

**2023 FARM BILL: PERSPECTIVES
FROM THE NATURAL STATE**

HEARING

BEFORE THE

**COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY**

UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

SECOND SESSION

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June 17, 2022
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2023 FARM BILL: PERSPECTIVES FROM THE NATURAL STATE

FRIDAY, JUNE 17, 2022

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The Committee met, pursuant to notice, at 10:10 a.m., in Riceland Hall, Fowler Center, Arkansas State University, Jonesboro, Arkansas, Hon. Debbie Stabenow, Chairwoman of the Committee, presiding.

Present: Senators Stabenow and Boozman.

Chairwoman STABENOW. Good morning. I call this hearing of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry to order, and I would like to recognize my Ranking Member and partner on the Agriculture Committee, Senator Boozman from the great State of Arkansas, to introduce our Welcome Panel.

Senator BOOZMAN. Thank you, Madam Chair. Before we begin the hearing, I would like to invite some fellow Arkansans to provide welcoming remarks. To start, I welcome the Dean of the Arkansas State University College of Agriculture, Dr. Mickey Latour, and again, thanks so much to Arkansas State for doing a tremendous job in hosting us and going above and beyond the call of duty.

Dr. Latour.

STATEMENT OF MICKEY LATOUR, Ph.D., DEAN, COLLEGE OF AGRICULTURE, ARKANSAS STATE UNIVERSITY, JONESBORO, ARKANSAS

Dr. LATOUR. Thank you, Senator Boozman. Good morning. I am Mickey Latour. I am the Dean of the College of Agriculture, and I am honored to be asked to make a few remarks this morning for this well-timed and special event. Speaking of well-timed, during this same week in 1836, Arkansas became the 25th State, and so it is fitting that we would actually have this particular week to talk about this.

History tells us that many States and territories began with a predominance of agriculture, and that is true to a large degree out of necessity. Arkansas has remained a strong advocate of agriculture, and even after 186 years, agriculture remains the No. 1 industry in Arkansas, adding about \$20 billion to the State economy. The Natural State's diverse landscape, climate lends itself to a variety and diversity of opportunities in agriculture.

Our university started as an agriculture school in 1909 and today is a very comprehensive university and still anchored in agriculture roots. As we prepare for the future, we accelerate opportunities for

our students through meaningful collaborations and partnerships with the Judd Hill Foundation, where we are going to create a new state-of-the-art facility that will emerge in early 2023 for our students, faculty, community members to explore research and entrepreneurial opportunities. We have close linkages with the University of Arkansas Division of Agriculture, the Arkansas Biosciences Institute, and the USDA ARS water research facility. In collaboration with these partners, we stand strong and believe that we can help solve many of the challenges that are coming.

In closing, I would like to recognize certainly our Senators that are here today, our U.S. ASU Trustees, Paul Rowton, Jerry Morgan, Steve Eddington, State Senator Dan Sullivan, and Secretary of Agriculture Wes Ward. Thank you so much.

Senator BOOZMAN. Well, thank you so much, Dr. Latour. Under your leadership, Arkansas State University College of Agriculture has done many great things not only for the State of Arkansas, but the whole of American agriculture.

Next, I welcome Mr. Rich Hillman, who serves as the President of the Arkansas Farm Bureau.

STATEMENT OF RICH HILLMAN, PRESIDENT, ARKANSAS FARM BUREAU, LITTLE ROCK, ARKANSAS

Mr. HILLMAN. Madam Chairwoman Stabenow, Ranking Member Boozman, we thank you so much for the opportunity to visit with you and, more importantly, to welcome you to the great State of Arkansas. I am Rich Hillman. I am proudly a sixth-generation farmer from Carlisle. My family has been raising rice on the Grand Prairie for decades, and I am very fortunate to be involved in many organizations that serve farmers and ranchers, including serving as Arkansas Farm Bureau President.

Agriculture is the largest industry in our State, and that says something when you consider some of the titans that we have in the retail and business world that also call Arkansas home. Our agriculture is very diverse, including row crops, livestock and poultry, specialty crops, aquaculture, and a very significant timber industry.

You will be hearing from the best of the best today, really what is Arkansas's greatest asset, and that is the men and women who farm and ranch here in Arkansas. I cannot underscore enough their talent, intelligence, and quite honestly, the most important tool needed today, that is their resilience.

Before I yield to others, I would like to convey to you the importance of our next Farm Bill. As we are hopefully exiting a worldwide pandemic, we have to be very cognizant about what happened to our food chain, what we all encountered and worried about when we saw the empty shelves in the grocery stores. We learned that our food chain that has served us well for decades was not as strong as it needed to be. We learned a few weak links that were pulled apart, thankfully, for just a short time. Because of those issues and good old American ingenuity, we have even a more efficient, sustainable food chain now than ever before.

The American farmer and rancher were, are, and will be a part of that solution. We stayed our course, constantly challenged but always steadfast in doing our job. Our farmers and ranchers are

the best in the world, period. We can compete with anyone on the face of the Earth, but what we cannot compete against is other governments that for various reasons would like to dictate the world food supply.

Because of that, a variety of other issues, it makes our next Farm Bill one of the most important pieces of legislation in our country. Thank you for being the leaders who are undertaking this meaningful task, a daunting task sometimes.

The men and women here today will tell our story better than anyone I know. We all do our jobs across this State to feed hungry people, with great pride and diligence. At the end of the day, all of us that do that realize our jobs are most important known to mankind.

Thank you again for traveling to the Natural State to listen to us. Thank you more for the leadership to our farmers and ranchers and to our great country. Thank you.

STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR FROM THE STATE OF MICHIGAN, CHAIRWOMAN, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairwoman STABENOW. Well, thank you so much, President Hillman. You are right; American farmers and ranchers are the best in the world. There is no question about it, and that is why I am proud to join with Senator Boozman in leading our Committee efforts.

Dr. Latour, thank you. Dean of the great College of Agriculture, thank you for welcoming us as well.

Thank you to all of our witnesses for joining us and taking the time today and good morning again. I really am delighted to join Senator Boozman here in Arkansas as we begin the process to write the next Farm Bill.

Thank you to our host, Arkansas State University. Go, Red Wolves.

I cannot leave out Senator Boozman's beloved Razorbacks. We got to do both here, just like in Michigan. I went to Michigan State. We also have a little place called the University of Michigan. I represent the whole State. I have to make sure I always mention both.

I want to thank you for this warm, actually very warm, welcome today. It is a pleasure to have Senator Boozman as my partner on the Senate Agriculture, Nutrition, and Forestry Committee, and it really is a privilege to lead the Committee with him and to work hard to deliver for our farmers and families, rural communities here in Arkansas, as well as Michigan, as well as the entire country.

We are working hard to put bipartisanship and civility at the center of everything we do. That may not mean we agree on everything, but we do agree on more than we do not. Growing that common ground really is the key to getting a Farm Bill that provides farmers and ranchers the certainty they need, that keeps food on the table and invests in our small towns. That is how the most recent Farm Bill passed with the strongest bipartisan support ever, and that is what Senator Boozman and I are building here today.

It was a real pleasure to have him at our first hearing at Michigan State University, my alma mater, in April, and it was great

to showcase Michigan agriculture and our broad diversity of crops, as well as the strength of our rural communities, just like the town I grew up in, in northern Michigan.

Most importantly, to listen to what is working and not working in the Farm Bill, that is what this is about. I am looking forward to learning more about what makes Arkansas special here today, and I know there is a lot. I want to hear more about what rice and cotton farmers are seeing on the ground and hear about your work to support small towns and rural communities, and I am hoping for some Arkansas catfish for lunch also.

I had the honor to meet many of our witnesses over breakfast this morning. You might not think so, but there is a lot of similarities between Michigan and Arkansas. We have about the same number of farms. Our farm economies are roughly the same size. Our States are both leaders in innovative mass timber construction, which Senator Boozman and I both are working on together. Our farmers are passionate about conserving habitat for ducks and other wildlife because both of our States have booming outdoor recreational economies.

As we think about the 2023 Farm Bill, we know it means a strong safety net for farmers and families, incentives for farmers to do conservation in more ways that work for their farms, healthy local and regional food systems that provide markets for what farmers grow, support for research, and trade opportunities and investments in our quality of life in the rural communities so many of us call home.

I look forward to hearing ideas from our witnesses today on how we can be more effective. We want to hear what is working, what is not working, in particular, how we can help you tackle the challenges you face.

Again, thank you to my friend and Ranking Member for his gracious welcome to Arkansas and for his partnership as we work together to get the best 2023 Farm Bill possible for our country.

I now turn to Senator Boozman.

STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM THE STATE OF ARKANSAS, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Senator BOOZMAN. Thank you, Madam Chair. I am so pleased to be in Jonesboro, and thanks again for doing the tremendous job of hosting us, also, with my friend, Senator Stabenow, the Chairwoman of the Senate Agriculture Committee. It is so good to have her in Arkansas as we discuss the next Farm Bill. This is the second hearing in a series our Committee will hold to help inform our decisions and identify the issues we will consider as we write the new Farm Bill. The answers need to come from the ground-up.

Earlier this year, the Chairwoman kicked off the Senate's 2023 Farm Bill hearings in East Lansing, Michigan, on the campus of Michigan State University. I greatly appreciate all the effort the Chairwoman, her staff, and the university put into holding a very good hearing that helped me learn more about the issues farmers and rural communities in Michigan face. It is interesting; they face the same problems that you face, and so I think that is the great—one of the great strengths of having these hearings.

Today's hearing will share the story of agriculture in Arkansas and the importance of the Farm Bill to my state. Of course we will talk about commodities, safety nets, and managing risk, but the Farm Bill is about more. It is about rural communities and families. It is about wildlife habitat and conserving natural resources. It is about supporting research at our universities. It is about helping those in need. Those are only a few things of the many things the Farm Bill will impact. The list goes on and on and on.

Chairwoman Stabenow is now a veteran of the Farm Bill process, and I look forward to working with her as we craft bipartisan legislation that meets the needs of farmers, ranchers, forest landowners, rural communities, and the other beneficiaries and participants in USDA's programs in Arkansas, Michigan, and throughout the country.

Everyone in this room recognizes that we are in an unprecedented time: the pandemic, the war in Europe, historic and widespread inflation, and now serious concerns about a recession. It just feels different.

As we consider the next Farm Bill, we must ask if the policies and programs currently in place are the policies and programs that we need for the world that we find ourselves in. Are we empowering, encouraging, and incentivizing our farmers to be more productive and more efficient. To be more resilient? Are we making the right investments in our rural infrastructure to keep the economic benefit of those productivity and efficiency gains in our rural communities? Are investments in agriculture research focused on answering the right questions? Is there a role for the Farm Bill to help address weak points in our supply chains and our labor markets?

I believe that we have an opportunity in this Farm Bill to put in place the tools necessary to strengthen American agriculture for any situation we face in the future. If we do that, our farmers will continue to do what they have always done, provide the most abundant, lowest-cost, and safest food supply in the world. I know that Arkansas farmers are ready to meet the challenge.

This morning, we are fortunate to have 11 Arkansans before us, who are leaders in agriculture, forestry, rural development, conservation, and nutrition. These sectors underpin the economies of our rural communities and are a major component of Arkansas's economy.

We have 42,000 family farmers and ranchers operating on 14 million acres, with gross receipts from the sales of crops and livestock equal to \$9.7 billion. The economic output of food and agriculture in the State is \$92 billion, which supports nearly 500,000 jobs and \$23 billion in wages.

Arkansas is our country's top producer of rice, something I am certain Chairwoman Stabenow has repeatedly heard from me and from you, many of you. We are also a major producer of cotton, poultry, and timber. Soybeans are our most widely planted crop, and we are seeing growth in peanut acreage due in no small part to a state-of-the-art peanut shelling plant here in Jonesboro.

Even with all this success, 53 of Arkansas's 75 counties lost population in the last census, something that is far too common in rural counties throughout the United States. We all lose when

rural America loses. To stem this loss, we must ensure our farm families and rural residents have access to affordable electricity, high-speed internet, and safe drinking water. Those forms of infrastructure are essential services, and with proper investment, rural communities can measurably increase their quality of life.

I think any of our witnesses would tell you that being involved in agriculture is a daily blend of challenges and opportunities. I think they would also tell you that they wouldn't want to do anything else, and for that, we are all indebted.

Again, I would like to thank Chairwoman Stabenow for joining me in Jonesboro this morning. I look forward to hearing from our witnesses and thank each and every one of them for taking time from their busy lives to share their story with us today.

Now, before I yield back and we actually get to the business, we have a tradition at the Ag Committee where we present the visiting Senator with a commemorative gift. When I was at the Michigan State campus, Senator Stabenow gifted me with a beautiful Spartan green tie.

Chairwoman STABENOW. Which he wore.

Senator BOOZMAN. Which I wore. Once.

Chairwoman STABENOW. I will not ask you where it is now.

Senator BOOZMAN. Today, I am happy to present Senator Stabenow with a gift, a very special gift and unique to the State of Arkansas, and here it is.

Chairwoman STABENOW. Well, thank you.

Senator BOOZMAN. Open it up. Open it up for us.

Chairwoman STABENOW. I have got to open it up.

Senator BOOZMAN. This is a personalized duck call from Rich-N-Tone, handcrafted in Stuttgart.

Chairwoman STABENOW. I love it. I love it. That is beautiful.

Senator BOOZMAN. It really is.

Chairwoman STABENOW. We do have duck hunting in Michigan.

Senator BOOZMAN. Very, very nice. Earlier, Wes Ward gave her an Arkansas Traveler, and I told her when I come to her office I want to see it in a prominent place, or at least have it where she could take it down—take down another picture and stick it up.

Chairwoman STABENOW. That is right.

Senator BOOZMAN. We want to see this in a prominent place also. Maybe we will get you back out here for a duck hunt and actually get you to use it.

Chairwoman STABENOW. Yes, exactly.

Senator BOOZMAN. With that, I yield back, Madam Chair.

Chairwoman STABENOW. Well, thank you so much, Senator Boozman. This is really terrific. All right.

Now we want to officially welcome our witnesses, and I am actually going to turn it back over to Senator Boozman to make the introductions before we hear from them.

Senator BOOZMAN. Our first witness today is Mr. Nathan Reed. He and his wife, Kristin, raise cotton, rice, corn, and soybeans in Marianna. Nathan is a proud graduate of the University of Arkansas Dale Bumpers School of Agriculture, Food and Life Sciences, with a degree in Agricultural Business, and the University of Arkansas School of Law. Reed is also involved in the National Cotton Council as a Producer Director and current Chairman of the Amer-

ican Cotton Producers, as well as a member of the Agricultural Council of Arkansas Board of Directors and the Lee County Farm Bureau. Just into all kinds of stuff. Nathan and his wife, Kristin, are proud parents to four children.

I have known Nathan for many, many years and thank you so much for taking part in the hearing today.

Mr. Brad Doyle is President of the American Soybean Association. He is a farmer from Poinsett County, Arkansas, currently serves as President, as I just said, of the American Soybean Association and President of the Poinsett County Farm Bureau. Brad is passionate about trade, scientific crop research, and plant breeding. Along with family members, he operates Eagle Seed. Eagle Seed specializes in developing soybeans, rice, wheat, cereal rye, food plots, and cover crops.

The Doyle family has been recognized as American Soybean Association "Conservation Champions," and in 2020 they received a Conservation Demonstration Grant from the Walton Family Foundation to develop seed blends to alleviate runoff to the Mississippi River Basin. The Doyles' experience in agronomy helps farmers find research-based seed combination for specific regions of the United States.

Thank you so much, Brad, for being with us and participating.

Mrs. Anne Marie Doramus is a Commissioner at the Arkansas Game and Fish Commission. She is from Little Rock and was appointed to the Arkansas Game and Fish Commission by Asa Hutchinson in 2019. She is the first woman appointed to a full term on the Commission in the State's history.

In addition to being a successful businesswoman, she is also a lifelong friend and advocate of the outdoors. She is also a graduate of the University of Arkansas and is Vice President of Special Products and Sales for Arkansas Bolt Company, a fastener distributor and OEM supplier based in Little Rock. Anne Marie serves on the Board of Directors for the Arkansas State Fair and Livestock Show and served on the Arkansas Game and Fish Foundation. She is a founding member of the Arkansas Outdoor Society, a group for young adults who are passionate about conservation and outdoors in Arkansas, and directly supports the mission of the Arkansas Game and Fish Foundation and Commission.

Thank you very much also for being here today.

Mr. John McAlpine, who is a second-generation forester and grew up working in Arkansas forests, John joined the Kingwood staff right after graduating from the University of Arkansas at Monticello with a degree in Forestry and is now the President of Kingwood Forestry. John is a registered forester in Arkansas and Mississippi and a State-certified general appraiser in Arkansas, Louisiana, Texas, and Missouri. John is an active member of the Arkansas Forestry Association, Association of Consulting Foresters, the Society of American Foresters, and the Arkansas Association of Conservation Districts, and serves as the Vice Chairman of the Arkansas Forestry Commission.

Thank you very much, John, for being with us today.

Mr. Mark Morgan, owner of the first Discovery Farm in Arkansas, Peach Pickin' Paradise. In addition to peaches and nectarines, Mark also raises cattle and turkeys in Johnson County, Arkansas.

The Morgans were previously recognized as Arkansas Farm Family of the Year, and Mark was previously named Arkansas Farmer of the Year at the Sunbelt Agriculture Expo. Mark received a Bachelor's of Science degree in Agricultural Business and a Master's of Science degree in Animal Science from the University of Arkansas.

Mark and his wife have three children, and I hear that they enjoy watching the Razorbacks and Arkansas State.

I look forward to your testimony today, Mark, very, very much.

Mrs. Jennifer James, it is our pleasure to welcome her as we wrap up. A fourth-generation rice farmer from Newport, Arkansas, she, along with her father, husband, and son, grow rice, corn, and soybeans on their Century Farm. Jennifer served as Chairman of the USA Rice Sustainability Committee since its inception in 2009. Additionally, she currently serves as Vice Chairman of the Arkansas Rice Farmers Board of Directors.

In 2019, Jennifer was the first woman ever elected to the Board of Directors of Riceland Foods, the largest miller and marketer of rice in the United States. She has also been recognized by Field to Market as the Farmer of the Year as well as Rice Farming Magazine's Rice Farmer of the Year. Jennifer graduated from the University of Arkansas with a Bachelor's of Science in Agricultural Business and was recognized as the John W. White Outstanding Student in the College of Agriculture.

Thank you, Jennifer, again for being here, and we appreciate all of you all taking the time to be with us to talk about this very important subject.

I yield back.

Chairwoman STABENOW. Thank you and welcome again. We will ask each of you to give your oral testimony. Any followup you would like to give us in writing, we would certainly welcome.

Mr. Reed.

**STATEMENT OF NATHAN REED, CHAIRMAN, AMERICAN
COTTON PRODUCERS, MARIANNA, ARKANSAS**

Mr. REED. I am Nathan Reed, a cotton, corn, soybean, and rice producer in Marianna, Arkansas. I testify today on behalf of the National Cotton Council.

While cotton prices are stronger than in recent years, higher input prices and severe supply chain issues have resulted in significant increases in production costs. On my farm since last year, diesel and fertilizer have more than doubled with additional increases in crop protectants and seed cost. Supply chain and logistical challenges have wreaked havoc on our ability to get necessary inputs and equipment parts while creating major disruptions in delivering cotton to our customers.

An effective safety net for producers must consist of two key components: first, a commodity policy that provides either price or revenue protection for prolonged periods of low prices and depressed market conditions; second, a strong and fully accessible suite of crop insurance products that producers can purchase and tailor to their risk management needs.

A non-recourse marketing loan program for upland cotton remains a cornerstone of farm policy for our industry regardless of market conditions. The marketing loan is necessary for multiple in-

dustry segments to effectively market cotton and provide cash-flow for producers.

A strong conservation title, including robust funding for working lands programs is beneficial to the environment and is an important tool for producers across the United States. It is vital that the U.S. be able to continue to produce more food and fiber while protecting the environment needed for that production.

U.S. Cotton Trust Protocol is the industry's sustainability program and is a testament to the industry's commitment to the environment. Through the Trust Protocol, growers document continued improvement in reducing greenhouse gas emissions as well as land, water, and energy use. Many of the environmentally friendly production practices implemented through effective working lands programs are reflected in the data collected in the Trust Protocol.

In closing, I encourage the Committee to write a Farm Bill that provides long-term stability for the future. There will be price declines from where we are today. Current input costs, when paired with reduced commodity prices, are not sustainable. Recent disasters have been more extreme than the essential assistance commodity programs and crop insurance products can provide. Recent trade disputes have caused disarray in our export markets. More resources are needed. We ask the Committee to work with the leadership in both parties to provide long-term solutions to these challenges.

We look forward to working with the Committee and everyone involved to develop and pass a new Farm Bill that will not only address the needs of all segments of the U.S. cotton industry but of all commodities. Thank you, and I would be pleased to respond to any questions.

[The prepared statement of Mr. Reed can be found on page 40 in the appendix.]

Chairwoman STABENOW. Well, thank you so much.

Next, we will hear from Mr. Doyle.

**STATEMENT OF BRAD DOYLE, PRESIDENT, AMERICAN
SOYBEAN ASSOCIATION, WEINER, ARKANSAS**

Mr. DOYLE. Good morning, Chairwoman Stabenow and Ranking Member Boozman. Thank you for bringing the Committee to Arkansas and for allowing me to offer my testimony.

I am Brad Doyle, and I am a soybean farmer from Weiner, Arkansas. I am here today representing the American Soybean Association (ASA) in my current role as President. Nationally, as well as in both Arkansas and Michigan, soybeans represented the crop with the highest or second highest acreage in 2021. Soybeans are produced in nearly every State represented by members of this Committee.

In preparation for the next Farm Bill, ASA started the process of gathering feedback from farmers last year. Through listening sessions, a Farm Bill survey, and written feedback, soybean farmers contributed to the development and recent release of ASA's Farm Bill priorities. These priorities are included in my written statement.

These priorities include, among others: improving the farm safety net for soybeans, such as increasing the soybean reference price for

calculating Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) and providing the option to update base acres; protecting crop insurance, which is the most effective risk management tool that soybean farmers have and lenders value; enhancing accessibility of conservation programs and maintaining the voluntary incentive-based approach that farmers appreciate; growing investments in the promotion of U.S. commodities globally, including Market Access Program (MAP) and Foreign Market Development Cooperator Program (FMD) as we continuously seek new markets; and building opportunities for biofuels and bio-based products, both of which hold great market potential for our versatile crop.

It is important to note that improving, protecting, enhancing, growing, and building all require additional resources. As you prepare to write the next Farm Bill, we respectfully request that you seek additional funding resources from the Budget Committee to enable these and the priorities of others to be possible.

Throughout the remainder of 2022 and into early 2023, ASA will continue to gather feedback from soybean growers about our priorities and will continue to refine them. We look forward to working with you throughout the Farm Bill reauthorization to craft meaningful and comprehensive farm policy.

Thank you both for your commitment to agriculture and rural America, and thank you again for this opportunity to share testimony on Farm Bill perspectives from Arkansas.

I would just like to add I am a two-time graduate of Arkansas State University College of Ag.

[The prepared statement of Mr. Doyle can be found on page 46 in the appendix.]

Chairwoman STABENOW. Oh, all right. All right. You are home. That is great.

Commissioner Doramus, welcome.

STATEMENT OF ANNE MARIE DORAMUS, COMMISSIONER, ARKANSAS GAME AND FISH COMMISSION, LITTLE ROCK, ARKANSAS

Mrs. DORAMUS. Good morning, Chairwoman Stabenow, Ranking Member Boozman, members of the Committee. Thank you for the opportunity to testify on behalf of the State of Arkansas and to express the importance of the Farm Bill to conservation here and across the country.

Arkansas's position as an agriculture and recreation leader gives us a unique perspective about the Farm Bill and its implications to Arkansas citizens. Outdoors-related recreation has an annual \$9.7 billion economic impact. Waterfowl hunting alone generates well over \$200 million a year and supports thousands of jobs.

The State of Arkansas has a long history of collaborative conservation partnerships. Arkansas Game and Fish Commission (AGFC), Natural Resources Conservation Service (NRCS), Farm Service Agency (FSA), and many partners have worked proactively with producers Statewide to conserve and restore the Natural State from the Ozarks to the Delta. In short, conservation issues are quality of life issues in Arkansas.

Arkansas is a diverse State, with strong agricultural industry. The majority of Arkansas is privately owned. The Farm Bill's conservation programs represent the single largest investment in private land conservation. Its most critical function is to support our State's thriving agricultural communities. However, there are substantial benefits to fish and wildlife habitat. My written testimony provides details on the Farm Bill's conservation programs in Arkansas, and I would like to provide you three examples of recent successes in the Natural State.

First, let us talk about wetland reserve easements. Arkansas is a national leader in Wetland Reserve Easements (WRE), with more than 270,000 acres enrolled in the program. This is important to recharge aquifers, clean and filter surface water, build wildlife habitat in critical core areas, and finally, provide recreational land for people who love wildlife. We believe increased funding for WRE and management of WRE projects, especially in water bird focal areas, are needed in the 2023 Farm Bill.

Next is the Voluntary Public Access program. For Arkansas, we have a new, innovative working lands project that allows producers to provide food and water for water birds and waterfowl on rice fields. We call this program WRICE. Water birds are a continental resource, and waterfowl need winter water in Arkansas just as much as they need grasslands in their nesting grounds up north. The public and our users are desiring more access to hunting and outdoor activities. For the 2023 Farm Bill, we request increased funding for VPA as well as extending the grant awards to five years to allow for program continuity.

And finally, the Regional Conservation Partnership Program (RCPP), championed by you, Chairwoman Stabenow, in the 2014 Farm Bill. In Arkansas, we are delivering a new open forest RCPP in south Arkansas and north Louisiana. This program will reduce the threat of wildfires, and it will improve habitat for ground nesting birds by opening up overly dense forest using thinning and prescribed fire.

