialty crops in all fifty states and territories to be more competitive and resilient, all while supporting our local economies.

Another great example from last year's Specialty Crop Block Grant awards was a grant received by the Arkansas Department of Agriculture's Farm to School and Early Childhood Education Program. This program is making a difference in schools where it supports the development of school gardens, taste test opportunities, and much needed technical assistance to the school food professionals who work with farmers from their communities to increase the consumption of local specialty crops in the classroom and cafeteria. Deepening the connection between schools and local farmers helps children learn about where the food comes from and appreciate how it is grown and creates a significant financial opportunity for farmers, food processors, and food manufacturers who gain a valuable new market and can feel good about giving back to their own.

Protecting Specialty Crops and Other Plants from Pests and Disease

The 2014 Farm Bill made permanent two important programs that protect plant health and specialty crops, and the viability of our growers and producers. Together, the Plant Pest and Disease Management and Disaster Prevention Programs and the National Clean Plant Network program strengthen our ability to safeguard U.S. specialty crops and agriculture. These programs are especially critical in the face of climate change. Even now, up to 40 percent of global crop production is lost to pests. We know that climate change has increased the level of plant pest infestations and disease infection, allowed pests to produce more generations each year, and extended the range of many plant pests. Protecting American agriculture from foreign pests and diseases assures our trading partners of the high-quality of our agricultural products. Trading partners are more likely to accept our products if they know we have systems in place to identify and eradicate pests and diseases, just as we demand similar strong and effective processes in the countries from which we take products.

The Plant Protection Act provides \$75 million annually for these programs, with at least \$5 million annually required for the National Clean Plant Network. Each year under the prevention program, the Animal Plant Health Inspection Service (APHIS) provides funding directly to states, universities, and other partners to carry out high-impact projects that expand the reach of our plant health programs. These vital partnerships allow us to do additional surveillance, increase domestic inspection activities, and strengthen our scientific and technical knowledge, among other things. For example, this cooperative program has helped eradicate plum pox, funded teams of detector dogs that have stopped invasive pests and diseases from spreading throughout the country, and protected honeybees and other pollinators.

We recently announced that we are allocating more than \$70 million to support 350 projects under these prevention programs. These projects will strengthen the country's infrastructure for pest detection,

surveillance, and mitigation, as well as protect the U.S. nursery system, which according to the 2019 Census of Horticultural Specialties represent over \$13.78 billion in sales for horticulture operations. Universities, states, federal agencies, nongovernmental organizations, nonprofits, and Tribal organizations will carry out selected projects in 48 states, Guam, and Puerto Rico. The USDA National Detector Dog Training Center in Georgia trains our agricultural detector dog teams, and the program includes over \$6 million for agricultural detector dog teams in California, Florida, Hawaii, and nationally. We are also funding pest detection surveys in 11 states throughout the country.

Another important aspect of the program is that it provides APHIS with ready reserve funding that the Agency can use to swiftly target emerging plant pests and diseases. Rather than having to wait for an annual appropriation or utilize the Secretary's emergency transfer authority, APHIS can tap into this reserve of funds to immediately address these threats. These funds have been key in our efforts to eradicate or slow the potential spread of pests such as African giant snail and more recently the spotted lanternfly. In our recent funding announcement, we set aside \$13.5 million for this critical program.

The other part of these Farm Bill programs is the National Clean Plant Network, which is critical to the health, value, and continued success of the specialty crop industry. The network provides producers with high quality propagative material that is free of pests and diseases for key crops, including fruit trees, berries, citrus, and hops. Our announcement included over \$7 million in support of 28 projects for this network.

I should also note our continued appreciation for the strong support this Committee and others have demonstrated for the Agricultural Quarantine Inspection (AQI) program over the last few years. The AQI program, a partnership between APHIS and U.S. Customs and Border Protection, establishes a set of overlapping safeguards that protect American agriculture and natural resources from foreign pests and diseases. USDA is incredibly thankful for the additional supplemental funding that Congress provided through several recent appropriations bills that was critical to weathering the downturn in user fee revenue during the pandemic. The continued support of the program ensured we can continue to protect producers and preserve critical domestic and export markets for agricultural products.