In closing, I want to thank you for the opportunity to testify. It is great to see bipartisan support for conservation. AGFC stands ready to continue working with you and our partners to achieve a strong conservation title in the Farm Bill, which is essential to the economic prosperity and resiliency of our Nation's landowners, producers, and rural communities and serves as a backbone to conserve our Nation's valuable soils, forest, wetlands, grasslands, and wildlife resources.

[The prepared statement of Mrs. Doramus can be found on page 58 in the appendix.]

Chairwoman STABENOW. Well, thank you so much. I believe that Arkansas has five RCPP partnerships right now. Is that right? Which is wonderful.

Mr. John McAlpine, welcome.

STATEMENT OF JOHN McALPINE, PRESIDENT, KINGWOOD FORESTRY SERVICES, INC., MONTICELLO, ARKANSAS

Mr. McALPINE. Thank you and welcome to Arkansas, the Natural State. I am John McAlpine. I am an Arkansas native. I am

a second-generation forester, so I have grown up in the woods and doing forestry work my entire life.

I do run a consulting firm in southeast Arkansas, where we help approximately 400 landowners, forest landowners, manage their property on day-to-day operations and pass it down one generation to the next. Through our work, we have also found that local-led voluntary conservation has proven to be one of the most effective forms of getting conservation on the ground.

Arkansas is home to almost 19 million acres of forestland, of which is 56 percent of our State's area. Eighty-three percent of that forestland is owned by private individuals. Seventy-eight percent of our timber volume is on that private part of the ownership. Arkansas ranks 10th in wood production and ranks 3rd by percentage of the most dependent GDP for our forest products. Repeating our State Forester, Joe Fox, he has also indicated healthy markets are healthy forest. If we cannot manage our forest and harvest products in the forest, we are not able to manage those.

Today, we are growing in excess of 24 million tons a year of excess inventory. Part of this is going to lead to overstock stands that can continue to have forest health issues. Some of the benefits from a healthy forest are clean air, clean water, as well as the forest products we use every day, wildlife habitat, energy, carbon sequestration.

On the carbon end part of the climate change, forestry has a great story to tell. Trees are one of the best factories we have to remove carbon from the atmosphere and store it in finished products that can be stored for many years. Some of these products may be Cross-Laminated Timber for mass building, other structures, other products we use every day. While the forest products we have harvested have stored carbon, we have a new crop taking more carbon out of the atmosphere.

Programs such as Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), RCPP, the Joint Chiefs assist landowners in managing their forest and accomplishing their goals. Under the 2018 Farm Bill, 41 percent of EQIP and 24 percent of CSP forestry and wildlife applications were funded, but there is significant need for additional funding to help these. Many landowners have not applied since they have not gotten funding in the past, and forest landowners are much different than other producers. Timber is being harvested throughout the entire year, so there are needs that may not fit within the timelines of applications and funding under the Farm Bill. There are opportunities to improve this timeline.

Arkansas's forestland stakeholders have an excellent history of working collaboratively and voluntarily to manage our State's forest.

Thank you very much for the opportunity to testify.

[The prepared statement of Mr. McAlpine can be found on page 62 in the appendix.]

Chairwoman STABENOW. Well, thank you very much. I am listening to you, thinking there is so much similarity between the interests of Michigan and Arkansas in this area, for sure.

Mr. Mark Morgan, welcome.

**STATEMENT OF MARK MORGAN, FARMER, PEACH PICKIN'
PARADISE AND MORGAN FARMS, CLARKSVILLE, ARKANSAS**

Mr. MORGAN. Chairwoman Stabenow, Ranking Member Boozman, I appreciate you giving me the opportunity to talk a little bit about specialty crops today. I farm peaches with my dad, fifth generation, hopefully raising the sixth generation on our farm. Whenever I got my master's in 2010, I missed the farm, and I wanted to come back. Growing peaches is very important to our family.

There has been a lot of change in 12 years, you know, several things that you have to be able to adapt to, and you know, that is part of farming. Peaches are important not only to us but our local community. Even through the schools, Farm to School Program, things like that, we really focus on local markets.

Some of the most important things that we have struggled with, and me personally, especially crop producers, is crop insurance, specifically through RMA. Our premiums are so high for our losses, and even the ability if we have to buy up the premiums, they just do not cash-flow. It does not make sense.

Our crop—you know, we are so labor-heavy in January, February, and March. That is when we are pruning. Our two biggest problems are in April if we have a freeze damage or hail damage. Last year, April 20th, we had a freeze. This year, May 15th, Easter Sunday, we had hail. It changes all the time. We do not ask for much, but better risk protection packages through crop insurance is something we would really like to see.

That usually brings us to the Noninsured Crop Disaster Assistance Program (NAP). You know, they say, well, you are a specialty crop guy. You know, why don't you utilize NAP?

NAP just does not really make sense for much of us. It does not pencil out. In some cases, you can even lose money. You go to meetings with peach growers, even the tomato guys in south Arkansas, we are not using NAP because it is not applicable for our State. You know, advancements in risk management is something we would really like to see in specialty crops.

Sustainability is huge for all the farmers through conservation programs that they have mentioned. You know, they mentioned input costs. We deal with all that stuff, too, but the biggest sustainability issue that we have in specialty crops is being able to take—you know, not having the risk management tools. When you have two or three bad years in a row, you are done. We just want something a little bit more reliable.

I love growing peaches. It is one of—you know, it is what I came back to do, and I love my job. I just want, you know, myself as well as others to keep that going. That way, that opportunity is there down the road.

We would just like to see better risk management tools in the 2023 Farm Bill. Thank you.

[The prepared statement of Mr. Morgan can be found on page 68 in the appendix.]

Chairwoman STABENOW. Thank you very much.
Jennifer James, welcome.

**STATEMENT OF JENNIFER JAMES, CHAIR, USA RICE
SUSTAINABILITY COMMITTEE, NEWPORT, ARKANSAS**

Mrs. JAMES. Good morning, Chairwoman Stabenow and Ranking Member Boozman. Thank you for coming to Arkansas. We are proud to be here and have the opportunity to present this testimony on behalf of USA Rice for the 2023 Farm Bill.

Jennifer James. I am a fourth-generation rice farmer from Newport. I farm with my husband, my father, and now my son, which makes me very proud. We also raise soybeans and corn and provide many acres of over-winter habitat for migratory waterfowl each year.

Title I, specifically the Price Loss Coverage Program (PLC), is really our true safety net, and it is critically important because it levels the playing field for rice that is highly subsidized by our global competitors. U.S. farm families cannot compete in such a distorted world market without U.S. farm policy, and PLC helps to ensure that more of the world's rice is produced right here in the United States.

Unfortunately, PLC is no longer adequate. Reference prices do not provide the level of assistance needed for an effective safety net for rice producers. Current PLC reference prices for rice were established based on the 2012 cost of production. USA Rice is looking into ways the reference prices could be indexed to the input costs to provide more relevant protection. Payment limitations also need to be adjusted to reflect the growing size and risk of our family farms.

Setting aside for a moment our 1923 Farm Bill priorities, there is a very real and present crisis in the U.S. rice industry. Currently, rice has been disproportionately affected by steep increases in input costs, and we have not seen a corresponding increase in the price of rice. USA Rice has sent two letters to Secretary Vilsack, asking for financial assistance for rice farmers.

Our current estimate is that rice acres will fall to 2.2 million acres this year. That is a 27 percent decline from our average historical acres of 3 million. With acres declining so fast, one must question how and for how long the unique infrastructure needed to handle and process rice can survive.

Senator Boozman, we have no greater champion for rice than you, and I thank you for your support. We think standing by our Nation's critical rice industry is a worthy investment, and we hope you and the rest of the Committee will stand with us. In the wake of the pandemic and now with global food shortages said to be imminent, Americans are realizing that food security as a national security issue is not just a clever slogan; it is a reality. We cannot afford to lose our domestic rice industry.

Farm Bill conservation programs are important to the U.S. rice industry, and its voluntary incentive-based models need to be retained. Congress should prioritize working lands instead of set-aside programs, especially during times of potential food shortages.

The rice industry has had great success with its stewardship partnership with Ducks Unlimited and numerous partners using the Regional Conservation Partnership Program. Congress should examine how the programs can provide additional flexibility and reduce administrative barriers.

The Market Access Program and the Foreign Market Development Program have helped the U.S. rice industry and have a proven track record of success in more than 30 overseas markets. Congress should double the funding for these vital programs.

USA Rice has been intentional over the past several years to improve crop insurance for rice producers. While crop insurance in no way replaces Title I or II, it is a critical part of the safety net.

Thank you for your time and framing up and listening to our discussion here in Arkansas and for my ability to be here today.

[The prepared statement of Mrs. James can be found on page 70 in the appendix.]

Chairwoman STABENOW. Well, thank you so much. Thank you to each of you.

I will now proceed to questions and then turn to Senator Boozman to do the same thing.

Mr. Morgan, I want to start with you. We have a lot of specialty crops in Michigan, as you know, including peaches and cherries and blueberries and a whole range of things. I spend a lot of time focusing on specialty crop issues, and one of those has been crop insurance.

NAP has not worked for Michigan. When we got wiped out a number of years ago after a freeze, it did not work, and so I understand what you are saying. We have begun that process. We have now said crop insurance can be there for specialty crops.

I wonder if you would talk more about how we improve crop insurance from your standpoint or other risk management tools for specialty crops here in Arkansas.

Mr. MORGAN. A lot of the specialty crops—you know, I mean, if you have a lender, they require you to have coverage. You know, one of the problems I face is we are a pick-your-own. We have folks that come out. You know, my tree—and this is just an example. I cannot have a 20-foot tree because we have people coming out. We cannot have ladders out there. That is a lawsuit nightmare. My bushels per acre is significantly lower.

Specialty crops are very diverse. It is very difficult, even a peach grower to a peach grower. We do not all fit in the same box. You know, more options for different types of operations is something that I really think would help because even within, like you say, the peach crop, the diversity is substantial.

Chairwoman STABENOW. I look forward to working with you and Senator Boozman on that because specialty crops are all very different and that is one of the challenges from a crop insurance standpoint, but we need to make improvements.

Mrs. James, you highlight the value of conservation programs in your testimony and the tremendous demand for EQIP and CSP and RCPP, all great acronyms for great conservation programs, and I wonder if you could describe how we can help better meet the demand you describe. Talk a little bit more about that.

Mrs. JAMES. Well, as I am sure you are very aware, we are at about a 3:1 application to approval with just EQIP, I believe, alone. There is great demand. There is great demand in the rice industry, and we have fortunately been able to utilize those programs to move the needle in sustainability, water quality, water quantity, soil health issues and things like that. You know, as those pro-

grams need to be—continue to be funded. For us in the rice industry, it is the most important for us to stay in business, and economic sustainability today is of utmost importance for our producers.

Chairwoman STABENOW. Thank you.

Mr. Doyle, I wanted to ask, we have got a lot of soybeans in Michigan as well and do a lot of really exciting things around bio-based products, as you know, a whole range of things that are exciting. I wanted to ask you about the USDA's announcement that it will invest \$1 billion in supporting Climate-Smart commodities and environmental service markets that can be benefit commodity producers. What opportunities exist for soybean farmers to take advantage of these markets and adopt what we dub as Climate-Smart agricultural practices?

Mr. DOYLE. Thank you, Madam Chairwoman. Yes, it is very exciting. As you will see today visiting the Judd Hill farm, it is quite different than what you are used to up north. You will not see much of last year's crop residue. Our environment here is a lot warmer and speeds up the process of breaking down organic matter. Cover crops have been a challenge here.

We have got some really, really great forward-thinking farmers that make it work. It does not work for everybody, but I know cover crops and no-till farming are the norm in the Midwestern States. Here we have our own unique challenges.

I believe there are several hundred proposals into the Climate-Smart program. I have been a part of several. United Soybean Board is one of those who have applied. We are very excited to see what comes out of that.

As mentioned here before, we have got farmers who believe in conservation because we invest in our soils and we want them to remain on the farm. We all primarily drain into the Mississippi River Basin, and that is money flowing away from the farm. There are many practices you will see, such as flash board risers, our roads are more elevated, things you will probably not normally see in Michigan, and I am excited for you to personally see those practices.

We have got some of the best farmers in the world, I believe, and the practices that will be presented through Climate-Smart will be able to meet those challenges.

Chairwoman STABENOW. Great. Thank you very much.

Commissioner Doramus, talking about conservation programs for ducks and other wildlife in your testimony, we certainly—again, very common interests between Arkansas and Michigan. Can you give us an example of how these programs benefit both farmers and wildlife at the same time and as well as conserving the land, benefiting our farmers economically? You spoke a little bit about it, but I think this is such an important point. I wonder if you might just expand on that.

Mrs. DORAMUS. I could not agree more. That is a very important point, and how it correlates with each other is for the farmers—first off, I want to say that I do have a background, yes, in conservation, but my family also has a row crop operation in south Arkansas, so I see a little bit of both.

These programs are very innovative in areas of production where it is not conducive to farming, that would be better suited to wildlife. Why not work together on these issues to provide more habitat for wildlife? In the end, it benefits the quality of life in Arkansas and increased participation in the outdoors, whether it be hunting, birdwatching, habitat for water birds, et cetera. It really goes hand in hand as far as conservation goes.

Honestly, we would like to see in the future, as I mentioned, more WRE participation and more funding to that, especially more boots on the ground, because there is a lot of producers out there who are wanting to get on these programs and getting them on would be very vital and beneficial to the State of Arkansas and our resources.

Chairwoman STABENOW. Great. Thank you.

Mr. McAlpine, you stated in your testimony that foresters need clear and transparent guidance and protocols before they can participate in carbon markets. We hear that a lot, and I agree. What tools can Congress provide to the Farm Bill—and Senator Boozman and I are working on how do we create that support and clarity, you know, and support USDA to support you to do that. What tools could we do through the Farm Bill to alleviate some of the ambiguity and ensure that forest owners and land managers benefit from carbon market incentives?

Mr. McALPINE. Thank you. The carbon markets. You know, it is important from my perspective to be able to be very clear and transparent to both the ones producing the carbon credits as well as the ones buying the carbon credits. Some of the things that are already in place are some of the forest certifications that many of the landowners already have to prove those lands are being managed sustainably.

You know, many of—the Farm Bill can support the reforestation and continued, you know, management of those properties in a healthy way, such as some of the prescribed burning, thinning, other types of things to manage those forests, to keep them in a productive part.

One of the important things also with the carbon markets is to have working forests, not forests that are just set aside. Forests that are set aside will take less carbon out of the atmosphere than forests that are actively growing and healthy.

Chairwoman STABENOW. Great. Thank you so much.

Mr. Reed, talk a little bit more—because the severe weather is wreaking such havoc because of what is happening in the climate crisis and carbon pollution and so on, I want to talk a little bit more about this. You highlighted the potential \$350 million economic benefit to cotton farmers that could result from the USDA Climate-Smart Partnership Grants, and I wonder if you could describe a little bit the role of cotton farmers and the U.S. Cotton Trust Protocol that you talked about, which I am so interested in, in mitigating the effects of the climate crisis as well as providing economic benefits for our farmers.

Mr. REED. Absolutely. We in the cotton industry, similar to rice, our product is more direct-to-consumer. It is people look for cotton, and we are very of that. We are starting to see that consumers are demanding. They want to know where their products come from,

and they want to make sure it is sustainably sourced. As an industry, to get out in front of that, we created this U.S. Cotton Trust Protocol because we know that we are conservationists, that farmers are, at heart. We know we are doing what is best for the land to pass down to our children. It is generational, just like any other—everybody here at this table.

Through the U.S. Cotton Trust Protocol, it is a way for us as the cotton industry to show the world that American cotton is the most sustainably sourced cotton on Earth. If you want sustainably sourced product, if you are a retailer or a consumer, buy American cotton.

With this cotton—or, with this \$350 million, the cotton solutions—or, the climate solutions, that will provide funding through the—provide funding through the Trust Protocol to maybe provide some incentives for farmers to do more. The way the Trust Protocol works is you get on a website and show the conservation practices you are doing and it recommends some more, but there is some additional funding there to help jumpstart and maybe provide more cover crops or provide some ability to reduce erosion in places.

Also, through that, we would like to partner with some Historically Black Colleges and to recruit minority producers for Protocol membership and compensation through the adoption of Climate-Smart agricultural practices.

Chairwoman STABENOW. Great. Well, thank you so much. Thank you to each of you.

I am going to turn now to Senator Boozman for his questions.

Senator BOOZMAN. Thank you, Madam Chair.

Nathan, Brad, Jennifer, each of you operate diversified operations. You have all touched on the need for improvements to the farm safety net while also expressing the importance of its continuation. Can each of you take a moment to highlight the risk you are facing this year and how you are managing that risk and then, very importantly, what concerns that you have as we go into the next season?

Mr. DOYLE. Thank you, Senator Boozman, for the question. Going into this year, we had a lot of excitement coming off of last year's crop. Prices have risen, and we were looking and feeling pretty good about what we were going to plant. Then here came the input prices right behind, and crop prices did not double, but input prices do and did, and most all input prices.

If we look at profit margin on the farm, family operations, they invest a lot of money, collateral each year, basically put the farm up each year to go one more year at a time. We look to those programs, ARC and PLC, crop insurance for soybean. Ninety percent of soybeans use crop insurance, so it is very, very vital to our family livelihood to have that accessibility.

I believe it is about money. We need more money in the program. We do not need to trade money around. If there is an ask, it is an ask to go back to the budget committee and ask for more support there. The reference price for soybeans needs to be looked at. It is just not feasible to use the current level. Even in a year where China—we had the trade war and that was not triggered, it just shows you that is proof that things need to be changed.

That would be—we are going to manage our risk as farmers, save our inputs where we can, be more efficient, absolutely, but we do rely heavily on those safety net programs.

Senator BOOZMAN. Very good.

Mr. REED. That is—obviously, as a farmer, I still consider myself a young farmer, maybe not as much anymore, but we still—I mean, pretty much my whole livelihood is on the line every year. I mean, one—as capital-intensive as farming has become, one bad season could about wipe us out without some other form of intervention, and so, obviously, we worry about commodity prices declining while input prices are high.

Another concern is—and I do not know the way around this, but all farm programs are based off revenue and the price of the crop. There is not really any mechanisms there when you get in a—even though we do have high prices, our input prices are a lot of times higher than what our commodity prices. You know, that is a very big concern.

You know, just with maybe a looming recession in the cotton industry, apparel, you know, apparel and home furnishing go down, so the demand for cotton may go down.

That is the big—I guess what my concerns are is not having any kind of safety net on the input side. Prices could still stay high on the commodity, and we could still—if these inputs continue to rise—I mean, I spent—and I am not a large farmer. I think I spent \$200,000 yesterday on diesel, getting ready to start irrigation on a small family farm. It is just—you know, when all our prices have doubled, that is huge risk.

Senator BOOZMAN. Jennifer?

Mrs. JAMES. Well, the end of your question was about next season, and today, I am worried about this season very, very drastically, as I stated in my brief testimony. Rice farmers in the U.S. have not seen in the increase in the price of rice as the other commodities are enjoying.

We are in a critical situation with the reduction in acres. That means less hundredweights to go through our dryers, to go through our mills, to put on the shelf, to remain viable in the marketplace, to maintain market share in our markets in the world.

Some of the economic analysis is showing that we are going to have a drop in net farming income of about \$880,000 per farm in 1922. Ten of the fifteen—the AFPC representative rice farms are going to show a loss. It is a very serious situation, and I know that any assistance that might come in 1922 will not make us whole, but it might make us start looking at 1923.

Senator BOOZMAN. Very good.

Mark, in your testimony, you mentioned the challenges facing adequate labor for your operation. Can you describe some of the workarounds? How are you able to handle the challenges?

Mr. MORGAN. Oh, that could take a while. You know, we have always prided ourselves on our farm of paying really good wages. When you talk about labor, it is not really just the labor; it is skilled labor. It seems like that is what we cannot find anymore. If you know, an employee can weld or was a good pruner and could pick adequately, you know, that is something that we were always willing to compensate. The basis I mean, the basic fact is in the

last three, four years that worker is no longer available. That generation is gone.

I have got H-2A paperwork sitting on my desk for—you know, I always said we would avoid it. What kept me from, you know, kind of going through that program is we need a workable program that is more turnkey, that is more, you know, readily available, that whenever it is time to do the work, to do the work.

We are scraping by right now the best we can. Again, it is just the lack of skilled labor, it seems, that we are having trouble with.

Senator BOOZMAN. Very good. Thank you.

John, will you share your recommendations of what you think is needed, or perhaps not needed in some cases, from the Federal Government as it relates to supporting healthy working forests and the rural communities that rely on the multitude of benefits that those resources provide? That is so, so very important. What programs or policies do you think are working well for you, and what improvements would you like to see Congress consider as we work on the next Farm Bill?

Mr. MCALPINE. Some of the things would be to just be able to have an extension to markets for these landowners. Without being in the markets, you know, they may not continue to manage their forestry, even own their forest, convert them to other uses.

You know, some of the other things that really do put some of these forests at risk, a big issue is invasive species and the continued work on invasive species, and that is one of the places where the Farm Bill can really help effect work on the invasive species. We are seeing more and more invasive species from the emerald ash borer, the Chinese tallow tree, feral hogs. You know, there is a gamut of those, and it seems like they just spread invasive species at an exponential rate anymore.

Senator BOOZMAN. Very good.

Anne Marie, we mentioned the RCPP project, the fact that we are participating. What advice would you have for us to help improve the program and better ensure that the program is successfully leveraging limited Federal dollars?

Mrs. DORAMUS. Well, first, we are very grateful to have this RCPP project between south Arkansas and north Louisiana. Partnerships is key.

One thing that we would ask is, I guess, more flexibility and localized control because south Arkansas is different than doing a project in north Arkansas. For instance, we had an RCPP project on the Buffalo River up there. The topography and landscape is completely different than it is in south Arkansas. Really, in short, flexibility is really what we desire in that program.

Senator BOOZMAN. Very good.

Nathan, you mentioned that cotton is produced across 17 States, many of which are experiencing severe drought. Can you describe how this difficult reality should be weighed as Congress reviews the Farm Bill's various risk management options?

Mr. REED. Well, cotton is a very diverse crop. It needs heat, but it can grow from extremely dry conditions to extremely wet conditions. It is very diversified amongst the growing regions in the way that we produce the crop.

Here in Arkansas—when you get into the dryland production in west Texas, crop insurance is a very big aspect of it. Here in Arkansas, we have spent our land being improved. Most of the cotton grown in Arkansas is grown on improved cropland. We have spent money improving our land, putting irrigation in, and so we grow a very high input crop.

The issue is after we spend all that money doing that we really cannot afford a high priced insurance product on top of it. We are generally always going to make a crop, but again, with high input prices, we may still lose money. The current—and for Arkansas cotton producers, I would say the current insurance products offered generally are not taken advantage of that well because it is very hard to take out insurance if you know you will never collect.

I mean, I do take out crop insurance, but in 20 years of farming I have never collected on yield on the back end. We do use it for the prevent plant aspect of it because we do have—we are in the low area that can flood in the spring and if we cannot get the crop in, so that is the main reason it is taken out. Really, shallow loss is our main risk.

We do have the STAX program we are very thankful for, but something expanded on that, whereas STAX is on a county level rather than an actual farm level.

Too, maybe being able to add cotton base in this next Farm Bill. I have been farming 20 years, and I have never been able we are very thankful that cotton got put in the last Farm Bill, but we did not get an opportunity to update our base acres. For Arkansas—I mean, I am only 20 percent based on my acres. If we could have that opportunity, that would help to be able to have the base of the crop we are growing and mitigate some risk there.

Senator BOOZMAN. Very good.

Thank you, Madam Chair.

Chairwoman STABENOW. Well, thank you so much and thank you to each of our witnesses on our first panel. We will take a brief pause so that our second panel can join us, but thank you so much for being with us.

Chairwoman STABENOW. The Committee will reconvene and welcome our second panel of witnesses, and I will turn to Senator Boozman to make introductions.

Senator BOOZMAN. Thank you, Madam Chair. Our first witness for today's second panel is Mr. Greg Cole, the CEO of AgHeritage Farm Credit Services. Greg joined the Farm Credit system more than 38 years ago as a student intern with what was then known as the Farm Credit Bank of St. Louis. During his tenure, Greg served in various roles and was named President and Chief Executive Officer of AgHeritage Farm Credit Services in 2008 after serving as the Chief Operating Officer for AgHeritage.

Thank you very much, Greg, for being here today.

Next up is Elizabeth Bowles. Elizabeth is the CEO of Aristotle Unified Communications, a broadband internet service provider headquartered in Little Rock, Arkansas. In addition to her role as CEO of Aristotle, Elizabeth has served two terms as Chair of the FCC's Broadband Deployment Advisory Committee and is a past President of the Wireless Internet Service Providers Association.

Thank you, Elizabeth, very much for being here.

Next is Mr. Buddy Hasten. After growing up in Iowa, Buddy enlisted in the United States Navy in 1986 as a submarine reactor operator and was selected for the Navy's Nuclear Enlisted Commissioning Program. People who serve on submarines are special people.

After a 20-year career in the Navy, Buddy returned to Iowa, where he served as the Regional Director of Generation for Iowa-based power plants at Alliant Energy. In 2011, Buddy joined Associated Electric Cooperative in Springfield, Missouri, where he served as Vice President of Engineering and Construction until coming Arkansas in 2019, where he has since served as the President and CEO of Arkansas Electric Co-op.

Thank you, Mr. Hasten, very much for joining us today.

Next is Rhonda Sanders. She is the CEO of the Arkansas Foodbank and has served in that role for nearly 10 years. Under her leadership, the Arkansas Foodbank distributed 38 million pounds of food in 2021, which provided approximately 31 million meals. Rhonda is an active leader in the Feeding America Network and currently serves as a co-chair for their Contact Task Force after serving as past Chair for the Policy Engagement and Advocacy Committee.

She was also awarded the Feeding America Dick Goebel Public Service Award in 2019. She has a long history of serving her community at the Arkansas Home Visiting Network, Arkansas Hunger Relief Alliance, and Arkansas voluntary organizations active in disasters.

We have been lucky to have her leadership in Arkansas and want to congratulate her on her retirement at the end of the year. I say, congratulations, it is a good thing, but it is very, very sad. Thank you, Rhonda.

Next, we have, last but certainly not least, Mr. Dennis Sternberg. Dennis is the CEO of Arkansas Rural Water Association, where he is starting his 43rd year in the water and wastewater business. Dennis started his career working in the city of Bull Shoals, Arkansas, as Wastewater Superintendent. After serving as Wastewater Superintendent, Dennis then held positions at the National Rural Water Association before joining the Arkansas Rural Water Association in 1989, where he has been ever since. In 2009, the United States Department of Agriculture and National Rural Water Association recognized Dennis for his leadership in emergency response preparation.

Dennis, thank you so much, also, for being with us today.

Mr. STERNBERG. Thank you, Senator.

Chairwoman STABENOW. Wonderful. Well, thank you very much, and we will start with Mr. Cole.

**STATEMENT OF GREG COLE, CHIEF EXECUTIVE OFFICER,
AGHERITAGE FARM CREDIT SERVICES, LITTLE ROCK, AR-
KANSAS**

Mr. COLE. Madam Chairwoman Stabenow, welcome to Arkansas and Arkansas State, and we thank you for your leadership and your continued support of the Farm Credit system. I also want to thank you and Ranking Member Boozman for calling this hearing.

I am Greg Cole, President and CEO of AgHeritage Farm Credit Services headquartered in Little Rock, Arkansas. AgHeritage Farm Credit Services, Farm Credit of Western Arkansas, and Farm Credit Midsouth comprise the Farm Credit Association of Arkansas. We are a cooperative. We are owned by farmers and ranchers we serve. We provide financing, crop insurance, related services to more than 22,000 farmers, ranchers, agribusinesses, and rural homeowners here in the Natural State. At the end of last year, Farm Credit Associations had \$4.8 billion in loans, 38 service locations throughout the State, and over 280 employees.

Arkansas farmers are realizing high crop prices along with other farm products. However, these higher prices are being offset by high inflation that is significantly increasing crop production cost. Arkansas farmers are being hit by higher fuel costs, increasing interest rates, increasing labor costs, and reduced government payments. Supply chain disruptions are making it difficult for farmers to get certain equipment parts and inputs that are required to produce crops and livestock and operate farms in general.

The Farm Credit Associations of Arkansas are very well capitalizing and in very good position to serve agriculture through this volatile time. We remain committed to working with our borrower-owners through all economic cycles.

We have a deep commitment for young, beginning, and small farmers. We offer special interest rate programs, reduced underwriting standards for young and beginning small farmers. We host a Future Legacy Young and Beginning Farmers Conference here in Arkansas, which creates opportunity for young farmers to network with peers in the State and gain great insights into agriculture and financial topics.

Supporting people of color in agriculture and rural communities is an integral part of the Farm Credit system mission. We have launched a pilot program at a high school here in Arkansas to educate minority youths on opportunities and careers in agriculture. We have outreach program for Hmong and Marshallese farmers, and we are committed to recruiting at universities with diverse populations.

Farm Credit has supporting innovation agriculture for over 100 years, including Climate-Smart practices. As the Committee considered Climate-Smart policy going forward, we urge you to craft solutions that are incentive-based, voluntary, and market based to reflect sound science.

From a lending perspective, financing options must be based upon capacity. Lenders are not the appropriate avenue to determine the efficacy of specific farming practices or penalize or reward producers for certain farming practices.

We hope the Committee will consider increasing the loan limits of FSA loan programs, especially in light of inflation and construction costs in poultry facilities that we finance a lot here in Arkansas.

Crop insurance and Title I commodity programs are vital to Arkansas farmers. The programs provide a solid safety net, and we urge you to do no harm in changing those programs as you formulate the 2023 Farm Bill.

Thank you again for the opportunity to testify, and I look forward to your questions.

[The prepared statement of Mr. Cole can be found on page 82 in the appendix.]

Chairwoman STABENOW. Well, thank you very much.
Ms. Bowles, welcome.

STATEMENT OF L. ELIZABETH BOWLES, CHIEF EXECUTIVE OFFICER, ARISTOTLE UNIFIED COMMUNICATIONS, LLC, LITTLE ROCK, ARKANSAS

Ms. BOWLES. Thank you. Good morning, Chairwoman Stabenow and Ranking Member Boozman. I appreciate the opportunity to appear before the Committee today.

My company, Aristotle, is a broadband internet service provider headquartered in Little Rock, Arkansas. We deploy a combination of fiber to the home and fiber/fixed wireless hybrid networks predominantly in rural areas of Arkansas and the Mississippi Delta. Our mission is to ensure that all Americans have equal access to broadband regardless of where they choose to live.

In my capacity as Chair of the Broadband Deployment Advisory Committee, I was very focused on the policies and issues that affect broadband in rural America, and I was dedicated to making sure that the recommendations help rural America move forward in broadband connectivity.

Over the last four years, Aristotle has applied for and received more than \$100 million in Federal funds to bring broadband to parts of five States. The majority of that funding is for rural, poverty-persistent counties in the Arkansas and Mississippi Delta. Aristotle's current network brings reliable, high-speed broadband internet of speeds 100/20, 100 Mbps down/20 Mbps up, to over 77,000 rural Arkansas households that previously had no access to broadband.

The United States has made a lot of progress in getting broadband in rural America, but many rural Americans still lack access to broadband service. The bipartisan Infrastructure and Jobs Act makes available once-in-a-generation \$65 billion for broadband, and a lot of that money is going to go into rural America. That program has initiated a fiber first, fiber only strategy, which means that the program will probably run out of money before every rural American is served. This is a concern that I have and something that the Farm Bill does not need to follow down that path.

The Farm Bill is not a one-shot program. It can continue to fund rural broadband long after the BEAD funds are spent, and for this reason the legislative priority of the Farm Bill needs to be to ensure that every rural American has access to speeds of at least 100 Mbps down/20 Mbps up before we start funding gigabit broadband to certain rural homes which will necessarily leave other rural homes behind. These businesses, farms, and rural homes are dependent on the digital economy.

In Arkansas, Aristotle used CARES Act funding to deploy 100/20 hybrid network in less than a year to nine counties in the Arkansas Delta. The cost per passing was \$400 a household. A fiber-only deployment could not have met this timeline, much less the

per-household cost. For example, fiber-to-the-home grants awarded in Arkansas under the ARPA program, which has a 100/100 symmetrical requirement, averaged over \$6,000 a passing, and some of those grants awarded \$14,000 per home.

Fiber is very expensive, and it takes a lot longer to deploy than other technologies. Rural communities do not have the luxury to wait years for broadband connectivity, and if the focus of the Farm Bill broadband programs is to ensure that every rural farm and resident has access to broadband, then it is critical that the broadband programs in the Farm Bill remain technology-neutral.

Thank you again for the opportunity to speak to you today, and I look forward to answering your questions.

[The prepared statement of Ms. Bowles can be found on page 87 in the appendix.]

Chairwoman STABENOW. Thank you very much.

Mr. Hasten, welcome.

STATEMENT OF BUDDY HASTEN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ARKANSAS ELECTRIC COOPERATIVE CORPORATION, LITTLE ROCK, ARKANSAS

Mr. HASTEN. Good morning. Good morning, Chairwoman Stabenow, Ranking Member Boozman. On behalf of the electric co-ops of Arkansas, I thank you for the opportunity to testify today.

My name is Buddy Hasten, and I grew up as a simple kid on a farm in Iowa, who had no idea the Farm Bill was so complex or so important. Currently, I reside here in Arkansas and proudly serve as the President and Chief Executive Officer of the Arkansas Electric Cooperative Corporation. I hope you will spend some time on my written testimony, where I cover a lot of different topics, but this morning I want to focus in on the two most critical issues for us: maintaining reliable and affordable electricity and supporting the communities we serve by deploying rural broadband.

We are very concerned about the recent retirement and amount of planned future retirement of baseload electric generation resources. These are being replaced primarily by intermittent generation, like wind and solar. The electric cooperatives of Arkansas are committed to deploying more clean energy. However, we believe the ongoing energy transition is moving at a pace that ignores current technological and market realities.

This Committee should be concerned because when the reliability of the electric grid fails in rural America it almost always results in financial catastrophe and loss of human life. One defense against this bad outcome is to ensure that RUS can continue to make loans for all different types of generation technologies, both traditional baseload and renewables.

Although outside this Committee's jurisdiction, I would also strongly advocate for leveling the playing field when it comes to access to Federal incentives for clean energy investments. Due to cooperatives' not-for-profit structure, we are unable to fully utilize tax credits for clean energy. If cooperatives had comparable incentives and could receive the full value of the tax credits through a direct payment, we could more effectively pursue emerging clean energy development.

Affordable electric rates in Arkansas are threatened by inclement weather, supply chain disruptions, and high energy prices. One policy that would greatly help electric cooperatives keep rates affordable would be the opportunity to refinance rural utility services' debt. I want to give a special thank you to Ranking Member Boozman, who has sponsored a bill that would allow co-ops to do just that. This bill would yield over \$100 million in future savings for our member-owners in Arkansas. Those savings will result in lower electric rates and better infrastructure in rural communities.

Last, the Farm Bill is important to us because it contains many different types of rural economic development tools. Electric cooperatives are often partnered with USDA in deploying those tools. Deploying broadband in underserved parts of our State remains a very high priority for us and the communities we serve. Both RUS electric program loans, as well as ReConnect, are critical in that effort. As Congress begins to think about the next Farm Bill, ensuring that these programs are flexible and streamlined will allow electric cooperatives to deploy fiber resources as quickly and efficiently as possible.

Thank you again as you consider the upcoming Farm Bill, and we look forward to working together on our shared goal to improve life in rural America.

[The prepared statement of Mr. Hasten can be found on page 98 in the appendix.]

Chairwoman STABENOW. Thank you so much.

Mrs. Sanders, thank you for all of your wonderful service to your people in Arkansas.

STATEMENT OF RHONDA SANDERS, CHIEF EXECUTIVE OFFICER, ARKANSAS FOODBANK, LITTLE ROCK, ARKANSAS

Mrs. SANDERS. Chairwoman Stabenow, Ranking Member Boozman, and fellow panel members and guests, I am Rhonda Sanders, CEO of the Arkansas Foodbank, and I am honored to be here today to speak on the impact of the Farm Bill on our neighbors facing hunger in rural communities.

Arkansas Foodbank serves 33 counties in Arkansas and partners with five other leading American foodbanks in the State to create a comprehensive hunger relief system. Our service area covers over 24,000 square miles of which 17,000 are considered rural. The Farm Bill is important to us in the hunger relief system, and it played a major part in helping Arkansas meet the needs during the pandemic.

We learned many things during the pandemic that can help shape the next Farm Bill. During the pandemic, we proved the value of partnerships between public and private entities. USDA programs like TEFAP, CSFP, Farm to Family, and SNAP provided needed income for farmers, grocery stores, and producers while also providing food for thousands of hungry Arkansans. We became flexible with distribution as well as requirements of programs. Everyone pivoted together to ensure organizations and people facing hunger had much needed resources.

The difficulties of serving rural communities has always been evident but were even more so during the pandemic. Rural areas, on average, have fewer resources and less infrastructure to help

meet the higher than average needs of people facing hunger. This has always placed a burden on foodbanks, but during the pandemic, we developed new partners, strategies, and networks to help meet the needed goals, things like expanded rural deliveries and increased mobile distributions that are now a regular way of working.

We are now facing new enemies, though, inflation and supply chain disruptions. These enemies disproportionately affect rural communities. The people we serve lack the resources to travel further and to pay more. There are already limited grocery stores, but now they lack product. The foodbanks in the State stand in a gap. We struggle daily to meet the need due to the high cost of food and transportation plus dealing with food shortages.

I am going to share a part of Willie's story. Willie comes the last Tuesday of every month to the food distribution at the Arkansas Foodbank's Delta Branch. This is a TEFAP distribution. Willie arrives around 1 in the morning to get ready for the 8:30 in the morning TEFAP distribution. He drives 45 miles round trip to get to that food each and every month.

He said, "I love everything I get, the beans, the rice, and vegetables" because Willie and his wife are raising two of their grandchildren. They save a little bit of money every month to buy the needed things for their grandchildren. He shared that 1 month they had a really large gas bill and it took all of their funds to cover it. He said, "If not for the Foodbank, we would not have had groceries that month."

The Farm Bill helps to address the needs of our neighbors like Willie. It is the foundational program in our fight against hunger while also being an economic driver in rural communities. Modernizing the determination of SNAP benefit levels is a major improvement. Increasing access to foods to purchase with commodity funds, continuing to streamline requirements for TEFAP and CSFP, and increasing funding for TEFAP food storage and delivery are additional changes that will help the foodbanks feed neighbors in need.

In conclusion, there is not a silver bullet that will solve the issues of hunger in rural communities. However, supporting legislation that will support successful business endeavors while also providing food for immediate needs and long-term interventions is clearly a win-win. The Farm Bill has a long history of being that type of legislation as well as being adaptable for meeting the current needs of our State and nation. Thank you for continuing to improve and champion this vital piece of policy.

[The prepared statement of Mrs. Sanders can be found on page 103 in the appendix.]

Chairwoman STABENOW. Thank you very much.
Last but not least, Mr. Sternberg.

STATEMENT OF DENNIS STERNBERG, CHIEF EXECUTIVE OFFICER, ARKANSAS RURAL WATER ASSOCIATION, LONOKE, ARKANSAS

Mr. STERNBERG. Thank you, Chairwoman Stabenow and Ranking Member Boozman, for this opportunity to testify today. My name is Dennis Sternberg, and I speak to you today on behalf of the Ar-

kansas Rural Water Association, which is one of a nonprofit federation of State rural water associations that operate in all 50 States.

Madam Chair, it is an honor to testify before you in this Committee today on the important topic of the 2023 Farm Bill.

Senator Boozman, thank you for always supporting rural Arkansas and rural America.

Rural America faces unique challenges that small, rural communities face every day, and the program such as the USDA Rural Development Program is the only Federal agency created by Congress to specifically serve rural Arkansas and rural America. I would like to highlight briefly two USDA Rural Development programs that directly assist all rural America and a third that needs to be included.

Circuit Rider. One of the most successful approaches for overcoming the challenge in rural America has been the Circuit Rider concept created by this Committee, which provides experienced hands-on experts to help rural water systems meet Federal and State requirements and protect the government's investment through USDA. It provides a pool of expertise that is otherwise unaffordable for the small and rural system and is a vital resource to ensure our safe water supply. Last year, Circuit Rider directly helped to protect the health and safety of 24,780,000 people, 41 percent of rural America.

Wastewater technical assistance. Wastewater technicians are core to ensure small and rural communities can provide affordable and safe sanitation services. The initiative provides on-the-ground technical assistance directly to communities for wastewater treatment facilities. Assistance includes design, upgrade recommendations, daily operation, maintenance advice, assisting with permit renewals, and helping the systems meet compliance requirements on the State and Federal regulations.

Several years ago, this service was disrupted in Arkansas and a few other States when the Agency shifted funding for a new initiative. We recommend to the Committee to provide priority within the water and wastewater technical assistance grant account to sustain this essential service and consider a multiyear, competitive, cooperative agreement for stability and planning purposes.

Third, Circuit Rider Emergency Disaster Assistance for small and rural communities. ARWA and other State rural water associations have been providing onsite, direct disaster recovery and prevention during that time of need to utilities through the USDA Circuit Rider program for decades. I take pride that ARWA is one of the leaders in this effort. We currently provide hands-on training to other State rural water associations at our facility located in Lonoke, Arkansas.

Current statutory and administrative burdens limit the effective and timely response of these services. In numerous cases, State associations, like ARWA, were forced to absorb the financial costs incurred to provide recovery and response activities. NRWA requests the consideration and permanent authorization to enhance this critical emergency service.

I thank you for my time and appreciate you.

[The prepared statement of Mr. Sternberg can be found on page 108 in the appendix.]

Chairwoman STABENOW. Well, thank you so much. Listening to all of you, it is such a reminder that the Farm Bill is much more than the critical support for our farmers. What you are talking about is quality of life in rural communities all over the country and essentials to making that happen, and this is very much a part of what we call the Farm Bill. Certainly Farm Credit is essential as well in so, so many areas.

Mr. Sternberg, let me start with you. You talked about the fact that without special assistance for rural communities oftentimes the larger communities, because they have got the administrative or financial resources, are able to compete more successfully for funds. I am glad you mentioned the efforts that we put in place and appreciate all that you are doing, your organization is doing, on that to make sure we are talking about rural communities, small towns getting what they need.

You also mentioned the need for targeted rural water programs for low-income rural communities. I am wondering, what are some of the challenges your organization is seeing in these low-income communities in Arkansas, and how can the Farm Bill programs begin to address those challenges?

Mr. STERNBERG. Well, thank you for the question. Throughout Arkansas, the majority of Arkansas is rural, as many States across this Nation. One of the things that we heard commented earlier this morning is 33 out of the 75 counties, I believe, have a declining population. It is more important that USDA focuses on those counties and those small communities that are needing to be funded by USDA through grants and loans.

I think one of the problems USDA is having in Arkansas, and I would suspect across the Nation, is for the last several years since COVID especially the Rural Development offices overall pulled back, and rightfully so, not been out traveling or talking to their clients.

And there has been a turnover within USDA staff, seasoned people retiring. A lot of the staff is not being replaced. The past State Director, Marshall, I cannot think of this name right now, but anyway, it was one of the concerns he had. He said, I cannot keep staff, and when a position becomes vacant, they are not allowing me to rehire.

They need to promote what USDA does because it is the best thing for rural systems, and we need to keep this. Getting that message out—I think a marketing tool through the Department of Ag with USDA Rural Development needs to be focused on because I see a great need.

The other problem we have got is when you are having the infrastructure money being given to the States for water and wastewater and other broadband and other things, you know, it is a lot easier to go through the State to get funding than it is through the Federal Government/USDA, just the hoops you have to jump through. Engineers are the ones that are going to advise that system where to go.

Chairwoman STABENOW. Thank you.

Mrs. Sanders, in your testimony, you talked about how the Arkansas Foodbank efforts complement the work of the Federal nutrition programs. Can you tell us more about how these Federal pro-

grams and food programs helped the Arkansas Foodbank respond to the increased need for food assistance during the pandemic?

Mrs. SANDERS. Absolutely. TEFAP commodities is truly a lifeline within rural communities. The expansion of the funding for that and the purchases that were made and that were provided were just enormous in helping us meet the need. In the last year and a half, we have distributed 13 million pounds worth of commodities, CSFP, and half of that, over half of that went into rural communities. You can just see very easily the effect that it has.

Additionally, the Farm to Food box, the CFAP program, was very helpful. It was a new adventure for us. There were good things out of it, and there were challenges with it, but that alone provided eight million pounds of food in 2020 and 2021, when there was just such an extreme need.

So us being able to utilize that food, utilize our 300 agencies—and actually out of our 300 agencies, over 90 of them are TEFAP-eligible agencies. They have met all of those requirements. To be able to partner with us, our local communities, building their capacity, and then the financial support for food from the Farm Bill truly makes a great partnership, and it provides us with so much assistance that we really—we must have it.

Chairwoman STABENOW. Thank you so much.

Mr. Hasten, in your testimony, you mentioned the unique challenges that electric co-ops face in financing innovative technologies and particularly compared to your for-profit counterparts. What are some of the examples of the new and cleaner technologies your electric co-ops would like to adopt if they have adequate incentives, and how could RUS assist cooperatives in adopting these new technologies?

Mr. HASTEN. Thank you. We serve 74, 75 counties here in Arkansas, but we really only serve one-third of the population. I think that puts co-ops at kind of a natural disadvantage on the cost of electricity.

As you are talking about moving toward cleaner electric sources, really, here in Arkansas the technology of choice would probably be solar. Wind is not a really good resource here, and that is really kind of the game in town.

The way the tax credits work is if you put it in, right now it is at 26 percent, but if you are a co-op you cannot get that full value, so you have to go out and find some third party. A lot of people that—I think you said earlier: If you make a product, that is good. If you push papers, what are you really doing? There is a lot of people that push papers, that siphon value off of that, and so therefore, a co-op putting in solar is at a disadvantage compared to a for profit company because they cannot get the same advantage. That would be the same thing, too, if you were to try to do storage.

There is a lot of solar and storage going in as we try to supplement our diverse portfolio with these types of resources, and so one place would be a direct pay system where co-ops would have a very—it would be an equal playing field for us to be able to use those technologies. Otherwise, our members pay more for the same thing.

Chairwoman STABENOW. Great. All right. I understand completely.

Mr. Cole, let me ask you, I was really pleased to hear you talk about the Young and Beginning Farmers Conference. It really sounds terrific, the AgHeritage conference that you had earlier this year. I know that these types of initiatives are really important for us, and that is one of the reasons in the Farm Bill we have the Farming Opportunities Training and Outreach Program, to reach out to new farmers and beginning farmers. We have included veteran farmers in that as well, which is very important.

Could you talk a little bit more about the conference and how access to credit contributes to the success of these farmers?

Mr. COLE. Yes. Thanks for the question and a very good one. You know, obviously, we are very focused on our young and beginning farmers. As we know, that is the lifeblood of the organization, being a cooperative over 100 years.

We here in Arkansas, the three associations, co-op together, and we have a conference every other year in Little Rock. We bring in very good speakers and then to basically talk about a variety of topics.

One of the main focuses, as you know, as agriculture continues to evolve and the business model shifts, you know, it is more intellectual-centric versus labor centric, like it was over 100 years ago. We always say in the ag lending space, those that generate—or, those that obtain the intellectual capital will generate the financial capital. There is a lot of education pieces to understand what the young and beginning farmers are getting into, basically the job description if you will, to give them a variety of resources on production, finance, you know, legal, all these kinds of things there, and we bring those to that.

Also, we are very big on peer groups. They get to come here and through the whole State—they are from each area of the State here, from poultry to crop to livestock to the timber and everything, and they can also develop a peer group and continue to build that relationship and to bounce things off. As you know, in development, mentorship, information, everything.

The focus of the system is to be able to facilitate knowledge and information because in our world it is this: If we help young farmers make good decisions, guess what? We just make good loans, and we have a future together. That is a major focus on it, on the system as well as here in Arkansas, and it will continue to be for the system. Again, it is the lifeblood of the system.

Chairwoman STABENOW. Great. Thank you.

Ms. Bowles, you mentioned in your testimony the importance of collaboration between the Federal Communications Commission, the Department of Agriculture—

Ms. BOWLES. Yes.

Chairwoman STABENOW.—the National Telecommunications and Information Administration, if we are going to really have rural high-speed internet like we need it everywhere.

During your time at the Advisory Committee at the FCC, what did you see as the strengths of the USDA's broadband program, and where should the agencies continue to improve?

Ms. BOWLES. The USDA's strength—the USDA actually has several strengths in their broadband program. One is the focus specifically on rural communities and what rural communities need.

Another strength is their mapping because they actually would take people on the ground. They did not—the FCC maps, which we know, are currently sort of sketchy because they are based a lot on what providers say coverage is and they are usually a year to 18 months behind. What USDA would do is they would put boots on the ground and actually map coverage, and so they have sort of an agency expertise around mapping that they utilize to ensure that broadband was going to those that were the most needed.

I think that to some extent USDA had taken the position that they wanted to cover everybody before they improve some people, and with the broadband goal post moving as much as it does, that created sort of the sense of constantly catching up within the USDA program because the FCC is moving the goal post.

I think we have pretty much settled. I think NTIA has it right. You know, 25/3, if you do not have that, you are unserved. It is 25 Mbps down/3 Mbps up you are unserved. 100 Mbps down/20 Mbps up, if you do not have that, you are underserved. Those definitions, I think, could be used in the whole-of-government approach.

And from the mapping perspective, I think USDA can be encouraged to consult with the FCC. They are currently—FCC is currently putting together a broadband mapping fabric that is supposed to be the definitive map. For that truly to be definitive, then NTIA and USDA and the FCC need to take this whole-of-government approach. It is really important in broadband that we have a single map that everyone can go to and say, yes, this is the map.

And that will not work unless USDA is consulting with the FCC and saying, listen, this is what I know is going on in rural America because that is not the FCC's focus. The way they do their mapping is a little bit different from USDA. I think USDA has a huge role to play with the FCC, particularly in mapping, to get them to ensure that that map is truly accurate.

Chairwoman STABENOW. Great. Thank you. I agree.

Senator BOOZMAN, I will turn it to you.

Senator BOOZMAN. Thank you, Madam Chair.

Rhonda, the Farm Bill authorizes several commodity distribution programs, like The Emergency Food Assistance Program and the Commodity Supplemental Food Program. What has been your experience with the programs? Do you have recommendations on how we can improve them?

I would also note that about a third of your pantries use the USDA programs, and I am impressed that you are able to distribute across so many rural counties. Are there unique challenges to the rural communities participating in the programs, and if so, how could we update the programs to better reach those areas?

I know that you have just got a lot going on with inflation and this and that. It has got to be very difficult.

Mrs. SANDERS. Thanks for that question. Yes, sir. Obviously, the Foodbank has worked with the USDA programs for years and has been a distributor of TEFAP product, a commodities, as well as CSFP, and as I mentioned, the Farm to Family food boxes recently. It is clearly 20 percent to 30 percent of our inventory and distribution in a normal year.

In the pandemic, in the height of the pandemic, USDA product became 60 to 70 percent what we had to distribute. We worked closely with it.