While not in the Horticulture Title, I would also like to take a quick opportunity to point out the value of the last Farm Bill's animal health programs. The three-legged stool, which includes funding for projects analogous to the plant program I described earlier, has been invaluable in protecting producers and ensuring states, industry, and our other animal health partners are fully prepared for any potential emergencies. I thank the Chair and Ranking Member for their strong support of those programs.

Organic Production

Our work at USDA to grow market opportunities for producers and to strengthen the supply chain is also evident in our work on organic markets. Organic production allows producers to hold a unique position in the marketplace - using production methods that can meet ever-changing consumer tastes for a variety of products. At the start of 2023, there were 27,607 certified organic businesses in the United States, with sales over \$63 billion. As more farmers look to tap into this market, we are developing tailored tools to support their efforts.

To maintain consumer trust in the organic seal, we have finalized two rules to ensure consistent standards for our producers. First, to promote a fairer and more competitive market for all organic dairy producers, we finalized the Origin of Livestock rule on April 5, 2022. This rule ensures that certified USDA organic dairy products are produced to the same consistent standard.

Second, we finalized the Strengthening Organic Enforcement rule last month. This 2018 Farm Bill provision significantly updated organic standards to respond to industry growth and the growing complexity of organic supply chains and incorporated many recommendations from the National Organic Standards Board to strengthen the integrity of the USDA organic seal.

Additionally, in December 2022, we announced that USDA has successfully registered the USDA organic seal trademark with the U.S. Patent and Trademark Office. This action provides even greater ability to fight against fraudulent use of the seal, which is specifically described in the Organic Foods Protection Act. This action is only one of the latest results achieved through work with the Organic Agricultural Product Imports Interagency Working Group, which was established by the 2018 Farm Bill. The working group enables USDA and Customs and Border Protection (CBP) to advance coordination and information sharing related to organic imports and supply chain integrity, to ensure that imports represented as organic meet the requirements and that we have a fair and level playing field for American farmers.

We look forward to continuing toward finalizing the Organic Livestock and Poultry Practices rule that seeks to ensure that the USDA organic regulations promote a fairer and more competitive market for organic livestock producers, by making sure that certified USDA livestock and poultry products are produced to the same consistent standards all across the country. The comment period closed in November 2022, and AMS is currently reviewing the comments and drafting a final rule.

I know many of you are aware of challenges in organic supply chains over the last several years. As part of our broader Organic Transition Initiative, we are investing emergency pandemic funding CCC up to \$100 million to address organic supply chain weaknesses and support organic supply chain innovation in targeted markets. Late last year, we gathered input from over 100 stakeholders through verbal and written comments to structure a grant program that will open new markets and relieve bottlenecks on organic supply chains. We expect to publish a Request for Applications this spring to launch this new and innovative funding opportunity.

This work is in addition to the Organic Dairy Marketing Assistance Program, using the same source of one-time emergency funding and announced recently by our colleagues at the Farm Service Administration. This new program will provide relief to small organic dairy farms that have faced a unique set of challenges over the past several years that have been compounded by the ongoing pandemic and drought conditions across the country. The assistance will specifically assist organic dairy producers with up to 75 percent of their projected marketing costs in 2023, based on current cost estimates available.

We are helping not only established organic farmers, but also farmers transitioning to organic production. These farmers face challenging technical, cultural, and market shifts while transitioning to organic production, and even during the first years after successful organic certification. I know this from my family's own experience. When my dad decided to convert to organic production in the 1980's, he was fortunate to reach into a community of fellow growers to seek mentorship, guidance, expertise. Those connections are crucial to beginning organic farmer success.

Another program is the Transition to Organic Partnership Program (TOPP) was announced in October 2022. Through this program, we are working with organizations across the country through cooperative agreements to establish and administer a farmer-to-farmer mentorship program providing direct farmer training, education, and outreach activities. For example, many farmers that transition speak languages

other than English, and having in-person assistance and mentors that speak the same language is incredibly important. TOPP is a collaborative effort involving more than 150 partners, with cross-functional teams and representatives from different regions working together to support farmers transitioning to organic production.

Technical Assistance and Equity

The importance of providing more and better technical assistance to farmers does not end with those transitioning to organic. Providing busy farmers and ranchers with the tools to find and apply to our various programs is a critical component of making our programs successful. And providing them with broader tools to run viable businesses and problem-solve thorny challenges will help our food system rebuild stronger.