The challenges that are facing rural Arkansas and any rural community is the capacity and the infrastructure that is there. There are very steep requirements to be a TEFAP commodity distribution point. Looking toward the ways that some of those can be streamlined, can be made easier, there could even be additional capacity dollars when you are serving high rural communities because there are times that we have to just kind of take it over and travel thousands of square miles during our year to make sure that that food gets there.

That is probably the No. 1 challenge that we have with operating the USDA programs within our service area. It is having those distribution points. I would love to suggest those dollars be considered as some extra things for rural communities within it.

Obviously, the ability to get food right now is at the top of my personal list, and I want to encourage that we continue to maintain and increase the dollars that are there to purchase food because it is a lifeline, it is high quality, highly nutritious food, and it is much needed.

Senator BOOZMAN. Very good. Thank you so much, and we do appreciate all of your hard work.

Mrs. SANDERS. Thank you.

Senator BOOZMAN. Buddy, you noted in your testimony RUS has been an important partner to our Arkansas electric co-ops over the decades. As we continue to exercise oversight of USDA while beginning discussions about what the next Farm Bill should look like, can you talk a little bit more about which programs under USDA Rural Development you believe are the most effective and which programs need improvement?

Mr. HASTEN. Absolutely. I think RUS has been very effective. It has been a really great program for rural co-ops all across America. It is used widely. As I said in my oral comments, I think the fear that it may be unavailable for those funds for a wide diversity of generation sources for us is a fear we have, so that is why we would advocate to keep that program open.

You know, we focus on reliability and affordability, and we are not-for-profit. We really do try to keep energy affordable. That program is really good.

As far as rural broadband, the ReConnect program, I think that program is really good in the sources of funding and I think the focus on trying to get broadband to rural America. I would say that program probably is one that could be looked at. It really, I think, was set up more for a telco business structure, not an electric cooperative business structure. It is really hard for co-ops to use it, I think.

Senator Boozman, I think there has been two co-ops in Arkansas that applied and were denied. You know, it requires a brand new environmental review for existing infrastructure. A lot of times we are just putting fiber up on existing infrastructure we have to get it to the rural members. A requirement that you have to use—you cannot use more than 50 percent contractors. There are just certain rules in that program that are hard for a small rural co-op.

We have got people, I think, in Arkansas co-ops ready to do projects, but they are really just waiting on the programs and in some cases being denied the programs.

I think the reality is rural America needs broadband sooner, not later. I think that would be a program I would really advocate taking a hard look at and seeing if it could be readjusted a bit and streamlined so that some of these types of rural co-ops could use the program and get that money flowing the way it is intended to flow.

Then I would say the RESP program, great program. It is used, and we really appreciate the funding that goes into that program.

Senator BOOZMAN. Very good. Thank you.

Dennis, RUS has been an important partner also to rural water for many years. Looking at the Farm Bill, what recommendations do you have, wearing a different hat, regarding programs under USDA Rural Development? What specific RD programs do you believe are most effective, and again, which ones do we need to work on?

Mr. STERNBERG. Well, as far as Arkansas Rural Water Association, the loan and grant program to the water systems is essential. The utilities need that, and that has always been there, and I thank the Ag Committee for doing that.

With our programs, the technical assistance side provided to water and wastewater systems every day across the State and across the Nation, continued support of that and making—potentially, like the wastewater program I mentioned in my verbal statements or testimony, extend it out to a five-year like the Circuit Rider is, the contract. That would be essential to help for stability.

One of the things we are finding—and I heard earlier today—is just hiring good people. It is getting harder and harder. You know, especially in the environment right now, when we pay mileage to—we do not furnish vehicles to all of our staff. We do to part of them. You are paying a mileage rate, and the fuel costs are going way out of sight, and we are limited on what we can pay based on the Federal Government. I did convince my board yesterday in a full board meeting to subsidize that mileage rate to help the employees. Those types of programs.

Emergency response is crucial to Arkansas Rural Water, and I am very proud of what we have done over the years. I served four years as the Chairman of the National Rural Water Association's Emergency Response Committee. We have been to Florida, Louisiana, going in and assisting, not taking all our resources. We have big mobile generators, trucks, trailers. We have a vac truck, sewer cameras. We take whatever is needed and personnel down to these States. It has been effective because they need help immediately.

I mean, it is something that somehow or another we need to look at it real close in the Farm Bill and see how we could tweak that to get something in there to help.

Senator BOOZMAN. Very good.

Mr. STERNBERG. Thank you.

Senator BOOZMAN. Thank you.

Greg, in your testimony, you talked about the importance of crop insurance. Can you tell us about the role it plays during the under-

writing process and how it impacts the type and size of loan a producer might qualify for?

Mr. COLE. Yes, obviously, crop insurance is a key risk management tool and especially in the U.S., and we really work that in the system. You know, I think when you go and mentioned earlier in regions some of it is more varied than others. You know, in the Midwest, it is absolutely critical. You know, when we make loans in production, you know, the risk is they do not get the yield or they do not get the price. A revenue-type product is a good, lower safety net in that. It is very critical.

Now here in the Midsouth, as you know, because the biggest risk is obviously production, we have irrigation. It is a little bit flip-flop and a little bit about those title—you know, the Title I. You know, the PLC payments are really vitally important here. That is in combination with a crop insurance.

So, yes, it is very important because a farmer needs a safety net, the ag lender, because basically the crop insurance basically is used as collateral to repay the loans there because it covers those if you have a revenue structure there.

We really support—I think the crop insurance program has worked categorically. It does work admittedly better in the Midwest than it does here, and that has been identified, but it is still important, especially for replant and things like that. When you couple crop insurance in with really the profit—the PLC payments here, you have got a real good, solid foundation to cover replant risk there as well as, you know, market adjustments.

That adds to the other risk that—you know, the other big investment, obviously, and that is when we finance a lot of the irrigation systems because, again, that is a big risk mitigator.

Senator BOOZMAN. Very good.

Elizabeth, in the latest round of funding for the ReConnect broadband program, USDA made several changes to the requirements from earlier rounds that are likely to favor one technology solution over another and allow for potential awards to go to areas that already have high-speed broadband. As we look to the next Farm Bill, what improvements can be made to USDA broadband programs to ensure that we are serving all rural communities with high-speed broadband while also being good stewards of taxpayer dollars and avoiding overbuilding?

Ms. BOWLES. One of the things that is floating around now sort of at the national level is that we need to have this fiber-proof network—this future-proof network which is going to be predominantly fiber, and that is coming from NTIA and other agencies that have singular money that they are putting in.

Yes, the middle mile is very important, and fiber is oftentimes the best solution for that. When we are talking about rural America and you are talking about these extremely sparsely populated areas, fiber may be prohibitively expensive. As I said in my testimony, you will run out of money before you serve everybody. It is very important for the last mile programs like ReConnect that we not mandate a technology like fiber or, for that matter, a fiber proxy like 100 Mbps up/100 Mbps down, which can only be done fiber.

It is important that we maintain this technology neutrality because there are a lot of technologies that can deliver 100/20. If the ultimate goal is gigabit everywhere, the Farm Bill has the opportunity to reach that over a pathway of time because you have every five years you renew. The Farm Bill can adjust for technology.

I have a beef with future-proof anyway because nothing in the internet is future-proof. I mean, in the 90's, we thought DSL was going to be the end of it. A lot of rural America has DSL, and they cannot upload their, you know, data at the end of the day.

We do not know that fiber is future-proof, and we do not know that other technologies are not going to emerge. I think it is very important that the Farm Bill not fall into that trap and that the ReConnect program, in particular, maintain technology neutrality and focus on can they get 100/20 because really that is it, if they can get 100 Mbps down/20 Mbps up, with the understanding that we are on a pathway to better speeds, we are on a pathway to different technologies.

The only other thing I will say toward that is if we were very serious about this and talking about, you know, food security being a national security issue and talking about resiliency and disaster recovery, we would be deploying both fiber in the ground and fixed wireless in the air because one is down, the other one is up. I think there is no answer of which one of those technologies should be going first except that we have an economic incentive to make sure that more people get served, but I think we actually need both of those things.

Senator BOOZMAN. Thank you.

Thank you, Madam Chair.

Chairwoman STABENOW. Well, thank you very much. Thank you to all of you. This has been terrific, to be able to hear your insights and suggestions, and we certainly will put them to good use.

At this point, let me thank—as we conclude the hearing, let me thank again my good friend, Senator Boozman, for the opportunity to be here with you today, and also our dedicated staff. I know that we both agree that the folks that do the hard work, not only on the hearings but every single day, are people that we are very grateful to for their expertise and, frankly, their dedication to all of these issues.

There is no question that our farmers and ranchers can meet the moment if given the right tools and the right conditions, and that is really what we strive to do through the Farm Bill is to create those opportunities.

We want to thank all of the witnesses. We want to thank everybody who has come to be a part of this and listen today. We need you to stay engaged and stay at the table to help us move this process forward. The voices that come to the table, the more we can have a big, broad coalition of food and agriculture and rural communities working together the better success we will have at getting this done. Again, I want to thank you for the chance to be here with all of you today.

The record will be open for five business days for any members that wish to submit questions or statements, and at this moment the hearing is adjourned.

[Whereupon, at 12:28 p.m., the Committee was adjourned.]

A P P E N D I X

JUNE 17, 2022

**U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Full Committee Hearing: 2023 Farm Bill: Perspective from the Natural State
Friday June 17th, 2022 – 9:00 a.m. to 11:00 a.m. – Jonesboro, Arkansas**

TESTIMONY SUBMISSION FROM: **Mr. Rich Hillman, President, Arkansas Farm Bureau**

Madam Chairwoman, ranking member Boozman, and committee members, thank you so much for the opportunity to testify and more importantly to welcome you to the great state of Arkansas.

I am Rich Hillman, a sixth-generation farmer who raises rice, soybeans and corn in Lonoke County. I am humbled to serve as president of the Arkansas Farm Bureau.

Agriculture is the largest industry in our state, and that says something when you consider some of the titans we have in the retail world that also call Arkansas home. Our agriculture is very diverse, including row crops, livestock, specialty crops, aquaculture, and a significant timber industry.

You will be hearing from some of the best of the best today, really what is Arkansas agriculture's greatest asset, and that is the men and women who farm and ranch here in Arkansas. I can't underscore enough their talent, intelligence, and, quite honestly, the most needed tool needed today, and that is their resiliency.

Before I yield to others I would like to convey to you today the importance of our next farm bill. As we are, hopefully, exiting a worldwide pandemic, we have to be very sensible about what happened to our food chain, what we all encountered and worried about when we saw empty shelves in our grocery stores. We learned that our food chain that has served us all well for decades, wasn't as strong as it needed to be. We learned of a few weak links that were pulled apart, thankfully, for just a short time. But because of those issues, and good old American ingenuity, we have an even more efficient, sustainable food chain than before the pandemic.

The American farmer and rancher were, are and will be part of that solution. We stayed our course, constantly challenged, but always steadfast in doing our job. Our farmers and ranchers are the best in the world. Period. We can compete with anyone on the face of the earth.

But what we can't do, is compete with other governments that for various reasons would like to dictate the world food supply. Because of that, and a variety of other issues, it makes our next farm bill one of the most important pieces of legislation in our country.

Thank all of you for being the leaders who are undertaking this meaningful task. The men and women here today will tell our story better than anyone I know. We all do our jobs across this state to feed hungry people with great pride and diligence. At the end of the day, we all realize our jobs are among the most important known to mankind.

Thank you again for traveling to the Natural State to listen to us. Thank you more for your leadership to our farmers and ranchers and to our great nation.

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Rich Hillman
President

June 13, 2022

Dear Senator Stabenow:

I was honored to receive your invitation to appear and provide testimony at the U.S. Senate Committee on Agriculture, Nutrition, and Forestry's upcoming hearing entitled "2023 Farm Bill: Perspective from the Natural State."

As you and other Congressional leaders begin your work to reauthorize the 2018 Farm Bill, these field hearings are critical to the process and Arkansas Farmers and Ranchers thank you for holding this important hearing in the Natural State.

In addition to my testimony at the upcoming hearing, I hope you will consider Arkansas Farm Bureau as an ally and resource for you and the Committee as further discussion and work on the 2023 Farm Bill progresses. I have enclosed my written testimony as requested and we look forward to welcoming you and the Committee to Arkansas.

Sincerely,

A handwritten signature in black ink, appearing to read "Rich Hillman", written over a light blue horizontal line.

Rich Hillman
President, Arkansas Farm Bureau

cc: Senator John Boozman

Testimony of Nathan Reed
2023 Farm Bill: Perspectives from the Natural State
Senate Agriculture Committee
June 17, 2022
Jonesboro, AR

Introduction

Good morning, I am Nathan Reed, from Marianna, and I am the owner and operator of Nathan B. Reed Farms (a farming equipment ownership entity), and Eldon Reed Farms, Inc (a row crop farming corporation). My wife Kristin and I own and operate N&K Reed Farms and Palmreed Inc. (both row crop farming entities) all in Marianna where we farm approximately 8,000 acres of cotton, corn, soybeans, and rice.

I am a proud graduate of the University of Arkansas Dale Bumpers School of Agricultural, Food, and Life Sciences with a degree in Agricultural Business and the University of Arkansas School of Law. Kristin and I reside on the farm in Marianna with our four children twins, Jane-Anne & Stanley “Eldon” (10 years), Katherine (8 years), and Grace Austin (6 years).

I am also actively involved with the National Cotton Council as a Producer Director and current chairman of the American Cotton Producers as well as a member of the Agricultural Council of Arkansas Board of Directors and the Lee County Farm Bureau.

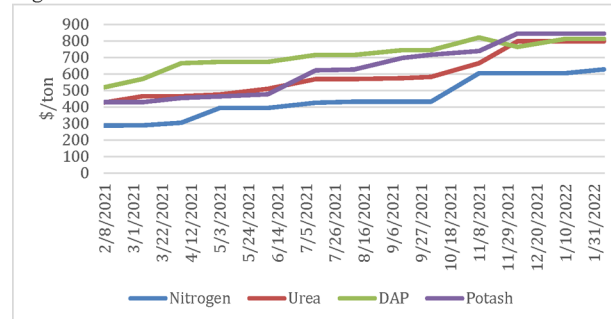
The National Cotton Council (NCC) is the central organization of the United States cotton industry. Its members include producers, ginners, cottonseed processors and merchandizers, merchants, cooperatives, warehousemen, and textile manufacturers. A majority of the industry is concentrated in 17 cotton-producing states stretching from California to Virginia. U.S. cotton producers cultivate between 10 and 14 million acres of cotton with production averaging 12 to 20 million 480-lb bales annually. The downstream manufacturers of cotton apparel and home furnishings are in virtually every state. Farms and businesses directly involved in the production, distribution and processing of cotton employ more than 115,000 workers and produce direct business revenue of more than \$22 billion. Annual cotton production is valued at more than \$5.5 billion at the farm gate, the point at which the producer markets the crop. Accounting for the ripple effect of cotton through the broader economy, direct and indirect employment surpasses 265,000 workers with economic activity of almost \$75 billion. In addition to the cotton fiber, cottonseed products are used for livestock feed and cottonseed oil is used as an ingredient in food products as well as being a premium cooking oil.

Economic Overview

U.S. cotton acreage is expected to increase in 2022 due to higher prices. Recent estimates suggest that 2022 acreage could range from 12.0 to 12.7 million as compared to 11.2 million acres in 2021. Although planted acreage is expected to be higher than last year, unharvested acreage is also expected to be higher due to extreme drought conditions throughout the Southwest growing region. Acreage continues to decline in the West due to prolonged drought conditions and limited water availability.

Although cotton prices are higher than in recent years, higher input prices, manufacturing shutdowns due to COVID-19 and supply chain disruptions have resulted in significant increases in production costs for 2022. Most producers are expecting a 25 to 40% increase in input costs in 2022, largely due to higher fertilizer, energy and pesticide costs. As compared to a year ago, fertilizer prices have increased by 55-120% (Figure 1).

Figure 1. Fertilizer Prices



Source: USDA AMS

World cotton demand remains strong and is projected to increase to almost 126.0 million bales for the 2022 marketing year, which represents an all-time high for cotton demand. While demand for U.S. exports has been very strong thus far in the 2021 marketing year, transportation and logistics issues continue to impact U.S. cotton shipments. The latest NCC estimate of U.S. exports for the 2021 marketing year is 13.8 million bales, which is 950 thousand bales below the February 2022 USDA estimate. However, concerns remain regarding a slowdown in apparel purchases due to the possibility of a recession due to inflationary pressures among consumers. The current supply chain challenges are also adding economic stress to our merchandising segments that were still feeling the impacts of the sharp slowdown in demand when COVID shutdowns were at their peak. We continue to look for opportunities to assist these critical segments of the industry.

Safety Net Programs

The safety net for producers must consist of two key components: 1) an effective commodity policy that provides either price or revenue protection to address prolonged periods of low prices and depressed market conditions that span multiple years; and 2) a strong and fully accessible suite of crop insurance products that producers can purchase to tailor their risk management to their specific needs to address yield and price volatility within the growing season.

The annual producer election of either Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) included in the 2018 Farm Bill has worked well for growers and should continue in future farm bills. Under the 2018 Farm Bill, producers have overwhelmingly selected the PLC program, with more than 90% of seed cotton base acres choosing that option. Agricultural markets are

cyclical, and an effective safety net is imperative for the inevitable times of low prices. The combination of commodity program options and crop insurance provides farmers as well as their lenders the confidence entering the planting season that downside risk is mitigated in periods of steep price decline or a significant loss of production.

Upland Cotton Marketing Loan and Seed Cotton Loan

The non-recourse marketing loan program for upland cotton remains a cornerstone of farm policy for the U.S. cotton industry. While current prices are well above the loan rate, we know that will not always be the case. During times of low cotton prices, the marketing loan program is an essential tool for multiple segments of the cotton industry to effectively market cotton and provide cash flow for producers to meet financial obligations. Even in times of higher market prices, the marketing loan is utilized by the cotton industry to provide cash flow for producers and flexibility in marketing. One of the hallmarks of the marketing loan program is its function to ensure cotton flows through the marketing channels and encourages orderly marketing of the crop throughout the year. In recent years, over 50% of the upland cotton crop enters the loan and use of the loan approaches 80% when market prices drop. Also, in periods of low prices, if growers choose to forgo the marketing loan, they may receive a Loan Deficiency Payment (LDP) representing the difference in the market price and the loan rate. This is an important component of the marketing loan program that should be retained.

Complete automation of the marketing loan program should be addressed in the next farm bill. During the December 2018 lapse in government funding, these programs were severely impacted due to the need for direct personnel involvement in processing the entry and redemption of cotton in the marketing loan program. During this period, some growers were not able to enter cotton into the loan and access those funds, while others could not sell their cotton because they could not redeem the loan. We urge this Committee to work with USDA to provide the necessary support to ensure that any future lapse in government funding does not negatively impact the marketing loan program.

Another loan program that has been utilized more in recent years is the Seed Cotton Recourse Loan. Seed cotton recourse loans help upland and Extra Long Staple (ELS) cotton producers meet cash flow needs while waiting for their harvested cotton to be ginned so it is then marketable. Recourse loans also allow producers to store production at harvest and provide for a more orderly marketing of cotton throughout the year. Several factors such as the speed and efficiency of harvest operations and longer cotton ginning seasons have contributed to the increased use of this program.

Payment Limits and Program Eligibility

Our industry is opposed to any further tightening of payment limits and program eligibility requirements, as we believe these policies are already too burdensome and restrictive considering the size and scale of production agriculture necessary to be competitive and viable in today's global market. The NCC has always maintained that effective farm policy must maximize participation without regard to farm size or income. Artificially limiting benefits is a disincentive

to economic efficiency and undermines the ability to compete with heavily subsidized foreign agricultural products. Artificially limited benefits are antagonistic with a market-oriented farm policy. In fact, the current program limits are incompatible with the cost structure and capital investments necessary for today's family farms. We are encouraged that Congress has recognized this reality in recent disaster assistance by including increased payment limit levels for producers who realize the majority of their income from their farming operation. This same consideration should be given to Title I program limits in the next farm bill. Other proposed arbitrary restrictions regarding the contribution of management and labor through changes to the definition of 'actively engaged' are out of touch with today's farming operations and would only contribute to inefficiencies.

Extra Long Staple Cotton Policies

There are important policies in place for ELS or Pima cotton. The 2018 Farm Bill continued the ELS cotton loan program as well as a provision to ensure U.S. Pima cotton remains competitive in international markets. The balance between the upland and Pima programs is important to ensure that acreage is planted in response to market signals instead of support levels.

Economic Adjustment Assistance for Textile Mills

After a decade of experiencing a precipitous decline in the amount of cotton used by U.S. textile mills, U.S. mill consumption has stabilized since 2008 due to ongoing assistance provided in the Farm Bill.

The recent years of stability and expected future growth can be attributed to the continued benefits of the Economic Adjustment Assistance for Textile Mills (EAATM), originally authorized in the 2008 Farm Bill. Recipients must agree to invest the proceeds in equipment and manufacturing plants, including construction of new facilities as well as modernization and expansion of existing facilities. EAATM funds have allowed investments in new equipment and technology, thus allowing companies to reduce costs, increase efficiency and become more competitive. By allowing U.S. textile mills to make the new investments necessary to remain competitive, the program supports a manufacturing base that brings jobs to U.S. workers. Furthermore, in the current global environment and the need to re-shore or nearshore manufacturing of critical goods and materials, having a strong and robust U.S. textile manufacturing sector is key to produce many products for our defense industry and personal protection equipment (PPE) as highlighted during the COVID pandemic.

Disaster Programs

In recent years, Congress authorized several rounds of *ad hoc* disaster assistance in response to hurricanes, wildfires, wind events, drought, and other natural disasters. While *ad hoc* disaster assistance has been extremely helpful to farmers and allowed many of them to remain in business, the effectiveness of assistance has been diminished due to the long delay in delivery. While we recognize the budgetary constraints, we believe the Committee should review options to include either a permanent disaster assistance program in the upcoming Farm Bill or seek

policy options to help further minimize the deductible producers are left to cover with most existing, affordable crop insurance products.

Conservation

A strong Conservation Title is beneficial for the environment and is an important tool for producers across the United States. The voluntary use of these programs has provided cost-share assistance for installing approved conservation practices, rewarded producers for implementation of basic and enhanced conservation practices on working lands and provided a means to devote marginal production acres into long-term conserving uses.

Working lands conservation programs are of utmost importance to most producers. As world population and demand grows, it is vital that the U.S. be able to continue to produce more food and fiber while protecting the environment needed for that production. We support a Conservation Title that delivers robust funding for working lands programs now and in future years.

U.S. Cotton Trust Protocol

Brands and Retailers are under extensive pressure to verify the sustainability of the products they are sourcing. Virtually all the top 100 global brands and retailers have created lists of sustainable raw materials and publicly committed that 100% of their sourcing will come from these lists over the next 5-10 years. Despite its reputation for quality, U.S. cotton risks not being included on these lists due to the rigorous criteria that must be met. The U.S. Cotton Trust Protocol was created and designed to meet and exceed these criteria.

The Trust Protocol underpins and verifies U.S. cotton's sustainability progress through sophisticated data collection and independent third-party verification. Choosing Trust Protocol cotton will give brands and retailers the critical assurances they need that the cotton fiber element of their supply chain is more responsibly and sustainably grown with a lower environmental footprint. Brands and retailers will gain access to U.S. cotton with sustainability credentials verified through Field to Market, measured via the Fieldprint Calculator and certified through third party audits. Through the Trust Protocol, growers can show continued improvement in reducing greenhouse gas emissions, land, water, and energy use, and other environmental factors.

Sustainability programs, such as the Cotton Trust Protocol will be an important complement to existing Farm and Conservation programs by allowing farmers to prove their commitment to responsible production and the investment being made by taxpayers through a strong safety net.

U.S. Climate Smart Cotton Proposal

The U.S. Cotton Trust Protocol has submitted a proposal for a grant through USDA's Climate Smart Agriculture and Forestry Partnerships. If approved, the proposal would establish a 5-year, collaborative pilot to provide technical and financial assistance to 1,650 U.S. cotton farmers (including historically underserved cotton producers) to advance adoption of climate smart conservation practices on 1.2 million acres, produce 4.2 million bales (480 lbs.) of climate smart

cotton over five years, and demonstrate 1.4 million metric tons of CO₂e reductions and \$350M in economic benefits to farmers.

International Programs

The Market Access Program (MAP) and Foreign Market Development Program (FMD) are extremely important tools that support U.S. exports. Cotton Council International, the foreign market promotion arm of the U.S. cotton industry utilizes both programs and the industry has seen clear benefits from these programs. Our industry supports the Coalition to Promote U.S. Agriculture Exports proposal to double funding for both MAP and FMD. MAP has not been increased since 2006 and one-third of funding has been lost to sequestration, inflation, and program administration. FMD has not been increased in almost 20 years. The U.S. is operating under an agriculture trade deficit. In the wake of trade wars, deficits, and global disruptions, U.S. agriculture exports need the ability to compete now more than ever.

Farm Bill Resources

Since the passage of the 2018 Farm Bill there have been several forms of other *ad hoc* assistance provided to the agriculture industry outside of the Farm Bill construct. Whether it is disaster assistance with WHIP/WHIP+, ERP, the Market Facilitation Program (MFP) or COVID pandemic relief (CFAP), two things are certain: they all were necessary for various regions and commodities and they were separate from the Farm Bill because the existing policies and programs were not fully meeting the extraordinary and unpredictable need. Producers are also faced with a dramatic increase in production costs that has weakened traditional farm policy and crop insurance tools that protect revenue and yield losses. As previously mentioned, many producers are anticipating a 25 to 40% increase in production costs relative to 2021. The sharp increase in costs translates into a significant decline in the effective safety net offered by the PLC reference price. As Congress plans the path forward for the 2023 Farm Bill, additional funding is necessary to address the challenges both on the farm and throughout the supply chain. The dynamics faced by the agriculture industry continue to change, evolve, and become more volatile. With those changes, America's farmers need a Farm Bill that has the resources to ensure that the American people and the world have a safe and affordable supply of food and fiber.

Conclusion

In closing, I encourage the Committee to write a Farm Bill that provides long term stability for the future. There will be price declines from where they are today, there will be natural disasters with losses more severe than the essential assistance that commodity programs and crop insurance can respond to, and there will be trade disputes that can wreak havoc on our export markets.

The NCC looks forward to working with the Committee and all commodity and farm organizations and other stakeholders to develop and pass a new farm bill that effectively addresses the needs of all commodities and all producers in all regions of the country.

Thank you for this opportunity, and I would be pleased to respond to any questions.



Testimony of Brad Doyle
President
American Soybean Association

Before the U.S. Senate Committee on Agriculture, Nutrition, & Forestry

“2023 Farm Bill: Perspectives From The Natural State”

June 17, 2022

Good morning, Chairwoman Stabenow, Ranking Member Boozman, and distinguished members of the Senate Committee on Agriculture, Nutrition, and Forestry. It is a privilege to join you and offer testimony on farm bill perspectives from Arkansas.

I am a soybean farmer from Weiner, Arkansas, and am here today representing the American Soybean Association in my current role as president. Founded in 1920, ASA represents more than 500,000 U.S. soybean farmers on domestic and international policy issues important to the soybean industry and has 26 affiliated state associations representing the 30 primary soybean-producing states. Farmers produce soybeans in nearly every state represented by members of this committee.

In Arkansas, soybeans represented the crop with highest acreage and highest value of production in 2021, according to USDA National Agricultural Statistics Service (NASS). In Michigan, soybeans ran a close second behind corn in these crop production categories in 2021.

Nationally, U.S. soybean farmers produced a record-high 4.44 billion bushels on over 87 million acres in 2021. Our soybean farmers help provide countless products needed and enjoyed by consumers, including healthy edible oils and other food ingredients, protein-rich livestock feed, and clean-burning biofuels, among others. A 2019 study conducted by the United Soybean Board and National Oilseed Processors Association estimated Arkansas soybean producers generated nearly \$442 million in wages and over \$4.2 billion in revenue for the state.

These benefits would not be possible without the efforts of the United Soybean Board and the Arkansas Soybean Promotion Board, the partner organization of the Arkansas Soybean Association. These agricultural research and promotion programs, also called “checkoffs,” are funded and managed directly by soybean farmers, and the funds raised go toward research, promotion, and education initiatives, all of which are aimed at improving yield, sustainability, and driving demand for U.S. soy products. This brings a return on investment—over \$12 for every farmer dollar invested in the checkoff—to farmers like me, who are then better able to support our families, employees, and rural communities.

As the committee begins the farm bill reauthorization process, we thank you for holding this hearing.

Farm Bill Feedback Process

In preparation for the next farm bill, ASA started the process of gathering feedback from farmers last year. Educational sessions for our board members and state soy affiliate staff were held in September, and an in-depth farm bill survey was administered to soybean growers in the fall. Since early 2022, ASA has held 12 virtual farm bill listening sessions—both by region and by topic—with interested soybean farmers and state soy affiliates across soy’s 30-state growing region.

Feedback gathered from the survey and listening sessions, combined with written comments and current policy resolutions, contributed to ASA’s farm bill priorities document released publicly in May. This document is attached to my testimony. ASA looks forward to continuing discussions on these priorities to refine our requests by early 2023.

Farm Bill Budget

Recently, experts from the University of Illinois and the Ohio State University wrote a piece titled, "Reviewing the Latest CBO Farm Bill Baseline¹." In this, they note:

"The baseline is a critical component to a farm bill's reauthorization because budget law also requires that the ag committees not spend above their baseline when they reauthorize. This creates a zero-sum game under the baseline—increases in spending for any program or title must be accompanied by decreases in other programs or titles—and it drastically complicates the politics and debate for reauthorization. For the 2023 reauthorization, the baseline estimates CBO produces in 2023 will apply to the effort."

When considering the "zero-sum game" scenario described above, it is difficult to see how the current budget baseline will provide for needs in the next farm bill.

As I will share in this testimony, soybean growers have legitimate needs for improving farm safety net programs for our crop. Meaningful conservation programs have greater farmer demands than resources that are available. As we work to diversify markets globally, trade promotion programs need greater investment. The same is true with energy, rural development, research and other programs. And we want to preserve, protect, and perhaps even enhance programs like crop insurance that are so important. We also want to maintain both agricultural and nutrition titles in the next farm bill.

With the many challenges facing farm country—global food security concerns, economic and geopolitical volatility—there are many needs to address in the next farm bill. We believe that increased budget resources to write the next farm bill are justified to address needs throughout this comprehensive piece of legislation.

Crop Insurance

An area of farm policy that must be maintained is crop insurance. Farmers rely heavily on this risk management tool and consider it the most effective and important component of the farm safety net. It must remain affordable. With input costs higher in every area of my operation, I cannot afford to have the crop insurance premium subsidy reduced in the next farm bill.

In 2021, Arkansas soybean farmers paid nearly \$19 million for crop insurance protection on over 2.6 million acres of soy, according to USDA Risk Management Agency (RMA) data. This program allows farmers to select coverage that meets their needs each year and responds in a timely manner when losses are triggered. The competitive private sector delivery system allows farmers to find the best service providers for our operations.

¹ Coppess, J., K. Swanson, N. Paulson, G. Schnitkey and C. Zulauf. "[Reviewing the Latest CBO Farm Bill Baseline.](#)" *farmdoc daily* (12):80, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 1, 2022.

Title I Farm Safety Net

Farm safety nets are not created for the good times, but instead the bad times. Currently, we are experiencing strong soybean market prices, but agriculture is cyclical. An effective safety net is needed for the times when commodity prices decline.

Soybean growers experienced firsthand the challenges of an ineffective safety net in recent years and strongly urge improvements in the Title I farm safety net components of Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) for soybeans.

Soybeans have long been U.S. agriculture's top export crop. Foreign markets were destinations for more than 50% of U.S. soy production in the last marketing year, as is historically consistent in recent years. China is the largest importer of soybeans in the world, so our commercial export relationship with China is critically important. Even with ongoing efforts to diversify and open new markets, almost a third of all soybeans grown in the United States are destined for China under normal trade conditions.

During the height of the China trade war in 2018, U.S. soy stopped flowing to the market during the peak export period that fall. Soybean prices fell by about 20%, but the producers of the crop received no PLC payments and little from the ARC program. USDA stepped in with ad hoc, temporary support to farmers through the Market Facilitation Program (MFP).

If soybeans, one of the largest two crops by area in the U.S., did not receive help through Title I during this critical situation, it is hard to imagine a scenario where the Title I safety net could provide meaningful help with the current reference price. In fact, the *farmdoc daily* piece referenced above regarding the latest ten-year CBO baseline estimate notes: The "[marketing year average] for soybeans is forecasted to be above the reference price in every year and would not be expected to trigger any PLC payments."

Furthermore, the reference price is intended to help cover variable costs during prolonged periods of low prices. As previously mentioned, input costs have risen significantly and are expected to remain elevated for a period of time. While the soybean reference price was not adequate in the past, it is looking to be even less helpful in the future as the current reference price will represent an even smaller share of the cost of growing soybeans in the future.

In addition, there is a significant disparity in soybean planted acres compared to base acres, the historical acreage on which ARC and PLC benefits are provided.

In Arkansas, soybeans were planted on 3.04 million acres in 2021; soybean base totaled 2.24 million acres. In Michigan, soybeans were planted on 2.15 million acres in 2021; soybean base totaled 1.07 million acres.

Nationally, in 2021, soybeans were planted on 87.2 million acres. By comparison, soybean base totals 52.5 million acres. 34.7 million acres of planted soybean acres were not protected by the soybean provisions of ARC and PLC in 2021. While some of these 34.7 million soybean acres may have been corn or wheat base, for example, these other crops may not correlate well with the losses being experienced on the farm. Some beginning farmers have little base on their farms, and

greater adoption of no-till conservation practices has enabled farmers to cultivate row crops in new areas that have no base.

Looking ahead to the next farm bill, we respectfully request that the committee consider: 1) increasing the soybean reference price for calculating ARC and PLC, and 2) providing the option (not requirement) to update base acres. It is important to note that a combination of remedies to address these deficiencies is needed. For example, if an option to update base acres is allowed, it may not be exercised if the reference price for soybeans remains where it is currently set.

Conservation

My wife, son, brother-in-law, and I farm in northeast Arkansas, which is probably best suited for growing rice and ducks, but we have made a business of finding ways to leverage conservation to grow a variety of crops and to share what we have learned with others. Investing in conservation is a proud legacy in our family.

Our combined agronomy, soil, and plant breeding research backgrounds have allowed us to experiment with over 120 different combinations of cover crop species, wildlife food plot seed seeding rates, and other factors to find solutions that will work for farmers in this part of the country. In the 1980s, my father-in-law took 100 acres out of production and built a reservoir and series of canals to capture and save all the rainfall for the farm. Today, we pump that reservoir water back into the fields for irrigation during the summer and supplement or even replace our groundwater, creating significant water savings. We have implemented no-till, despite the many challenges of doing so on flat ground. Our fields act as a winter habitat for wildlife, creating an agritourism opportunity for hunters.

Like me, soybean farmers are committed to improving soil and water and leaving the land better than they found it. ASA conducted a survey a few years ago and learned that, on average, our growers implement 14 conservation practices and spend more than \$15,000 each year on conservation. On many farms, that is a substantial amount—especially during times like these with record high prices for fertilizer, fuels, and other inputs.

For years, farm bill conservation programs have been in place to help farmers cover these costs and mitigate the risks associated with implementing new practices. However, many of the programs have become increasingly complex over time, creating challenges for the farmers who want to tap into them to improve their operations.

To provide a few quick examples: Regulatory burdens regarding program enrollment and adaptive management throughout the life of a contract hinder participation. Due to technicalities or miscommunications, some Natural Resources Conservation Service (NRCS) conservation payments do not come to fruition on time for work to be completed—or ever. Mid-contract management under the Conservation Reserve Program (CRP) is unwieldy, and, due to restrictive policy, growers suffering from natural disasters have been unable to leverage their CRP acres to feed neighbors' livestock until it is too late to do so. Early adopters of conservation are increasingly unable to

access conservation programs due to limited funding and the fact that many of them have exhausted the available conservation practices in their area.

Yet, farmer demand for voluntary, incentive-based working lands programs like the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP) always outpaces available funding: Between 2010 and 2020, just 31% of farmers who applied to EQIP and 42% of those who applied to CSP were awarded contracts.

As you develop the next farm bill, we respectfully request the committee's attention in adequately funding these programs to meet demand. ASA also encourages you to consider directing funding to programs and practices that address cropland soil quality and health, water quality and quantity, provide regulatory predictability, and save input costs; to develop climate smart provisions that focus on total on-farm ecosystem services, not just additionality; to emphasize working lands programs over land retirement programs; and to consider incentives that encourage adoption of precision agriculture technologies, the use of which has a wide range of environmental benefits. The Growing Climate Solutions Act, which arose out of this committee and passed the Senate with overwhelming bipartisan support, should be included in the farm bill if not enacted by that time.

Above all, we ask that you remember that when it comes to conservation, there is no one-size-fits-all solution. Farmers grow soybeans across the country, from New York to Florida and west to North Dakota and Texas. The farm bill's conservation programs must be flexible enough to accommodate this country's wide range of conservation needs, crops, soil types, farming practices, and weather systems

Soybean farmers have many ideas about how to use the farm bill to improve and expand conservation on American farms. We look forward to working with the committee in this important effort.

Trade

The success of U.S. agriculture—and Arkansas agriculture specifically—is reliant upon our ability to access markets around the world. Soybeans are Arkansas's top agricultural export, and half of the soybeans grown here are destined to be exported abroad.

U.S. soy producers have recognized the benefit of USDA's trade promotion programs like the Market Access Program (MAP) and the Foreign Market Development (FMD) program. Utilizing MAP and FMD funds, ASA—through the World Initiative for Soy in Human Health (WISHH) and the U.S. Soybean Export Council (USSEC)—has leveraged those dollars to increase market access, address technical barriers to entry, and create on-the-ground capacity and demand for U.S. soy.

While we have carefully cultivated our largest export market, China, the past five years have also shown how important market diversification is for U.S. soy's long-term success. Using MAP and FMD dollars, our industry has invested in growing demand in export markets outside China.

A great example of this is the work U.S. soy has done in Egypt. Over the past five years, the demand for U.S. soy in that country has increased 184% to 2.67 MMT in marketing year (MY)

2020/21. We have invested MAP and FMD dollars on the ground in Egypt to facilitate trade missions with Egyptian buyers, engage in-country with the local poultry and aquaculture industries, and build an understanding of the quality of U.S. soy with Egyptian customers. As their domestic poultry and aquaculture industries have grown, so too has their demand for high-quality, U.S. soybean meal to feed those animals and fish. Thanks to these critical investments, Egypt now sources more than 80% of its soy from the United States.

I have been fortunate to join USSEC and WISHH on several international trips to see the work being done around the world to champion U.S. soy in these export markets. In addition to my travels, we have hosted several delegations of international buyers here in Arkansas, where our customers have seen the work we do on the farm to produce those high-quality beans that are in demand around the world.

However, programs like MAP and FMD are in significant need of funding increases. For fiscal year 2021, 67 organizations like ASA received MAP funding and 21 received FMD funding. With the increase in the number of cooperators and adjustments for inflation, a steady budget of \$200 million annually for MAP means the full pool of funding available to cooperators is more akin to \$129 million.

It is critical for the continued success of U.S. agriculture that additional resources are invested in trade promotion programs in the 2023 Farm Bill. We respectfully request doubling the minimum annual mandatory funding for MAP to \$400 million and FMD to \$69 million.

Energy

Created in the 2002 Farm Bill, the Biodiesel Fuel Education Program seeks to stimulate consumption and investment in biodiesel and renewable diesel, which are advanced, low-carbon biofuels derived from a variety of vegetable oils, including soybean oil, animal fats and used cooking oil. Information and outreach activities funded under the Biodiesel Fuel Education Program have raised awareness of the benefits of biodiesel fuel use and complemented incentives Congress provided in 2005 when it enacted the Renewable Fuel Standard and biodiesel tax incentive. For example, from 2014-2018 the biodiesel industry leveraged \$3.6 million from the Biodiesel Fuel Education Program to raise an additional \$17 million non-federal dollars. The industry used the funds to promote biodiesel's sustainability attributes, provide technical assistance to original equipment manufacturers, develop fuel quality assurance programs, and promote biodiesel blending in home heating oil.

Unfortunately, the Biodiesel Fuel Education Program no longer receives mandatory funding; after 2018, it switched to discretionary funding, and Congress has unfortunately appropriated no funding to the program. This program remains a priority for soy growers. There is still much work to be done in terms of market growth—especially as industry continues seeking ways to play a larger role in greenhouse gas emissions reductions in the aviation, marine, and surface transportation sectors.

In addition to the Biodiesel Fuel Education Program, when considering on-farm renewable energy opportunities, the 2023 Farm Bill should place priority on energy projects and programs that can utilize soybeans and other crops.

Biobased Products

There are over 1,000 biobased products made with soybeans, ranging from industrial lubricants to cleaning supplies to asphalt sealant to running shoes—all made with ingredients grown right here on Arkansas farms.

Biobased products made with soy protein and oil are sustainable. Unlike fossil fuel-based feedstocks, soybeans capture carbon dioxide from the atmosphere. They also fix their own nitrogen for energy, limiting chemical-based fertilizer applications. And, like me, most soybean farmers use conservation tillage, which disturbs less soil, reduces fuel use, and helps sequester carbon on cropland. Consumers and the general public continue to increase demand for sustainably produced products, and Arkansas' soy growers are ready to help deliver products with environmental benefits, including lower greenhouse gas emissions, reduced energy costs, lower volatile organic compounds (VOCs), reduced exposure of workers to toxic chemicals, credits toward LEED certification of some finished products, and reduced processing costs and environmental compliance fees.

There are economic advantages to using soy in manufacturing and consumer goods. Soybeans are renewable and abundant. As mentioned earlier in my testimony, last year U.S. soy growers harvested a record crop of 4.44 billion bushels—which has helped reduce America's dependence on foreign oil. Soy-based bioproducts also create jobs. Released in 2021, USDA's most recent report on the economic impact of the U.S. biobased products industry found American-made biobased products added \$470 billion and over 4.6 million direct and indirect jobs to the U.S. economy.

The Senate Agriculture Committee has always been a champion of biobased products and efforts to grow the biobased economy through programs like USDA's BioPreferred® program, which was created 20 years ago in the 2002 Farm Bill and expanded in 2018.

The BioPreferred® program was developed to spur growth in the rural bioeconomy, provide new markets for farm commodities, and increase the use of renewable agricultural resources. However, despite the intent of Congress in previous farm bills, the goals of the BioPreferred® program are still not being realized. According to the most recent data, the Federal Service and Construction Contractors reported \$76 million in biobased product purchases in fiscal year 2021—truly a drop in the bucket when looking at the \$650 billion in overall federal procurement that fiscal year. Unfortunately, one likely cause is that the program is underfunded: its \$3 million budget pales in comparison to the \$39 million allocated to Energy Star, a similar government program focused on energy efficiency.

In addition, the 2018 Farm Bill directed USDA and U.S. Department of Commerce to develop North American Industry Classification System (NAICS) codes for biobased products and renewable chemicals, but last December the Office of Management and Budget still declined to do this. While the biobased products sector is rapidly expanding and developing new product innovations, federal procurement has flatlined. The 2018 Farm Bill sought to address that, but it seems more needs to be done.

Here in Arkansas, our state legislature was a national leader in passing the Biobased Products Act in 2005, which requires state agencies to prioritize biobased products in procurement decisions if they are practicable and consistent with maintaining a satisfactory level of competition. The program was developed using the same federal guidelines that designate biobased products that qualify for preferred procurement under USDA's BioPreferred® program. The success and robustness of the BioPreferred® Program can thus have trickle-down effects to states and other stakeholders. The 2023 farm bill must reauthorize and provide adequate funding for BioPreferred®, and we look forward to working with the committee to further improve and modernize the program.

Nutrition & Research

My wife is a soybean breeder, particularly for food-grade soybeans, and our business strives to develop high-yielding, non-GMO soybean varieties with higher protein, higher sugar content, and other characteristics we learn about from customers around the world. Demand for soy as an ingredient in plant-based foods in the U.S. and abroad is growing dramatically: A 2021 Bloomberg Intelligence report predicted the plant-based food market will exceed \$162 billion within the next decade, growing over 450%. For consumers who choose plant-based alternatives, the 2020-2015 Dietary Guidelines for Americans recommends fortified soy-based products over products derived from other plants because of their overall nutritional content. ASA supports the increased use of soy in foods and beverages, including foods used in federal nutrition programs, to provide options to consumers making these food choices. We welcome opportunities in the 2023 Farm Bill to promote soy as a food ingredient.

The importance of publicly funded research to U.S. agriculture cannot be overstated. Our land-grant university system plays an important role in educating and training the next generation of plant breeders—like my wife—and in developing new varieties of soybeans for growers in Arkansas and across the United States. Congress has recognized the importance of continued innovations in agricultural research through the creation of new programs such as the Agriculture Advanced Research and Development Authority (AGARDA), designed to support long-term and high-risk challenges for U.S. agriculture, and increased investments in priority areas for soybean growers like fertilizer management, nutrient management, and soil health.

ASA applauds these investments and looks forward to supporting additional programs in the 2023 Farm Bill. Increased investment in soybean-centric research—be that biobased products, input management, or new and stronger seed varieties—will benefit not just soybean growers but the entire value chain.

Conclusion

In this written statement, I have highlighted some, but not all, of our farm bill priorities outlined in our recently released farm bill priorities document (which follows). All are important and will continue to be reviewed and refined by ASA by early 2023.

Thank you again for this opportunity to share testimony on farm bill perspectives from Arkansas. We appreciate your commitment to agriculture and look forward to working with you to craft the next farm bill.



**ASA Priorities for the 2023 Farm Bill
May 25, 2022**

As the House and Senate Agriculture Committees lay the foundation for the 2023 Farm Bill, the American Soybean Association shares these initial priorities which will be further refined into more specific requests by early 2023. These priorities reflect feedback gathered from 12 virtual farm bill listening sessions held this year, an in-depth farm bill survey administered to soybean growers in late 2021, and current policy resolutions.

General

- Increased budget authority for the next farm bill is justified in this current environment marked by economic and geopolitical volatility. Additional resources are needed to address needs and interests throughout this comprehensive piece of legislation.
- Congress should maintain the agricultural and nutrition titles in the next farm bill.
- Review of USDA staffing, technological capabilities and cybersecurity, and pathways for knowledge transfer should occur to ensure readiness for farm bill implementation. Gaps should be prioritized to receive appropriations or farm bill implementation funding.
- Policy should support innovation in data collection, data analysis, and internal data sharing between USDA agencies, while emphasizing the confidentiality and nonpublic disclosure of individual producer data.

Farm Safety Net

- Crop insurance is the most effective and important component of the farm safety net and must remain affordable.
- The Title I farm safety net components of Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs must be improved for soybeans. Strong consideration should be given to increasing the soy reference price combined with an option for farmers to update base acres. Planting flexibility must be maintained.
- Marketing assistance loans must be maintained, and consideration should be given to increasing marketing loan rates.
- Program eligibility should not be restricted through means testing.
- As a condition of receiving Title I and crop insurance benefits, farmers are required to meet specific environmental standards such as protecting water quality, wetlands or soil health. These should be maintained but not augmented.
- If a standing disaster assistance program is created, the financial protection provided by Title I programs and crop insurance should not be reduced to fund the disaster program, and it must not undercut or disincentivize participation in crop insurance.

Conservation

- Conservation programs must remain voluntary, incentive-based and flexible; one size does not fit all. Early adopters must be fully eligible for conservation programs. Regulatory burdens regarding program enrollment and adaptive management should be reduced.

- While all resource concerns are important, funding should be directed to programs and practices that address cropland soil quality and health, water quality and quantity, regulatory certainty and saving input costs. Funding should be directed to working land programs over land retirement programs, and the Environmental Quality Incentives Program (EQIP) should take priority over the Conservation Stewardship Program (CSP).
- Conservation Reserve Program (CRP) acres should remain approximately unchanged from current levels. Rental rate limits should remain the same or increase. Haying and grazing provisions should be revisited, both for mid-contract management and under emergency scenarios.
- Climate-smart provisions should reward farmers for overall ecosystem services provided and year-round ground cover, not just additionality. Growing Climate Solutions Act provisions should be included if not already passed.
- Incentives to encourage use of precision agriculture technologies and specialized equipment to implement certain conservation practices should be considered.

Trade

- The Market Access Program (MAP) and Foreign Market Development Program (FMD) are successful public-private partnerships which are cooperative, cost-share programs between private industry groups representing farmers and USDA. Annual funding should be doubled to \$69 million for FMD and to \$400 million for MAP.
- USDA's export credit guarantee program (GSM-102) and the Facility Guarantee Program (FGP) should continue and be fully utilized.
- International food aid programs should allow for increased flexibility for monetization requirements.

Energy

- Authorization and funding for the Bioenergy Program, the Biodiesel Fuel Education Program, and Biobased Market Program (BioPreferred Program) should be included.
- When considering on-farm renewable energy programs, priority should be placed on energy projects that utilize soybeans and other crops.

Rural Development

- Statutory authority and funding should be provided for the Higher Blends Infrastructure Incentive Program.
- Reliable broadband coverage remains out of reach for many in rural America, yet it is essential for precision agriculture technologies, farm efficiencies and community connectivity. The Broadband-ReConnect program should align with the goals of other broadband programs supported through the bipartisan infrastructure law.

Research

- Increased investment should be provided in priority areas strategic to soy interests.

Nutrition

- Opportunities to promote soy as a food ingredient should be included.

Testimony of Anne Marie Doramus
Commissioner, Arkansas Game and Fish Commission
before the
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
Field Hearing in Jonesboro, Arkansas

June 17, 2022

Chairwoman Stabenow, Ranking Member Boozman, members of the committee, I am Anne Marie Doramus, Commissioner for the Arkansas Game and Fish Commission (AGFC). Governor Asa Hutchinson appointed me to the Arkansas Game and Fish Commission in June, 2019. I am the first woman appointed to a full term on the commission in the state's history, a life-long friend and advocate of the outdoors, an avid duck hunter and bass angler and committed to the conservation of our natural resources. I'm a graduate of the University of Arkansas and vice president of special projects and sales for Arkansas Bolt Company, a fastener distributor and OEM supplier based in Little Rock. I serve on the Board of Directors for the Arkansas State Fair and Livestock Show and served on the Arkansas Game and Fish Foundation. I am a founding member of the Arkansas Outdoor Society, a group for young adults who are passionate about conservation and outdoors in Arkansas and directly support the mission of the Arkansas Game and Fish Foundation and Commission. In addition to duck hunting and bass fishing, I also enjoy fly fishing, mountain biking, golf, tennis, and working with my retriever, Baron.

Thank you for allowing me the opportunity to testify on behalf of the State of Arkansas, and for the invitation to be here today to express the importance of the Farm Bill to conservation in Arkansas and across the country.

Arkansas's position as an agricultural industry leader and outdoor recreation destination gives us a unique perspective about the Farm Bill and its implications to Arkansas's citizens, including producers and outdoor recreationists. Agriculture is Arkansas's largest industry, adding \$19 billion to the state's economy annually, supporting over 250,000 jobs. Outdoors-related recreation generates more than \$4.9 billion a year in Arkansas, and hunters, anglers and wildlife watchers spend nearly \$2 billion on wildlife recreation in Arkansas. Waterfowl hunting alone has generated over \$230 million in retail sales, supported over 4,700 jobs and provided over \$29 million and nearly \$24 million in state/local and federal tax revenue, respectively. I see this first hand every time I fill up my bass boat at McSwain's, or drive through the rice and duck capital of the world on the road to hunting camp.