That's why I am proud of the work AMS has done through the Meat and Poultry Processing Capacity Technical Assistance Program. Through this effort, USDA has partnered with the Flower Hill Institute, Oregon State University, the Intertribal Agriculture Council, the American Association of Meat Processors, the American Meat Science Association, and the Agricultural Utilization Research Institute to connect independent meat and poultry processors with the resources they need to be successful. This support includes assistance navigating federal programs, business development, planning, advice on operations, and help with supply chain development. Just last month, tribal representatives traveled in from across Indian Country to participate in the extensive technical sessions at the Intertribal Agriculture Council's Annual Conference, which were supported and delivered by our MPPTA cooperative partners. And to date, our partners have helped more than 450 meat and poultry processing projects. One recent participant, a small mixed species processor, noted that there was "no way" they could have navigated a recent problem without the support of this program.

Emergency funding from ARP was also used to expand the Dairy Business Innovation Initiatives, to support farmers through technical assistance and grant awards. They are so successful at supporting dairy businesses and producers in the development, production, marketing, distribution of, and adding value to their dairy products, as well as providing direct technical assistance to dairy businesses, which is why the USDA Regional Food Business Centers, that are currently supported by one-time funds, have been modeled after these Initiatives.

All told, we are putting our taxpayer resources into ways to strengthen the supply chain and to support producers across the country to grow their businesses – from organic and transitioning farmers to meat and poultry processors, to dairy producers, to local and regional farm and food businesses. Easing the business challenges for current farmers and ranchers and providing technical assistance for the future of US agriculture are fundamental strengthen the food supply chain so that consumers and rural economies thrive.

International Markets and Other Activities

As part of our push for more and better markets, we are also looking to increase the markets outside of the country for American growers. It's an honor to be here today with Under Secretary Taylor. It highlights the important partnership that our technical regulatory staff at MRP has with our colleagues at Trade and Foreign Agricultural Affairs.

Part of enabling trade success is by ensuring animal and plant health for products imported into the U.S. and those that we export to other countries. This means doing all we can to keep foreign pests and

diseases out of the country so that our producers can ship their products around the U.S. and to foreign trading partners who can trust that our products meet their standards. Our dedicated team at APHIS strives every day to protect the health and value of American agriculture.

Last year, APHIS, in partnership with our colleagues at the Foreign Agricultural Service, successfully worked with technical counterparts in Mexico (SENASICA) to substantially expand market access for U.S. potato exports to Mexico. The U.S. potato industry estimates that access for U.S. fresh potatoes to markets throughout Mexico will be worth up to \$250 million per year in export potential, in five years. This demonstrates the importance of APHIS's work to open and maintain access to markets, fostering lasting economic growth for U.S. farmers and producers.

Most Americans might not see their work on a day-to-day basis, but they benefit from their impact constantly.

Conclusion

Over the course of my career, I have had the opportunity to work with great people. Since becoming Under Secretary for MRP, I have traveled to 27 states and seen how farmers and ranchers benefit from our work. I have also met with many of our dedicated field staff who engage directly with farmers and ranchers and local partners to address the unique local and regional needs across the country. MRP employees work hard and passionately every day! And I could not be more impressed with them. It is because of those dedicated staff that MRP and USDA can serve those who depend on us.

There is more work ahead, but one thing is clear—leveraging resources in support of better and more competitive markets for U.S. farmers, ranchers, and consumers—is in the best interest of our nation's economy, food system, and the environment. With the support of Congress, I believe we can—and must—continue this effort.

USDA has been given a great responsibility to use resources provided both through the 2018 Farm Bill and during the pandemic to strengthen the U.S. food supply chain. We maintain our commitment to address the challenges of food insecurities by building more and better local, regional, national, and international markets for producers and consumers while ensuring animal and plant health. As you look to draft the next Farm Bill, we at USDA are committed to support your work wherever possible to build the lessons of the last few years to ultimately deliver programs that support a food system that's stronger, more resilient, and more equitable than before.

I look forward to working collaboratively with members of the Committee and Congress as you work to draft the 2023 Farm Bill and continue to champion American agriculture. I would be happy to address any questions you may have.

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