The state of Arkansas has a long history of collaborative conservation partnerships. AGFC, Natural Resource Conservation Service (NRCS), Farm Service Agency (FSA) and many partners have worked proactively with producers statewide to conserve and restore the Natural State from the pine oak forests of the Ozark Plateau to the bottomland hardwood forests of the Mississippi River Delta. Shared conservation vision, planning and a strong sense of place bind together partners from all walks-of-life who ultimately view conservation, working lands and nature issues as *quality of life issues*. We have a proven record of collaboration with state and private investments in numerous Regional Conservation Partnership Programs (RCPP), a large

Mississippi River Basin Initiative (MRBI), cost-shared and collaborative efforts in the Environmental Quality Incentive Program (EQIP), and the state was home to the very first Conservation Delivery Network (CDN) chartered through the Lower Mississippi Valley Joint Venture. Conservation delivery at a regional scale cannot happen without farmers, ranchers and forestland owners, as well as other conservation organizations such as Ducks Unlimited, Delta Waterfowl, National Wild Turkey Federation and Quail Forever.

Arkansas is a diverse state, with diverse land-use practices and a strong agricultural industry. More than 60 percent of the U.S. and 90 percent of Arkansas's land base is privately-owned. The Farm Bill's conservation programs represent the single largest investment in private land conservation that this nation makes on an annual basis. Strong conservation programs provide economic, environmental and social benefits that promote resilience in farming and ranching operations while promoting ecological sustainability. AGFC appreciates this committee's leadership in securing a robust conservation title in the Farm Bill.

Arkansas is the nation's largest rice-growing state, producing half the nation's rice and nearly nine billion pounds annually. Arkansas grows rice on more than 1 million acres each year from 40 counties, mainly in eastern Arkansas counties from Louisiana to Missouri. Our state is a world renowned duck-hunting destination, and it's no secret that rice fields and ducks go hand-in-hand. However, the rice landscape is changing. Many rice fields do not provide the food resources today that they once did, but practical solutions are available to ensure Arkansas's agricultural landscapes continue to be a destination for waterfowl and people who enjoy waterfowl. For example, AGFC is using over \$2 million of Voluntary Public Access - Habitat Incentive Program funding to incentivize producers to conserve waste rice while opening their lands to compatible public use through the agency's Waterfowl Rice Incentive Conservation Enhancement (WRICE) program. This program offers unique opportunities for members of the public to recreate on working lands they may not otherwise be able to access. Our relationships with our NRCS state office are allowing us to grow this program as we speak, using special-purpose EQIP funds to enroll additional producers in practice 646 to provide more acres of winter water for wildlife.

A key Farm Bill program in Arkansas and beyond is the Agricultural Conservation Easement Program (ACEP). ACEP provides financial and technical assistance to help conserve agricultural lands and wetlands and their related benefits. Migratory birds are a continental resource, and many birds that migrate through or winter in Arkansas depend on Wetland Reserve Easement lands. Several states boast substantial WRE acreage, but Arkansas is a national leader with over 270,000 acres permanently protected and restored to wildlife habitat through voluntary landowner agreements. Approximately 70 percent of these acres have been reforested, playing a major role in the restoration of what was once a vast landscape spanning over 20 millions acres of bottomland hardwood forest. The economic and environmental benefits of these lands, from groundwater recharge, to filtering runoff to providing habitat for unique birds and the people who view them, are enormous and worthy of maintenance. This extensive public investment in and private landowner commitment to conservation warrants continued stewardship to maximize benefits. For instance, water bird habitat is most productive when effectively managed over the long run following initial restoration. AGFC supports continued growth in WRE stewardship opportunities.

The Conservation Reserve Program (CRP) is yet another important component of the Farm Bill and gives landowners the opportunity to conserve lands and habitat that are critical to a wide array of wildlife. The ducks that winter in Arkansas and provide the rich hunting quality we enjoy come from places like North and South Dakota, Montana and elsewhere in the U.S and Canadian breeding grounds. As a result, Arkansans depend on high quality breeding habitat in those areas. Conservation of small wetlands and ample nesting cover are important to produce ducks. Programs like the Conservation Reserve Program (CRP), Environmental Quality Incentive Program (EQIP) play an incredibly important role in ensuring a strong fall flight of ducks for Arkansas and beyond. Lands enrolled in CRP, for example, also help address other resource concerns, such as absorbing runoff before it hits a ditch or stream, helping recharge groundwater resources and helping keep soil on the landscape. For these reasons we support an increase to the national CRP cap, an increased allocation to CRP grasslands and, finally, a robust voluntary incentive based working lands program, one that works hand-in-hand with producers to secure wildlife habitat while ensuring producer flexibility and sustainability.

A key factor in the success of the programs mentioned thus far is properly aligning conservation incentives for farmers with federal farm program supports. One such incentive that is paramount to this is conservation compliance. A strong and reliable safety net for our nation's farmers and ranchers, as well as our soil and wetlands, is a critical component of the Farm Bill and the future of agricultural sustainability. For more than 30 years, conservation compliance has been a central part of federal farm programs and this has been renewed by both Congress and bipartisan Administrations. We support the perpetuation of common-sense assurances that farming and risk management practices are done in a way that minimizes impacts to our nation's highly erodible lands and wetlands.

Although we are sitting in the heart of rice and duck country now, Arkansas boasts a diverse array of landscapes and natural resources. RCPP (a new program championed by Chairwoman Stabenow in the 2014 Farm Bill) leverages federal funds with private partner investments to promote the sustainable use of soil, water and wildlife in critical conservation areas. AGFC was grateful to be one of twenty partners in a new RCPP project to incentivize open pine landscape restoration in Arkansas and Louisiana. Led by the AR-LA Conservation Delivery Network, this project will use multiple approved conservation practices to improve open forest conditions, reduce hazardous fuel and the threat of wildfire and improve watershed condition. This project represents one of five active RCPP projects in Arkansas and one of eight active in the past five years. AGFC and its partners want to expand this important partnership program in the next Farm Bill, while making some changes that will improve program delivery, further spur innovation, and ensure partners have the resources and tools they need to be successful.

The Arkansas Game and Fish Commission has a long history of partnering with NRCS and FSA to deliver Farm Bill programs. A full-time staff of about a dozen biologists annually conduct nearly 250 landowner site visits and craft nearly 150 wildlife management plans impacting over 11,000 acres using Farm Bill programs. We recently partnered with NRCS to bring on an additional eight Quail Forever biologists to work with producers to address resource concerns in upland habitats. Producer demand is high for Farm Bill conservation programs in Arkansas. We

see great potential for increasing capacity for similar work in other habitats and helping reduce barriers to producer participation if increased technical assistance resources were available.

In closing, I want to thank you for the opportunity to testify. AGFC stands ready to continue working with you and our partners to achieve a strong conservation title in the Farm Bill, which is essential to the economic prosperity and resiliency of our nation's landowners, producers and rural communities and serves as a backbone to conserve our nation's valuable soils, forests, wetlands, grasslands and wildlife resources.

Statement of
John McAlpine
Before the United States Senate Agriculture Committee
Concerning Forestry as Part of the Farm Bill
Jonesboro, Arkansas

June 17, 2022

Introduction:

Chairwoman Stabenow and Ranking Member Boozman, thank you for the opportunity to testify before the Senate Agriculture, Nutrition, and Forestry Committee on current forestry management issues and opportunities to address these challenges in the 2023 Farm Bill. I am a second-generation forester and have been practicing forestry for 24 years as a private forestry consultant in Monticello, Arkansas, where I serve many forest landowners throughout the region. I also serve as the First Vice President of the Arkansas Association of Conservation Districts, and on the Farm Bill Task Force and the Forestry Resource Policy Group at the National Association of Conservation Districts. I currently serve as a member of the Arkansas Forestry Commission and on the Board of Directors for Arkansas Forestry Association.

I strongly believe that locally led conservation efforts facilitate the most effective management of our natural resources in Arkansas and across the country. No one understands local resource needs better than the local land managers who work and live in the communities. While farm bill programs provide critical resources and guidance for our nation's farmers and foresters, local input and implementation are the key to putting effective conservation practices on the ground. In Arkansas, the utilization of professional foresters has proven to increase the implementation of voluntary Forestry Best Management Practices for Water Quality Protection.

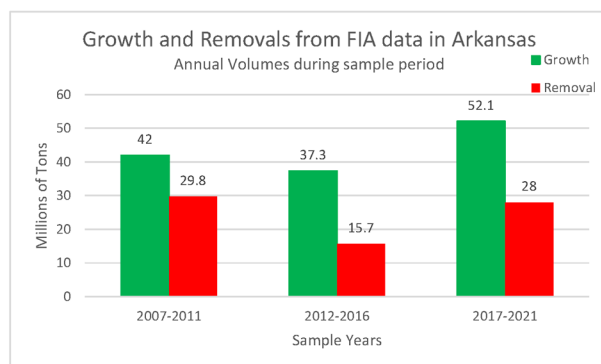
Arkansas contains approximately 19 million acres of forest, which represents about 56 percent of the state's land area. Arkansas also ranks among the top ten states in the country for total wood fiber production, valued at \$6.5 billion. As percentage of gross domestic product (GDP), Arkansas is the third most forestry-dependent state in the nation. (Fox June 3, 2022)

Background of Forests in Arkansas

Of the 19 million acres of forests in Arkansas, roughly 83 percent are privately owned. Private forest also produces approximately 78 percent of the state's timber volume by weight. I strongly agree with Arkansas' State Forester, when he says that "Healthy Markets equal Healthy Forest". Timber markets play an important role in the management of private and public forests across the country, and the forest product market is an essential part of Arkansas' economy. Private forest harvest income helps Arkansas families send children to college, save money for retirement, buy vehicles at the local dealership, and support local businesses.

According to the Forest Inventory Analysis, excess forest growth in Arkansas has significantly outpaced removals since 2007. Although earlier data has not been analyzed, we believe this

trend was likely occurring before that time as well. The table below presents forest growth and removal rates in Arkansas over the past 15 years. Arkansas is growing an excess of 24 million tons of standing timber inventory per year. As excess growth increases, poor tree vigor, insects, disease, and wildfires will continue to put the state's forests at risk.



Benefits from Forests

Both public and private forest have long provided benefits to the American people. Forests play a critical role in providing clean water, clean air, recreation, sequestering carbon, protecting wildlife habitats, and producing a wide variety of forest products we use every day.

Water is naturally filtered by leaves and herbaceous material on the forest floor. The USFS' Forest to Faucet Program analyzes the impacts forests have on the availability of clean water.

Forests also play a critical role in capturing and storing carbon dioxide and producing oxygen through photosynthesis. Our public and private forests must be managed effectively to continue sequestering carbon.

Arkansas also plays a large role in the production of forest products, which are essential to many families and businesses throughout the country. Paper products are still an important part of our economy. Paper printouts, receipts, post-its, envelopes, paper cups, napkins, toilet rolls, tissues, cardboard, diapers, and baby wipes, LCD screens, shoes, handbags, food casings, filters, and binding agents in food and pharmaceuticals, are just some products that our forests support.

Solid wood products have several important applications and are important components of building material such as Cross Laminated Timber (CLT), which is used to construct buildings with reduced carbon footprints.

Wood products are also important to the energy sector. Many wood manufacturing plants use leftover materials to generate power for their operations. More can be done to incentivize the use of wood energy, and research is needed to identify the most economically viable ways to produce energy from forest products.

Farm Bill and Forest

Farm Bill programs provide critical financial and technical assistance to manage forests across the country. NRCS' Environmental Quality Incentive Program (EQIP) and Conservation Stewardship Program (CSP) provide financial assistance to landowners to help them implement practices supporting reforestation, forest stand improvement, controlled burns, access roads, and wildlife habitat enhancement. With limited resources, these federal programs can only do so much in states like Arkansas with a significant amount of forestland. Unfortunately, across the United States, only about one-third of EQIP and CSP applications are approved each year because of limited funding. Arkansas applications for EQIP were funded at 41 percent and CSP at 24% (under the 2018 Farm Bill). Many landowners have given up on applying for financial or technical advice because of their lack of capacity. These programs require additional funding to meet rising demand for conservation.

There are several additional farm bill programs that play a key role in helping local forestland owners better manage their land and protect surrounding environments. Good Neighbor Authority allows the Forest Service to enter into agreements with state forestry agencies to do the critical management work; the Healthy Forest Reserve Program assists private and tribal forestland owners in restoring forests; and the Collaborative Forest Landscape Restoration Program creates shared priorities among the Forest Service, states, and other partners to increase the scale of active management.

FSA's Conservation Reserve Program (CRP) should thoughtfully consider any new acreage to be truly marginal farm ground for such a long-term investment in conservation. Recently, in Southeast Arkansas, I spoke with a group that was buying about 1,000 acres of expired CRP forestland per year to return it to farm ground by clearing, leveling, and putting down wells to irrigate.

The Regional Conservation Partnership Program (RCPP) has also delivered funding to support focused forest management practices. The current Open Pine Landscape RCPP is an example of a program that helps to thin overstocked stands, control mid rotation brush and conduct prescribed burns to improve wildlife habitat.

Good Neighbor Authority is another great tool that allows the U.S. Forest Service to work with trusted, local experts - such as state forestry divisions or conservation districts - to conduct critical forest management work. This authority empowers local management of forest resources, reduces bureaucracy, and allows more work to get accomplished on the ground.

Other important federal programs include State and Private Forestry Programs, which provides technical and financial assistance to landowners and resource managers to sustain our nation's forests; and the Forest Stewardship Program, which connects private landowners with the information and tools they need to effectively manage forests.

The Southern Pine Beetle Prevention and Restoration Program (SPBPRP) is administered by the Arkansas Department of Agriculture-Forestry Division that allows private landowners to implement effective conservative practices on their lands at limited administrative cost. The

funding for this program is limited and should be increased to provide additional assistance to landowners.

Increasing funding for professional technical assistance is critical to increasing private foresters - including Association of Consulting Foresters' (ACF) - access to Technical Service Providers (TSP). Additional support for this program is needed to increase the technical assistance available to forest managers. For the program to work effectively, payments for technical assistance must be distributed promptly, since many foresters can't afford to wait months to receive payment for services. Additionally, we need more students entering natural resource management professions. It is widely recognized that young people are not entering natural resource management careers at the levels required to keep pace with attrition within these sectors. Much more should be done to educate the next generation of natural resource professionals and provide them with necessary incentives to enter these careers.

Carbon

Carbon markets for forestland owners have been ambiguous since the 2000's, and no clear guidelines have been presented to regulate this market. The closest protocols I am aware of is the recent protocols set up in the American Carbon Registry for Non-industrial Private Landowners developed, and peer reviewed in September 2021. As Congress and federal agencies consider policies to structure carbon markets for working forestland, we encourage any new proposals to provide clear and transparent guidance to landowners and the buyers of carbon credits.

Invasive Species

Invasive species can cause serious harm to native species, as they often do not have natural predators to keep their populations in check. Invasive species can be insects, plants, or animals. An example of an invasive species is the Emerald Ash Borer, which is present in 35 states and could virtually eliminate native ash trees. Other examples include Cogongrass, which is very flammable and poses serious threats to native plants; the Chinese Tallow Tree, which can take over our bottomland hardwood sites; feral pigs can transmit disease to domestic hogs, displace wildlife, reduce water quality, cause crop damage, and reduce bottomland oak regeneration.

Federal and local partners must work together to control existing invasive species and prevent additional invasive species from entering the country and spreading. The management of invasive species on forestland is particularly difficult to conduct in a manner that protects native species.

Taxation on Timberland

Taxes, including REIT, Capital Gains, and Estate Taxes have had a major impact on timberland ownership over the last 25 years.

The change from C-Corp to REITs has reduced the amount of manufacturing that is tied to land base. Many REITs have sold off, reduced, or shutdown manufacturing associated with "Bad Income." This in turn has taken away the incentive to invest capital in manufacturing and the innovation of new forest products.

Estate tax exemptions with stepped up basis are imperative to allow property to be passed down by families. If the estate tax exemptions were lowered, it would force properties to be cut prematurely or sold off for other uses, as many families with land have limited amounts of cash on hand. This can reduce good management practices on land and result in the poor conservation of local resources. The step-up basis allows new owners to reinvest more into the management of the property.

The capital gains tax is important for timberland owners who invest in a crop that might be harvested in 30 to 50 years. These taxes must encourage investments in future conservation and the sustainable management of forests.

The Reforestation Tax Credit is currently set at \$10,000 year. Reforestation costs have also been affected by the high inflation rates. I support an increase in the Reforestation Tax Credit annually to keep up with rising costs of reforestation. This program has no administrative cost and is open to all landowners that conduct reforestation activities.

Forest Recovery Act

Standing timber is not insured by the government and it often isn't affordable to small, non-industrial forestland owners. If forestland owners have damages to the current timber stands, the only loss they can recover is the remaining basis in the timber. If the landowner has no basis for long term landowner they can lose their current timber crop and have to invest in a new crop. This can happen to timberland owners whose forests burned up in a wildfire or were damaged by a hurricane. This proposed legislation would help forestland owners recover from natural disasters.

Roadblocks to financial and technical assistance

Some of the current roadblocks to farm bill programs are different for forestland owners than many traditional agriculture producers. Forest landowners may only require assistance once every couple decades, and this often results in them being unprepared to take advantage of many programs that are designed to assist them.

One example of this is forestland owners trying to acquire a Farm and Tract number from FSA. Many forestland owners do not have a current farm and tract number. With the short application windows for many FSA programs, FSA has not been able to ensure that forestland owners have farm and tract numbers before application deadlines. This issue can and has prevented the implementation of many effective forest management practices.

Many forestland owners – particularly those that are underserved - have not taken advantage of effective technical assistance because of misguided fears that their land could be taken from them. We must continue to build trust between these forestland owners and federal and local conservation partners.

Funding and limited capacity represent additional roadblocks, as only a small percentage of effective forest management practices are ultimately supported. This has resulted in many landowners not even trying to apply for programs.

Roadblocks to Forest Management

Limitations on forest management can be attributed to several factors that often interact with each other. A significant contributor is increasing consumer demand for forest products and diminishing forest product markets. To address these issues, we need to invest billions of dollars in forest manufacturing capabilities. Once the manufacturing capacity increases, the logging workforce must rise to meet increased demand.

A lack of public knowledge of proven forest management is a roadblock. As we become a more urban society, less of our population is exposed to or educated about forest management and the production of forests products. While some stages of forest management look unattractive, they are important to stand development. Many activities we do in forest management mimic natural events that are important to supporting fiber production and wildlife habitat.

Long lasting legal challenges have consequences for managing private and public lands. This has led to inaction for managing the forest. The travel management plans have limited private landowners from accessing their lands to conduct forest management activities.

Wildfire and Prescribed Burning

Wildfire protection is under the Forestry Division here in Arkansas and funding comes from several sources, including the timber tax, severance tax, and state and federal funding. The Division is on the frontlines of fire suppression on wildland, and their staff are prepared to respond at all hours of the day and night.

The resources available to conduct prescribed fires are limited. The state is often on standby for wildfire during many desirable burning days, which disrupts operations. Contractors are also limited due to the high cost or unavailability of insurance required for burning. In other instances, landowners themselves lack the knowledge and resources to conduct a burn safely.

Conclusions

Support of state and local led programs will continue to produce the best results. In Arkansas forestland stakeholders have an excellent history of working collaboratively to manage forest across ownership boundaries, for the good of forest management and the public good from the forest. Thank you again for the opportunity to testify on forestry issues. I look forward to your questions.

United States Senate Committee on Agriculture, Nutrition, and Forestry
Full Committee Hearing: 2023 Farm Bill: Perspective from the Natural State
June 17, 2022

Testimony by: Mr. Mark Morgan, Clarksville, Arkansas

I'd like to thank Chairwoman Stabenow, Ranking Member Boozman, and the members of the Senate Agriculture Committee for the opportunity to testify before you today.

My name is Mark Morgan and I am proud to be a 5th generation farmer who was taught the farming way of life by my father and grandfather. My wife and I are raising our three children on the farm near Clarksville, AR in Johnson County – where we hope they will become the 6th generation to farm this land. We are specialty crop farmers who grow peaches and nectarines, and we also raise cattle and turkeys. I'm honored to be here today to share with you some of my thoughts, experiences, and perspective on the horticulture industry in Arkansas and across the southern region of the country.

Our peach operation, Peach Pickin' Paradise, has around 5,000 trees on 28 acres. We are primarily a "pick your own" operation, allowing customers to walk through the orchard and select the produce they want straight from the tree. We also pick peaches for resale at our on-site stand, and we supply some local markets, breweries, and the Farm-to-School program. We do not operate a packing shed, and all of our fruit is sold locally, which has greatly benefited our business, as well as our local community.

My family has grown peaches since the late 1890s. The early orchards in our area were harvested and shipped to urban markets on railcars. My grandfather George started Peach Pickin' Paradise with the first "pick your own" orchard in 1977. My father Steve has continued the business, and when I came home from school in 2010, I began running the operation with him. It is very important to us that our local customers can see where their food comes from and make family memories during the picking process. It is how we share our view of the farm and our family with our customers. While providing local food is a popular concept, it can be challenging to smaller family operations like ours due to labor shortages, rising input costs, and larger farms setting price points. My family has built our customer base for decades through hard work and providing a quality product. I have done my best to continue that the past decade, but there is always work to be done.

Specialty crops like peaches face many challenges. Our biggest challenge every year is the threat of a freeze after our trees have bloomed, which usually occurs in mid-March to mid-April. If the temperatures get too low, the crop for that year will be lost. Peaches set buds in the fall, so there is not another opportunity to make a new crop if a freeze destroys the buds. Crop insurance premiums for peaches are very high compared to the value of coverage and tend to be cost prohibitive. Most lenders require growers to carry insurance, but most the growers in our area are only able to afford a catastrophic loss policy. With peaches, I have a significant amount of money invested in labor and spray costs from January to April when a freeze event can occur. This is when we prune our trees, so if a freeze occurs, an insurance payment does not always cover the inputs that have gone into the

crop at that point. The insurance buy-ups available to growers for better coverage are cost prohibitive, due to high premiums. The Non-Insured Crop Disaster Assistance Program (or NAP) is a program often referenced for specialty crop producers; however the program requirements and qualifications are often unworkable. This leaves many specialty crop producers with no risk protection at all. A more economical insurance program or improvements made to the NAP program (or both), would greatly benefit peach growers in Arkansas.

Another problem facing horticulture producers is how specialized our operations can be. Even within fruit crops, a strawberry grower and a peach grower require significantly different equipment. We tend to know what works on our operations without input from the non-agricultural sector. Some of the ideas regarding climate control would be damaging to agriculture but would be especially detrimental to horticulture.

As farmers, caring for the land is our top priority. In 2019, we entered the Arkansas Discovery Farms program to learn how to maximize irrigation efficiency. We are constantly seeking ways to become more sustainable and a wiser user of our land and water resources. We seek the best technology and best practices to preserve our environment and natural resources. Potential broad-stroke or one-size-fits all environmental regulations are a real concern for me, my farm, and all specialty crop producers. We hope as discussions occur during the farm bill reauthorization process, that any regulatory adjustments will be evaluated carefully and with farmers and food security for our country at the forefront of consideration.

Growing peaches is rewarding but extremely challenging due to weather. Labor shortages, input costs, and supply chain issues have been daunting thus far in 2022. The specialized chemicals for peach growers can be hard to acquire in a normal season. This year, even with ordering chemicals 2 or 3 months in advance, we still have them arrive late or not show up at all. All inputs have increased price, and that includes labor. We have never had to use H2A before, but we may be forced to consider that option. The availability of willing workers confronts us on the farm as well. I hope relief on the issues of labor costs and availability and the spike in input costs can come soon.

I believe specialty crops like peaches have a place in Arkansas. I understand the number of acres dedicated to these crops doesn't seem large when compared to cattle, rice, or soybeans. However, the opportunity to have a family come to your farm, to see where their food comes from, and to then see them post a picture of their adventure on Instagram or Facebook is a special thing to us. I'd sure like my job as a peach grower to stay economically viable because I love what I get to do every day.

Thank you for the opportunity to share my view of our farm and our family with you today.

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Testimony of

Jennifer James

Before the Senate Committee on Agriculture, Nutrition, and Forestry

2023 Farm Bill: Perspectives from the Natural State

Jonesboro, AR

June 17, 2022

Good morning, Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee. Thank you for coming to Arkansas and thank you for the opportunity to present testimony on behalf of family rice farms in Arkansas and across the nation regarding the 2023 Farm Bill.

My name is Jennifer James, and I am a fourth-generation rice farmer from Newport, Arkansas.

We are rice farmers first, but our farm is, in fact, very diversified. Along with my father and my husband in our family endeavor, we also raise soybeans and corn, and we provide many acres of over-winter habitat for migrating waterfowl every year. As we have built the habitat in and around our fields, my family enjoys watching the ducks, geese, bald and golden eagles, swans, deer, and a variety of wildlife that coexists with production agriculture.

I am proud to serve as the Chair of the USA Rice Federation's Sustainability Committee and as a member of the USA Rice Farmers Board of Directors and the USA Rice Farm Policy Task Force.

I'm very proud to be the first woman ever elected to serve on the Board of Directors of Riceland Foods, Inc. – the largest miller and marketer of rice in the United States. I'm also active on the state level and serve as vice chair of the Arkansas Rice Farmers Board of Directors, the Arkansas Ag Council Board of Directors, the Jackson County Farm Bureau Board of Directors, and the St. Louis Federal Reserve Bank Agribusiness Industry Council.

I'm truly grateful for having the opportunity to grow up on and now help lead our family farm and to help guide the U.S. rice industry in a way where farm families can continue doing what we love to do — feed the country and much of the world — while also excelling at being good stewards of the land and natural resources.

Rice farmers in the United States typically produce some 20 billion pounds of rice annually, grown on 3 million acres of farmland that is highly managed for sustainability. About half of our rice is consumed here at home while the other half is exported to more than 120 countries around the globe.

This rice is produced on family farms across six major rice producing states – Arkansas, California, Louisiana, Mississippi, Missouri, and Texas. These states produce about 80 percent of all the rice consumed domestically. I'm proud to say Arkansas leads the way with about \$1.3 billion worth of production.

In addition to putting rice on grocery shelves, in restaurants, and on the dinner table; and also creating tens of thousands of jobs and billions of dollars in economic activity; U.S. rice farmers have also long been committed to environmental stewardship which dates back generations – long before sustainability became a buzzword.

Our conservation goals are to produce more rice while using less water, energy, and other inputs; and improving water quality, air quality, and soil health; and enhancing wildlife habitat and supporting biodiversity.

In addition to sustaining \$3.5 billion in migratory waterfowl habitat, rice fields in the U.S. also support crawfish and yellow rails along the gulf coast and even salmon nurseries in California.

Moreover, within the last four decades, rice producers are proud to have reduced greenhouse gas emissions by 41 percent, cut our water usage in half, and decreased our energy usage by 34 percent.

One critical point to stress, however, is that farm families must be profitable in order to have the wherewithal to continue contributing these important conservation dividends.

And, it goes without saying that this Committee — on a bipartisan basis — has a long history of recognizing this fact and working alongside farm families just like mine to help ensure profitability — therefore improving our capacity to protect and improve our land and natural resources.

Overarching Priorities for the Farm Bill

The purpose of any Farm Bill should be to provide a foundation or modicum of stability for farmers to keep them grounded and focused amidst the harsh realities of distorted global markets, sometimes unforgiving weather, and other challenges thrown at producers.

The last few years have thrown many new things at us that the 2018 Farm Bill could not anticipate. In 2019, it was a trade war, and supplemental assistance was provided to stand by the U.S. farmer. In 2020, it was the global COVID-19 pandemic that sent shockwaves through the entire economy. Again, supplemental assistance was provided to support the most critical infrastructure industry — agriculture — through these volatile times which extended even into the 2022 crop year.

All through this time, supplemental ad hoc disaster programs have also been provided by Congress to address the greater frequency of severe weather-related losses that can bring a family farm to ruin in the high stakes/low margin world we are living and working in today.

As you know, significant additional investment in agriculture, above and beyond what the Farm Bill provides, has been authorized to support farmers on top of the baseline spending in the 2018 Farm Bill. While I understand this is not captured in the Congressional Budget Office's (CBO) baseline for the Farm Bill going forward, I still believe it is important to recognize that there were needs that the current Farm Bill simply could not handle as the stage is now being set for the 2023 Farm Bill.

Given this, USA Rice believes the forward looking 2023 Farm Bill baseline must be increased so that policy can be crafted to better anticipate and address the needs of family farms in these volatile times. In 2022, we have seen an enormous run up in input costs – this has made rice production a losing proposition financially for family farms this year. And yet the world still needs our rice, and the infrastructure that supports rice production needs our rice. We believe farm policy needs to step in in such times with reliable resources to support production of family farms and maintain infrastructure for the future. Accordingly, we would ask that you would pursue an additional baseline investment in these policies so that they can meet the needs of today and whatever new challenges may arise in 2023 and beyond.

Title I Priorities

Title I of the Farm Bill is really our true safety net. It is what allows us to compete on a global playing field that is the most distorted of any sector due to high and rising foreign subsidies, tariffs, and non-tariff trade barriers. Within Title I, the Price Loss Coverage (PLC) program has provided the backbone of support for rice producers because of the certainty it provides. As of the last enrollment, about 99 percent of all long grain and medium grain rice, and about 75 percent of all Temperate Japonica rice was enrolled in the PLC program.

Title I is critically important in rice because it levels the playing field for a crop that is highly subsidized by our global competitors. Just to put things in perspective, China was found to have illegally over-subsidized just three crops — including rice — by \$100 billion in a single year. In comparison, it would take more than 10 years for Farm Bill spending on all U.S. commodities to reach that level. Further, India subsidizes its rice producers upwards of 85 percent and recently injected more support for its farmers facing escalating fertilizer costs. This results in India dumping rice globally at prices far too low and thus steadily gaining market share. In fact, in the past 10 years, India has grown to be the largest rice exporter in the world, controlling over 40 percent of the world market made possible through its trade distorting practices and egregious World Trade Organization commitment violations.

In short, U.S. farm families cannot compete in such a distorted world market without U.S. farm policy to help level the playing field. This policy not only helps U.S. farm families compete, but it also helps to ensure that more of the world's rice is produced in the United States, sustainably and under some of the highest environmental and labor standards anywhere.

With all that said in support and defense of Title I and PLC for rice, I must also say it is no longer adequate. Reference prices and Market Assistance Loan rates no longer provide the level of assistance needed for an effective safety net for our nation's rice producers. Current PLC reference prices for rice, enacted in the 2014 Farm Bill, were established based on 2012 costs of production. Production costs have risen over the last decade notwithstanding low prices over most of those years, but farms have been able to stay on top with increases in productivity and supplemental assistance to address recent volatility. 2022 is a completely different story for rice,

where net farm incomes are in the negative due to an unprecedented increase in the costs of fuel, fertilizer, crop protection, and other input costs. In the case of rice, this is all occurring without a corresponding increase in the price rice farmers earn at the farmgate.

The Farm Bill must be improved so that it can better respond to the kinds of unexpected shocks to the agriculture economy. At USA Rice, we are looking into ways the reference prices could be indexed to input costs to provide more relevant protection to the farm families that put their capital at risk each year to produce the crop. We look forward to engaging with the Committee on this question of how best to fashion the safety net as we all get further down this road of crafting a new Farm Bill.

Payment limitations also need to be adjusted to reflect the growing size and risk of family farms. Just as lenders have had to adjust how much they are willing to lend and what they will require as collateral to keep up with current conditions, so too must the Farm Bill's safety net adjust. This includes payment limitations, adjusted gross income (AGI), and actively engaged rules that simply have not kept pace with the times. They are outdated, as evidenced by the hundreds of Members of Congress on both sides of the political aisle who recently wrote to the Department of Agriculture expressing concerns that the limitations applied to pandemic and trade war relief simply do not cover the enormous losses suffered. This reality also led Members of Congress to pass more realistic program parameters in the context of natural disaster assistance, the Emergency Relief Program, for 2020 and 2021. I hope that Congress will take similar steps in the context of the next Farm Bill. For full time farm families, this is a remedy that is long overdue.

Current Need for 2022

Setting aside for a moment our 2023 Farm Bill priorities, I must say a few more things about the very real and present crisis for rice producers in the U.S. In short, while rice as a "high input" crop has been disproportionately affected by steep increases in fertilizer, fuel, machinery, crop protection, and labor costs, we have not seen a corresponding increase in the value of our crop. The numbers are illustrated in two letters (dated February 25 and May 26, respectively) sent to U.S. Secretary of Agriculture Tom Vilsack asking that financial assistance be provided to support our nation's rice farmers. Rice commodity prices have not increased enough to keep up with spiraling input costs.

Our current estimate is that rice acres will fall to 2.2 million acres this year – that is a 27 percent decline in the historical average of 3 million acres. Rice has always been relatively small in acreage but mighty in its economic impact. With acres declining so fast, one has to question how and for how long the unique infrastructure needed to handle and process rice can survive. This is the reason for our special request. Senator Boozman, we have no greater champion for rice than you, sir. I want to thank you for your support of rice in these challenging times. Let me make this appeal today to all the members of this Committee – I hope you will take time to read the letters

and reflect upon what it would look like if there were a 27 percent decline in throughput for critical agricultural infrastructure in your state. We think standing by our nation's critical rice industry is a worthy investment, and we hope you will stand with us. In the wake of the pandemic and now with global food shortages said to be imminent, Americans are realizing that food security as a natural security issue is not a clever slogan. It is a reality. We cannot afford to lose the domestic rice industry.

Title II Priorities

Every day the U.S. rice industry strives to meet the demands of an ever-increasing world population while increasing resource efficiencies at every level of the supply chain. The U.S. rice industry's commitment to environmental stewardship dates back generations.

Farm Bill conservation programs are important to the U.S. rice industry and its voluntary, incentive-based model needs to be retained. Conservation programs should have the dual goal of not only incentivizing environmentally beneficial practices but also helping producers transition to conservation systems that promote productivity and economic viability as compatible goals while helping the rural economy.

As you begin to look toward the 2023 Farm Bill, Congress should prioritize working lands programs like the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP) instead of set-aside programs like the Conservation Reserve Program (CRP), especially during times of potential global food shortages.

EQIP is a vital tool because it is a straightforward program with an extensive list of practices that works for all regions and all production systems. EQIP's structural practices can help establish the equipment needed to better manage water resources, help with irrigation efficiency, and erosion control. CSP helps to target specific resources using several complimentary practices and has been a great tool for rice farmers to have in our toolbox to pay for expensive long-term management practices.

Nationwide and in Arkansas specifically, the demand for EQIP and CSP has outpaced funding by approximately 3:1. Over the past five years in Arkansas, the average demand for EQIP funds has been \$155 million while the state's average funding allocation has only been \$42 million. This has resulted in unmet demand of \$113 million each year for the state's producers. Likewise, the state's unmet demand for CSP funds has averaged at \$95 million over the past five years due to the state having a funding allocation of only \$61 million but a demand of \$156 million.

I must mention the importance of the Regional Conservation Partnership Program (RCPP). As you may know, the rice's industry's symbiotic relationship with waterfowl led to a historic partnership with Ducks Unlimited, called the Rice Stewardship Partnership founded in 2013.

While we both have separate missions and methods, we have managed to collaborate and develop goals for our Partnership, including work on RCPP. The Rice Stewardship Partnership's RCPP projects have pulled together nearly one hundred diverse partners to help implement their goals, communicate successes, and ultimately share the cost of investment in working lands conservation programs. Tens of millions of dollars have gone to rice farmers to adopt a variety of conservation practices and enhancements. While RCPP has been a success, Congress should examine how the programs can provide additional flexibility and reduce administrative barriers.

Finally, while climate change mitigation and resilience should be acknowledged as a natural resource concern, it should not be prioritized over other natural resource concerns like water quantity, water quality, wildlife habitat, and soil health. Also, Congress should not prioritize one solution over others. For example, cover crops might be great for the Midwest, but the potential of cover crops in rice must be balanced against known benefits of winter flooding of rice fields. Simply put, ducks and geese and other migratory waterfowl that would otherwise lack adequate habitat and nutrition if not for winter flooded rice fields are our cover crops. And this "cover crop" not only benefits the fields where it is implemented, but also the ecosystems and biodiversity of our entire region.

Title III Priorities

Critically important to the U.S. rice industry's export success are the Market Access Program (MAP) and the Foreign Market Development (FMD) program authorized in Title III of the 2018 Farm Bill. Through collaboration assistance from the Agriculture Department's Foreign Agricultural Service (FAS), the U.S. rice industry's reach to current and potential customers globally continues to expand. In fact, these programs have helped the U.S. rice industry open foreign markets and promote our products abroad and have a proven track record of success in more than 30 overseas markets.

USA Rice has repeatedly called for sustaining full funding for these programs at \$200 million for MAP and \$34.5 million for FMD as authorized in the 2018 Farm Bill. However, USA Rice, in concert with other organizations representing agricultural commodity groups and others, is calling upon Congress to double funding for these vital programs. This same coalition has also called upon Congress to appropriate \$7 million in discretionary funds for FAS administration costs so full funding for MAP and FMD can be utilized for market access and development purposes. MAP funding has remained at the same funding level since 2006, while FMD hasn't had a funding increase in 19 years. But it's important to note the success story of these programs continues even as the real dollar value of these programs has declined.

Title XI Priorities

Finally, let me conclude with some points of Federal Crop Insurance provided for in Title XI of the Farm Bill. USA Rice has made very deliberate and intentional efforts over the past several

years to improve Crop Insurance options for rice producers. These have included educational seminars for our growers; involvement in the development of new policies like the downed rice endorsement, margin protection, and the hurricane index policy; and expanding coverage for climate smart means of production like alternate wetting and drying (AWD) and furrow irrigated rice. The results have been extraordinary for rice. In 2008, 61 percent of rice acres were insured with CAT coverage only and buy-up levels were low – only 23 percent of acres had buy-up coverage at 70 percent or higher. By 2021, those numbers had flipped with only 8 percent purchasing CAT, and more than 69 percent buying coverages of 70 percent or higher.

One of the things we really appreciate about the Crop Insurance program is that it is dynamic – it changes with the market and producer groups like ours can invest time and energy to improve products and offerings for our members. In this regard, we strongly urge the Committee to maintain and build upon the successes of the 508(h) private submission approval process which facilitates the development of new and better policies tailored to the unique risks of producers, crops, and regions of the country. We also appreciate the private delivery system and the fact that Crop Insurance can be tailored to suit the risk management needs of any farm. It is business friendly and has allowed many farm families to make better long-term investments for the success of their farm.

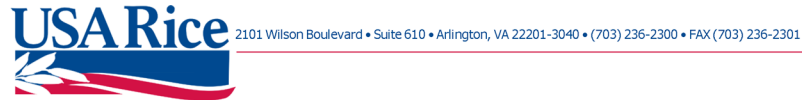
While Crop Insurance in no way replaces Title I or Title II, it is a critical and indispensable part of the safety net for producers. We look forward to working with the Committee on ways Crop Insurance can be strengthened for family rice farms going forward.

Conclusion

Again, I want to thank you for the time and attention you are giving to crafting an improved Farm Bill for our nation's future. As you well know, it affects family farms all over the nation just like it will affect my own. It will also have an impact on families around the globe. The pandemic, followed by a relatively poor crop in the southern hemisphere and the current war in Ukraine has brought this reality into focus in new and poignant ways. Many experts are saying we will face a global food crisis this summer. I hope that is not true. I pray it is not true. I know the best hopes to produce the crops we need this summer are placed upon the shoulders of our country's farmers and ranchers.

I am very appreciative of all the work that you have done in the past and are doing now to help farm families like mine carry on the important work we do for the country and for people around the world. Farming has been an honor of a lifetime for me, and it means a lot that you would place such a value on the work that I love.

Again, thank you for the opportunity to visit with you about these issues of huge importance to farm families like mine.



February 25, 2022

The Honorable Thomas J. Vilsack
 Secretary
 U.S. Department of Agriculture
 1400 Independence Ave, SW
 Washington, DC 20250

Dear Secretary Vilsack:

Thank you for your work on behalf of America's farmers and ranchers. As you continue to develop and implement programs to provide assistance to the agriculture community, USA Rice can be counted on for open and direct dialogue with you and your staff about the needs of the rice farmers we represent.

As the Chairman of USA Rice Farmers, representing rice farmers in all major rice producing states, I am writing to respectfully request that you use the available authorities of the U.S. Department of Agriculture (USDA) to provide assistance to the nation's rice farmers who are facing both low commodity prices and disproportionately higher input costs, creating a severe financial squeeze that threatens the continued viability of U.S. rice farms and the rural communities they support.

Unlike other major crops, rice has not seen a recovery in prices and while all in agriculture are experiencing volatile input costs, the increase of input costs for rice vastly exceeds that of other crops. These twin conditions are threatening U.S. rice farmers' potential for profitability and puts rice at a significant competitive disadvantage when farmers are faced with financial decisions. This poses a very real danger to rice's unique infrastructure that is needed to maintain the domestic industry. Once this infrastructure is lost, it would be extremely difficult to re-establish. Producers of all crops are feeling the pressure of escalating input costs, but I believe it is important that I highlight the unique impacts on rice.

Commodity prices for rice have simply not kept pace with other major crops whose prices are much higher than they were in 2020. Compared to 2020 prices recorded by the Economic Research Service (ERS), the current market price for corn is 53 percent higher, the price of cotton is 86 percent higher, the price of soybeans is 54 percent higher, and the price of wheat is 83 percent higher, but current rice prices are relatively static since 2020, up just 8 percent.

Similarly, the rise in input costs have hit rice farmers disproportionately hard. The Agricultural and Food Policy Center (AFPC) at Texas A&M University recently conducted a broad study to analyze the impact the increase in input costs is having on its representative farms. AFPC's study looked specifically at the increase in fertilizer prices and found rice farms would suffer most – a \$62.04 average per acre increase compared to \$39.55 for feedgrain, \$29.72 for cotton, and \$19.64 for wheat farms. More recently, AFPC conducted a more specific rice study looking at all variable input costs and found a weighted average per acre increase of \$174.20 for the 2022 crop year when compared to 2021. If rice planted acres in 2022 are on average with the past five years, these increases for inputs coupled with flat prices would result in a \$504.9 million loss to rice farmers.

The slight increase in rice prices that have been seen will be more than offset by lower Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC) program assistance. The PLC payment rate for long grain rice was

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\$0.014/lb. in 2020. In 2021, the PLC payment rate for long grain rice is expected to be \$0.005, roughly a third of the previous year's payment rate. The Congressional Budget Office (CBO) estimates that total rice PLC payments declined from \$604 million in FY 2020 to \$382 million in FY 2021. This downward trend is expected to continue with current projections for FY 2022 at \$272 million and expected support for the 2022 crop year falling to \$93 million. PLC has provided some assistance to our producers competing with heavily subsidized and protected foreign producers of rice but, unfortunately the support has not kept pace with the level of support that foreign rice producers enjoy, and it isn't equipped to respond to a rapid increase in input costs. In the recent past, rice producers have also received less support under the Market Facilitation Program (MFP), the Coronavirus Food Assistance Program (CFAP), and the Pandemic Assistance for Producers (PAP) initiative. Rice producers received less than 0.5 percent of the total payments made by MFP, CFAP, and PAP.

Given the current economic condition of U.S. rice farms, it is easy to see why the value of rice production fell from \$3.2 billion in 2020 to \$2.9 billion in 2021, according to the July 2021 CBO report. Even if rice acres hold in 2022, the small increase in value of the crop will not come close to making up the losses felt by farm families from increased input costs and the erosion of PLC assistance.

As a whole, the U.S. rice sector contributes \$34 billion annually to the U.S. economy, stretching far beyond the farm gate and creating jobs and economic activity on Main Street. Rice-dependent rural communities throughout the country are being adversely impacted by the ongoing recession within the industry. This could ultimately have a devastating impact on elevators, mills, trucking companies, and other businesses dependent on rice production, which once lost, will not return, further exacerbating economic consequences on these communities and their citizens.

Last September, you announced that USDA was preparing to invest \$3 billion to address urgent challenges such as market disruptions that are impacting America's agricultural producers – rice farmers are facing these challenges. Whether through the funding for market disruptions or by utilizing residual funds available under ad hoc programs, relief is necessary to ensure rice farmers survive the combination of stagnant prices and high input costs.

In the past, you have taken bold steps to address particular, unique hardships faced by commodity and specialty crop producers, as well as many others. We very respectfully urge you to consider similar relief in the current case of rice.

Thank you for your consideration of this important request, as well as your commitment to U.S. agriculture and support for the health of rural America. We hope to have further discussions with you and your staff at your convenience. In the meantime, please direct any follow up to our request to Ben Mosely at bmosely@usarice.com or 571-217-2848.

Sincerely,



Kirk Satterfield
Chairman
USA Rice Farmers



2101 Wilson Boulevard • Suite 610 • Arlington, VA 22201-3040 • (703) 236-2300 • FAX (703) 236-2301

May 26, 2022

The Honorable Thomas J. Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, DC 20250

Dear Secretary Vilsack:

I am writing to follow-up on my letter to you of February 25, 2022, regarding the U.S. rice industry's ongoing economic situation and to request some level of financial relief for rice farmers who are not experiencing a run up in commodity prices while experiencing a disproportionate increase in input costs.

As you know, since the time of my previous letter to you, the Russian invasion of Ukraine led to protectionist actions by major fertilizer-producing countries which has further exacerbated pandemic-driven supply chain disruptions impacting U.S. agriculture. This, in turn, has fueled even higher input costs that have continued to spiral upwards to reach record highs, further impacting the rice industry in the heart of fertilizer-spreading and planting season.

Agricultural commodity prices have surged over the last 12 to 14 months, with the exception of rice. In fact, there was a recorded decline in rice prices in the April 2022 USDA World Agricultural Supply and Demand Estimates Report and prices have remained flat since that report was published.

This decline in price also comes as U.S. rice planted acres are forecast to be at their lowest since 2017 and are likely to fall further, short of projections in the March 31 USDA Prospective Plantings Report. Internal industry estimates predict approximately 2.2 million of planted rice acres this crop year, down from an average of 3 million acres.

With acreage and production declines, increased prices would normally follow but that is not the case this year. Spiraling input costs, stagnant prices, and lower rice acreage and production will, if left unabated, negatively impact rice producers individually and the industry as a whole.

At the request of Senate Agriculture, Nutrition, and Forestry Committee Ranking Member, Senator John Boozman, the Agricultural and Food Policy Center at Texas A&M University published a study last week on the impact of commodity price changes and higher input costs on its 64 crop representative farms, including rice farms. Crop year 2022 is projected to generally be a profitable year for farmers of most major commodities. However, rice is the clear outlier. Rice farmers will be the most adversely impacted of any commodity due to two years of stagnant commodity prices and drastic increases in production costs.

According to the report, "The 15 representative rice farms face the largest reduction in net cash farm income per farm (\$880,000) and per acre (\$442) relative to the other farm types...on average, 10 of the 15 rice farms are expected to face negative net cash farm income in 2022."

The Honorable Thomas J. Vilsack
May 26, 2022
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Our farmers are also at a clear competitive disadvantage in global markets where foreign countries blatantly and exorbitantly violate their World Trade Organization commitments through excessive domestic support programs for their producers. For instance, India, the world's largest exporter of rice accounting for over 40 percent of global rice trade, not only subsidizes its producers at upwards of 85 percent, but has also injected more than \$20 billion in fertilizer subsidies this year to insulate its producers from price swings.

Taking into consideration the drop in net farm cash income for 2022, we believe U.S. rice farmers need direct assistance, relative to 2022 plantings, of no less than \$400 million in order to weather current conditions.

Although the window to affect planting decisions and augment domestic food production to address what we understand is an imminent world food shortage has passed for 2022, **it is not too late to utilize your existing authorities to provide the critical financial assistance our industry needs to remain viable into the future and give our farmers the tools to support the Biden Administration's efforts to address global food emergencies now and in the future.** Our rural communities, which also depend on the rice production supply chain to survive, would also benefit as would the hundreds of millions of U.S. and global consumers that already depend on our staple product for food security.

Our livelihoods and our industry are at stake. Rice has been produced in our country since its inception, and for more than a century prior. We wish to pass this legacy along to the next generation, but we are concerned about our viability in the near-term.

We greatly appreciate the positive initial discussions with your staff regarding both the situation and our request for assistance and we thank you for your consideration. We would greatly appreciate the opportunity to work with you further on ways to most effectively provide critical assistance.

Sincerely,



Kirk Satterfield
Chairman
USA Rice Farmers



**Testimony of Greg Cole
on behalf of the Farm Credit Associations of Arkansas and the Farm Credit System before the
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
June 17, 2022**

Madam Chairwoman, Ranking Member Boozman, thank you for calling this hearing today to discuss the 2023 Farm Bill. My name is Greg Cole, and I am the President and Chief Executive Officer of AgHeritage Farm Credit Services, based in Little Rock, Arkansas.

AgHeritage Farm Credit Services, Farm Credit of Western Arkansas, and Farm Credit Midsouth comprise the Farm Credit Associations of Arkansas. We are financial cooperatives, providing financing, crop insurance and related services to more than 22,000 farmers, ranchers, agribusinesses, and rural homeowners in the Natural State. As of year-end 2021, we have provided more than \$4.8 billion in loans through our 38 locations throughout Arkansas and have nearly 280 employees. So far this year, the Farm Credit Associations of Arkansas have made 2,978 loans to farmers and ranchers for over \$686.7 million.

Most importantly, we are member-owned, locally-governed cooperatives and proud members of the Farm Credit System. Along with 65 other Farm Credit institutions, the Farm Credit Associations of Arkansas share a critical mission to support rural communities and agriculture with reliable, constructive credit and financial services, today and tomorrow.

Farm Credit is a nationwide network of borrower-owned lending institutions that share a critical mission assigned to them by Congress a century ago. These independent institutions include four wholesale banks and 64 retail lending associations, all of which are cooperatively owned by their customers: farmers, ranchers, cooperatives, agribusinesses, rural utilities and others in rural America.

Our mission is to ensure that rural communities and agriculture have a reliable, constructive source of financing irrespective of cycles in the economy or the volatility of the financial markets. Hundreds of thousands of farmers around the country developed their farm operating plan this year knowing that Farm Credit has the financial strength to support that plan and the strong desire and ability to help them succeed.

Today, Farm Credit provides about 44% of the financing for farm businesses and serves more than 600,000 customers across all our lines of business, including agribusiness, rural infrastructure, rural housing, and agricultural export finance.

Farm Credit's unique cooperative structure means that the customer-owners who sit on our boards of directors are living, working, and raising their families in rural communities they serve. They are

deeply invested in the success of those communities and are interested in finding more ways for Farm Credit to contribute to that success.

Farm Credit reverses the normal flow of capital, by raising money in urban financial centers and bringing it to rural communities. There is no federal funding provided to Farm Credit. Instead, the four Farm Credit System banks own the Federal Farm Credit Banks Funding Corporation, which markets debt securities to the investing public that fund the lending operations of Farm Credit institutions.

Diversification of lending portfolios is a source of Farm Credit's financial strength. Through diversification of our lending – by geography, industry and loan size – Farm Credit manages risk and insulates itself against the cyclical nature of the industries we serve.

We believe we can play a more significant role in rural development, revitalizing rural infrastructure, strengthening the rural economy and creating good jobs for rural families. We are prepared to continue working with the committee and our partners in the community banking sector to find ways that all of us can contribute more to the vitality and success of our rural communities.

We greatly appreciate this committee's commitment to agriculture and rural America, and we offer the following views as you write a new Farm Bill.

Arkansas farmers are realizing higher prices for crops and other farm products. However, these higher prices are being offset by the significant rise in inflation which has had a significant impact on the cost of production. Arkansas farmers are being negatively impacted by high fuel costs, increasing interest rates, increased labor costs, and reduced government payments. Supply chain disruptions are making it difficult to obtain the equipment, parts, and other inputs required to produce crops and livestock and to operate the farms in general. Farmers and the rural economy need additional infrastructure, such as broadband and access to healthcare to ensure future viability. The Farm Credit Associations of Arkansas are well capitalized and in a strong position to serve Arkansas agriculture in this volatile environment. We remain committed to working with our borrower owners throughout all economic cycles.

Farm Credit is deeply committed to serving young, beginning, and small (YBS) farmers and ranchers and makes extraordinary efforts to do so. According to the most recent Farm Credit Funding Corporation's Annual Information Statement (AIS) the overall volume of Farm Credit lending to YBS farmers again increased from 2020 to 2021. In addition, the number of new loans Farm Credit made to YBS farmers also increased from 2020 to 2021. The following is from the 2021 AIS:

- Farm Credit made 67,647 loans to young producers (under age 36) in 2021 for a total of \$14.9 billion, up from \$13.8 billion of loans made in 2020.
- Farm Credit made 97,127 loans to beginning producers (10 years or less experience) for \$26.2 billion in 2021, up from \$22.5 billion of loans made in 2020.
- Farm Credit institutions made 167,729 loans to small producers (less than \$250,000 in annual sales) for \$25.6 billion in 2021, up from \$23.4 billion of loans made in 2020.

To put Farm Credit's lending to small farmers and ranchers into perspective, at year-end 2021 Farm Credit had 963,530 loans of all kinds outstanding, and just under half (478,672) were to small farmers and ranchers.

Note: The numbers above cannot be combined. A single loan to a 25-year-old rancher in her third year of ranching with annual sales of \$100,000 could be counted in the young, beginning, and small categories. We report this way for two reasons: our regulator requires it and, more importantly, it is the most accurate portrayal of who we serve.

Farm Credit institutions have a deep commitment to YBS farmers beyond providing loans. In Arkansas, the Farm Credit Associations of Arkansas come together to host the Future Legacy Young & Beginning Farmers Conference every other year. The conference is a two-day, one-night opportunity for young and beginning farmers to network with their peers across the state and gain valuable insight into a range of agricultural topics. We encourage farmers of all types of agricultural production to attend, including full-time and part-time farmers. The Farm Credit Associations of Arkansas offer special interest rate programs and reduced underwriting standards for young, beginning, and small farmers. Additionally, we sponsor Future Farmers of America and 4-H programs. As of yearend 2021, loans to young farmers accounted for nearly 18% of the associations' total loan portfolio, over 29% is beginning farmer loans, and more than 26% is small farmer loans.

We engage across the spectrum with those entering agriculture, whether they are focused on conventional, organic, sustainable, indoor, farm-to-market operations, or other emerging business models.

Supporting people of color in agriculture and rural communities is an integral part of Farm Credit's mission. The Farm Credit System has worked to support people of color in agriculture through various partnerships, including taking the HBCU Partnership Challenge. As part of the Challenge, Farm Credit created our Launching Leaders program for current HBCU students or recent graduates who intern at Farm Credit. The \$3,500 Launching Leaders stipend is designed to help defray housing and/or relocation costs, which are often a barrier to entry for agricultural internships and careers. Farm Credit also partners with Minorities in Agriculture, Natural Resources and Related Sciences (MANRRS) to help grow the next generation of agriculture. Going forward, there is still much work to be done, but Farm Credit is committed to working toward a more diverse and equitable future of agriculture.

Farm Credit has partnered with the University of Arkansas on a research project to identify people of color in agriculture and their credit needs. It is our hope that with armed with that information, Farm Credit can further support diversity in agriculture. In Arkansas, the Farm Credit Associations participate in National Black Growers Council events and launched a pilot program at a local high school to educate minority youth regarding careers in agriculture. We have outreach programs to the Hmong and Marshallese farmers, and we are committed to recruiting at local universities with a diverse population.

Farm Credit has been supporting innovative, climate-smart agriculture since our inception over 100 years ago. We all know that storms are getting more severe and costly, and farmers and rural communities are bearing the brunt of this impact. Farm Credit is committed to working with our customers as they adapt to a changing climate. Farmers and ranchers are the original conservationists, and they are continuing to improve their operation's sustainability, as they have for generations.

As this Committee looks at climate-smart agricultural policy, we urge you to craft solutions that are voluntary, incentive-based, market-based, and reflective of sound science. From a lending perspective, financing options must be based on repayment capacity. Lenders are not the appropriate avenue to determine efficacy of practices or penalize/incentivize producers based on their farming practices. Simply put, lenders cannot be a referee in this area.

Here in Arkansas, the Farm Credit Associations sponsor the USA Rice-Ducks Unlimited Rice Stewardship Partnership, which works to improve working ricelands, water, and wetland wildlife. We provide financing of climate smart practices such as solar, water conservation and drone utilization for precision agricultural applications. The associations actively participate in the Arkansas Agriculture Water Quality Loan Program.

Crop insurance is the cornerstone of the farm safety, and it is an integral risk management tool for farmers and ranchers. Crop insurance covers well over 100 different crops nationwide and is a tool for all farmers and ranchers, regardless of size. Farmers pay for coverage they can count on when inclement weather decreases production and cushions the impact of falling commodity prices – to a degree. Thank you for your work to provide and improve this vital tool to U.S. farmers and ranchers, and we urge you to do no harm to crop insurance as you formulate the 2023 Farm Bill.

Another tool in our toolbox is the Farm Service Agency (FSA) loan guarantee program. These guarantees help us work with customers with troubled loans and provide an opportunity for young and beginning farmers. A guarantee on an existing loan strengthens the loan, making our regulator less wary of us standing by our customers to provide additional time for a customer to find a way to make their operations profitable again. We rarely have to collect on these guarantees.

We appreciate the increased FSA loan limits in the 2018 farm bill. We are using the new limits to farmers' benefit, as Congress intended. We also strongly support The BALE Act, HR. 2186, introduced by Representative Mike Bost. The bill would further raise the caps on FSA loan guarantees providing greater flexibility to better serve farmers and ranchers. Given the significant inflation we are seeing, the guarantee limits should be raised. The current limit is too low, especially as it relates to construction costs of poultry facilities.

Further, Farm Credit is working collaboratively with commercial bankers and FSA to streamline FSA's loan guarantee processes to improve the customer experience for farmers and ranchers, especially young, beginning, and small producers. Streamlining these processes is a win-win-win for producers, lending institutions, and the federal government. Currently, FSA is analyzing our recommendations to differentiate what the agency has the authority and funding to do, and what may need to be addressed in the Farm Bill. We look forward to working with the Committee if any of the recommendations need statutory changes.

The Covid-19 pandemic only exacerbated the emotional and mental stress among farm families and rural communities that started from six long, difficult economic years in agriculture. Farm Credit has been working to provide resources to help farm families cope with these kinds of stress by partnering with Michigan State University (MSU) to create an online training course focused on mental and emotional health. The course provides support and advice for loan officers having difficult or stressful conversations, while also offering tips for strengthening their own mental well-being. The training will also help Farm Credit System employees identify signs of stress in customers and provide techniques to get customers the help they might need to manage that stress.

As I mentioned earlier, Farm Credit is a customer-owned cooperative. Significant amounts of our operating expenses go toward better serving our customers through new technology, helping them grow their businesses through educational programs and supporting our communities through charitable giving. The net income we generate can be used in only two ways: retained within a Farm Credit institution as capital to build financial strength that ensures continued lending **OR** paid to customer-owners by way of cooperative dividends, which effectively lowers the cost of borrowing for our customers. In 2021, Farm Credit returned approximately \$3.4 billion in patronage dividends to our customers, and over the past five years, Farm Credit returned more than \$13 billion to our customers. Across the three Arkansas Farm Credit associations, we returned more than \$25.3 million to our customers for 2021. These dollars are reinvested into the local economies of the rural communities we serve.

Farm Credit's mission extends well beyond the farm gate. Our mission includes financing for farmer-owned cooperatives and other agribusinesses that farmers depend on to succeed. In 2021, Farm Credit financed more than \$7 billion in exports of U.S. agricultural products. We also make nearly \$6.9 billion in loans to families to buy homes in very rural areas. Because a steady flow of credit means more jobs and economic growth, Farm Credit helps ensure the vibrancy of communities throughout rural America.

Strong, reliable and resilient rural infrastructure is critical to the success of rural communities and a key component of Farm Credit's mission. Farm Credit finances more than \$37 billion in rural infrastructure, including rural electric cooperatives, water systems, telecommunications and broadband providers. These loans improve the quality of life in our rural communities, providing clean drinking water, broadband for our schools and reliable energy for rural families and businesses. Farm Credit's mission is as vital today as it has ever been. We support rural communities and agriculture with reliable, constructive credit and financial services. We provide farmers, ranchers and agribusinesses with the capital needed to make their businesses grow and succeed.

Thank you again for the opportunity to testify, and I would be happy to answer any questions.

**Testimony of
L. Elizabeth Bowles
President & CEO, Aristotle Unified Communications**

**Before the
United State Senate
Committee on Agriculture, Nutrition and Forestry**

2023 Farm Bill: Perspective from the Natural State

**June 17, 2022
Jonesboro, Arkansas**

Good morning, Chairwoman Stabenow, Ranking Member Boozman, and Members of the Committee. I am Elizabeth Bowles, President and CEO of Aristotle Unified Communications (Aristotle), a broadband Internet service provider headquartered in Little Rock, Arkansas. Aristotle deploys fiber-to-the-home and hybrid fiber/fixed wireless networks, and we serve mostly rural Americans in Arkansas. Our mission is to ensure all people have equal access to broadband regardless of where they choose to live, and we are committed to bring connectivity to unserved and underserved communities in Arkansas and throughout the United States. In addition to my position as CEO of Aristotle, I also served as the Chair of the FCC's Broadband Deployment Advisory Committee (BDAC), a body tasked with making recommendations to the FCC for eliminating the digital divide. In that capacity, I was keenly focused on policies designed to improve access to broadband in rural America. It is an honor for me to appear before the Committee today, and I would like to share my perspectives on broadband as a woman-

owned small business, something that I have been extremely passionate about for over twenty years.

Aristotle was formed in 2010. In 2018, we were awarded \$12.2 million in Phase II Connect America Funds (CAF) to bring broadband to rural areas in parts of five states: Arkansas, Illinois, Mississippi, Missouri, and Oklahoma. In 2020, Aristotle received \$30.8 million in CARES Act funding through the Arkansas Rural Connect Grant program, which we used to build a broadband network that serves nine counties throughout the Arkansas Delta. In 2021, Aristotle was awarded \$62 million in the RDOF auction, again to serve counties in the Delta in both Arkansas and Mississippi Delta. Aristotle's network now brings reliable, high-speed broadband access to over 77,000 households that otherwise would lack access to broadband.

In its *Fourteenth Annual Broadband Deployment Report*, issued in January 2021,¹ the FCC found that “fixed and mobile providers continue to make impressive gains in bring high-speed broadband service to all Americans and the number of Americans living in areas without access to at least 25/3 Mbps has dropped from more than 18.1 million Americans at the end of 2018 to fewer than 14.5 million Americans at the end of 2019, a decrease of more than 20%.” While I do agree that we have made considerable gains over the past few years to extend broadband services to both unserved and underserved communities, we have not yet reached the point where every American has access to broadband. We can and must do better in providing

¹ [See FCC Fourteenth Annual Broadband Deployment Report, January 19, 2021.](#)

better and more reliable internet speeds to the homes, businesses, farms, and small communities that are interdependent on providing goods and services in our digital economy.

Through the bi-partisan Infrastructure Investment and Jobs Act (IIJA), the Federal Government has made a once-in-a generation investment of \$65 billion to eliminate the digital divide, with the bulk of the funding – up to \$42.45 billion – allocated under NTIA’s Broadband Equity, Access, and Deployment (BEAD) program. Although there are serious concerns with the program requirements and costs, and states are not likely to make grant awards until 2024, over time this funding should help move the needle by providing more communities with the broadband services they currently lack, but it will not be sufficient to bring broadband to everyone who needs it.

So while the IIJA provides a generational opportunity, the 2023 Farm Bill in many ways is of greater immediate importance. As Members of this committee know, the Farm Bill is reauthorized every five years and serves as a model of bi-partisanship in which Congress ensures that the needs of America’s farmers and rural areas are met. Just as technology evolves, and with it demand for broadband access increases, so does the Farm Bill operate to help rural America adapt and keep pace with the digital age. The Farm Bill has been assisting rural Americans entering the digital age for many years and will continue to do so long after the BEAD money is spent. For this reason, it is critical that the Farm Bill broadband programs stay focused on truly unserved rural communities and not become distracted by hype that pushes for

maximum speeds today, when those speeds will come at the cost of getting reliable and affordable broadband service to all of rural America. No community should be asked to shoulder the burden of waiting years for broadband just to meet the needs of special interest groups that are pushing a single technology.

For example, the BEAD program requirements are written in such a way that fiber is the preferred technology, not just for middle mile, but for the last mile as well. I submit to you that this fiber-first, fiber-only mindset when applied to the last mile will result in the rural areas of this country being left behind just as they historically have been. Fiber is expensive to deploy, more so in sparsely populated, geographically dispersed areas. It can take years to deploy, especially in rural areas, meaning that the communities most in need of broadband—and specifically those rural residents who live miles outside of the nearest town—will be waiting years until fiber broadband is available at their home. There is no real debate that fiber is the gold standard where it is possible and affordable to deploy, and a path to fiber should be top-of-mind in every federal government broadband funding program. However, rural communities do not have years to wait for broadband connectivity, nor will \$65 billion be sufficient to cover the cost of a fully fiber-to-the-home deployment everywhere in rural America, especially as we see the cost of all construction materials increase dramatically due to inflation.

For these reasons, it is important that the Farm Bill broadband programs remain truly technologically neutral, both explicitly and by not using proxies—such as the requirement of

symmetrical 100 Mbps upload and download speeds—whereby only a single technology can meet the required standard. A failure to adhere to technological neutrality will only exponentially increase costs and serve to delay broadband deployment to high-cost rural areas. If the Farm Bill goes down that path, we will run out of money before we get to the rural farms and residents most in need of connectivity.

As stated above, Aristotle deploys both fixed wireless and fiber-to-the-home networks. Our current network covers Pulaski County, Arkansas, where the City of Little Rock is, and nine counties in the Arkansas Delta. For those who are not familiar with the Delta, it is rural, high cost, predominantly lower-income, and sparsely populated. Eight of the nine counties we serve are persistent poverty counties. The Delta and areas like it throughout this country have been overlooked precisely because large broadband providers could not find a way to serve these rural populations and make a profit. Companies like Aristotle have stepped into this gap by providing robust, affordable broadband using a hybrid combination of fiber and fixed wireless. Aristotle's Delta network is a blend of fiber backhaul, fiber and licensed fixed wireless middle mile, and either fiber-to-the-home or fixed wireless last mile. This blend of technologies allowed Aristotle to construct a network capable of delivering speeds of at least 100 Mbps down and 20 Mbps up—and in many cases higher—with low latency and high reliability. Our network now covers over 77,000 households that previously did not have broadband service. We completed the project in under 12 months at an average cost of less than \$400 per passing.

By way of comparison, American Rescue Plan Act funded fiber-to-the-home networks awarded by the ARC program in 2021, when complete, will cover 20,072 households at an average cost of \$6,215 per passing. Several of the awards were over \$14,000 per passing. For example, the award for the town of Medlock will serve just 55 households at a per-household cost of over \$14,400. Because the ARPA program uses a symmetrical 100/100 Mbps requirement, which as noted above is a proxy for fiber only, it will cost nearly \$125 million to serve just over 20,000 rural homes in the last round of Arkansas Rural Connect grants. Of course, not all fiber projects are this expensive, but there is no argument that the cost of a fiber-to-the-home network is multiple times more expensive than a hybrid network and takes far longer to deploy.

The BEAD program is designed to address unserved and underserved areas in urban, suburban, ex-urban, and rural areas, whereas the Farm Bill broadband programs are specifically designed to address the needs of rural America. I am the last person who will argue that rural America is not entitled to broadband parity with urban areas, but that said, no resident and few businesses require 100 Mbps upload speeds in order to benefit from everything broadband offers. Unlike the BEAD program, which is one-time money, the Farm Bill has the ability to architect a path to fiber-to-the-home by funding hybrid last-mile networks that will bring broadband to these farms and communities within months rather than years. We can, in fact, achieve broadband parity for rural America without running fiber everywhere. The USDA can play a critical role in

filling the gaps that necessarily will be left once the IJA money is deployed, but only if those broadband programs do not fall into the same trap that will limit the effectiveness of BEAD.

I want to take a moment to address the argument that fiber is “future proof.” First off, I don’t like the term “future proof” because nothing in broadband is ever future proof. In the 1990s, we were confident that DSL would deliver all the speeds we would ever need. We could not then conceive of the uses we would make of the Internet today, and we cannot now predict what we may use it for in the future. Fiber appears today to be more future proof than other technologies, but even that is dependent on how many strands have been placed in the ground and what equipment has been put in the cabinet. Fixed wireless radios at one time maxed out at 10 Mbps, but now are capable of multi-Gig speeds, both up and down. The exponential growth of radio technology as fixed wireless grows to meet the increasing demand for higher speeds clearly demonstrates that we do not know today that fixed wireless is not “future proof” any more than we can say with certainty that fiber is. For this reason, while the more-future-proof-than-not argument may have some nominal relevancy to one-time money, it is not an appropriate standard for the Farm Bill, which in the course of the next five years may see new technologies we cannot conceive of today that we should be able to take advantage of through the Farm Bill programs.

While most of my testimony has been focused on broadband funding and standards, there are two additional areas where the USDA can play an important role that I would like to touch on.

The first of these is accurate and granular mapping, which is paramount to ensuring that broadband funding in rural areas gets to those who need it the most. Broadband maps provide the tools needed to ensure all are connected by accurately identifying those who are not, and as is well recognized, existing FCC maps overstate broadband coverage, particularly in rural America. To correct this, the FCC is building a broadband “fabric,” which, when complete, is supposed to provide a comprehensive broadband map that will show where broadband service is and is not.

In my opinion, the USDA has a better grasp of where the holes in rural broadband coverage exist and on how accurate mapping should be done. This is one of USDA RUS’s area of expertise, and no agency understands the complexities of rural America better than the USDA. In mapping, the USDA RUS takes a holistic approach to determine the needs of the area, whereas the FCC geographically sketches an area to see if it is connected or not, then decides if the area merits connectivity funding. The USDA RUS puts boots on the ground and uses technology to map an identified area with a level of accuracy greater than what the FCC maps have historically accomplished. The Farm Bill should recommend that the USDA consult with the FCC to ensure accuracy of their fabric – a “whole of government” approach. Where there is no agreement, USDA should actively challenge any inaccuracies that may exist in the final

product. In this way, we can ensure that rural broadband maps are reliable, accurate, and serve the needs of rural America.

Second, in the upcoming Farm Bill, we have an opportunity to craft a definition of “rural” that will provide clarity for where grants can be awarded. Prior definitions have had negative consequences for broadband deployment by excluding rural areas due to their proximity to an urban cluster, defined as a population of at least 2,500 and less than 50,000.² Many of these locations are no less rural and no easier to serve with broadband than an area located a few more miles away. Other definitions of “rural” are simply ambiguous. For example, the Census Bureau definition of rural is “any population, housing, or territory NOT in an urban area.”³

One of the actions the FCC Broadband Deployment Advisory Committee took while I was Chair was to craft a recommended definition of rural that would address actual rurality, not define “rural” simply as “not urban.” To that end, we sought guidance from states and key stakeholders, particularly States and municipalities, to determine what definition would work for them when looking at where funding should flow for broadband deployment. We ultimately landed on the following definition: “a county with an average population density of less than 500 persons per square mile, excluding the county seat.”⁴ In the Farm Bill, Congress should adopt

² See [U.S. Census Bureau Define Rural, Urban Area Delineation](#).

³ See [U.S. Census How Does the U.S. Census Bureau Define “Rural”](#).

⁴ See [BDAC State Model Code for Accelerating Broadband Infrastructure Deployment and Investment](#), pg.10. The Model Code for States Working Group recommends this definition of “Rural,” but recognizes that individual States may wish to adopt a different definition, particularly with respect to population thresholds.

the BDAC's definition of rural, at least for the broadband programs, since this definition will ensure that broadband dollars will flow to the areas that have been excluded due to the lack of density of population, which is one of the hallmarks of rurality.

Ensuring continuity of broadband funding is key to success of our farmers and rural small businesses and homes. While the bi-partisan IJA serves as catalyst for robust long-term deployment, it is one-time money, and the reality is that is even if all the BEAD money is spent—which given the burdensome regulations and corresponding cost in that program is not a given—it still will not be enough to ensure all rural Americans have access to broadband. If the covid pandemic has taught us anything, it is that broadband needs are ever evolving, and more funding will be needed over the course of the next 10 years to ensure rural America is truly connected. The Farm Bill can fill the gap in funding that the IJA will leave behind in rural areas, and Congress has the opportunity now to ensure that this is the case. The Farm Bill presents an evolving opportunity for Congress to continually fund connectivity to rural America every five years and to scale appropriately as demand increases. Our nation's farmers are undergoing difficult times and cannot wait years to obtain broadband access. Supply chain issues and delivering high quality commodities are at the forefront of every farmer's mind. Connectivity, real time data, and opportunities to sell their commodities in an expedient and efficient manner is now, more than ever, critical. For this reason, the Farm Bill must not favor one technology over others and should provide an achievable standard for broadband speeds with the understanding

that this is just the first step along the path to gigabit service everywhere in rural America. We can't start at the end of that path—or even in the middle—and reasonably expect all of rural America to be served with broadband anytime in the near future.

Thank you again for the opportunity to speak before you today, and I look forward to answering your questions.

Testimony of Buddy Hasten
President and Chief Executive Officer, Arkansas Electric Cooperative Corporation

United States Senate Committee on Agriculture
“2023 Farm Bill: Perspectives from the Natural State”
June 17, 2022; 9am CT
Riceland Hall – Fowler Center, Arkansas State University

Introduction

Chairwoman Stabenow, Ranking Member Boozman, and members of the Committee, thank you for the opportunity to testify today. On behalf of the Electric Cooperatives of Arkansas, we are grateful for the opportunity to share our perspective and we thank the Committee for their keen interest in the issues facing rural communities across America.

My name is Buddy Hasten and I am the President and Chief Executive Officer of the Arkansas Electric Cooperative Corporation (AECC). Created in 1949 to provide Arkansas electric cooperatives with reliable, affordable power, AECC proudly supplies power to more than 600,000 members of Arkansas’ 17 electric distribution cooperatives. Our mission is to deliver reliable, affordable power responsibly to Arkansas’ electric cooperative member-owners.

Also, I am grateful to be here to share the community-focused perspective of the nearly 900 electric cooperatives across the country. Electric cooperatives deliver power to 1 in 8 Americans in 48 states and 56 percent of the nation’s landscape. We are owned by the people we serve, and we operate with a focus on people, not profits. Together, electric cooperatives share in the mission to provide reliable, affordable energy to rural America.

As the Committee considers the upcoming Farm Bill, there are three key points we respectfully request you consider as you work to reauthorize United States Department of Agriculture (USDA) programs:

- Recent warnings regarding grid reliability should be taken seriously and policymakers should approach energy policy with a primary focus on electric reliability.
- As higher than normal inflation persists, co-ops are advocating for policies to keep energy costs down for rural Americans.
- The USDA provides electric cooperatives a toolbox of useful programs that provide significant return on investment in rural America.

Reliable Electricity in Rural America

Electric cooperatives are committed to keeping the lights on across rural America at a cost that families can afford. As we look to the future, we worry that federal and state policies, as well as market changes, are causing an imbalance of electric supply and demand that jeopardizes our ability to fulfill this commitment. In May, the 2022 Summer Reliability Assessment released by the North American Electric Reliability Corporation (NERC) warned that areas of the Midwest are facing potential capacity shortfalls heading into the summer. The report warned that during

peak demand, even during normal conditions, areas of the Midwest could face forced outages. Put simply, this is because generation capacity has been reduced while peak demand is projected to increase – decreasing supply while increasing demand.

A concerning pattern is forming in which baseload generation is prematurely retired and then replaced primarily by intermittent generation like wind and solar. While these renewable sources of power are important components of responsibly delivering electricity to our member-owners, they have fundamentally different characteristics than the always-available, dispatchable sources we use for baseload generation. Meeting the needs of our members and maintaining high levels of reliability while increasing levels of intermittent wind and solar generation, will require an even greater focus on supporting baseload energy sources such as natural gas, coal, and nuclear energy.

To be clear, this is not about prioritizing one energy source over another. Our focus is whether we will have the diverse tools needed to keep the lights on for American families and businesses. The Electric Cooperatives of Arkansas are committed to a cleaner energy future. Our concern is the ongoing energy transition is moving at a pace that ignores current technological and market realities. Our nation cannot afford to jeopardize the reliability of electricity for the ranches, farms, businesses, and families of rural America. This is doubly true for Arkansas given the fact that we serve members in one of the poorest states in America. When the reliability of the electric grid fails it almost always results in financial catastrophe and loss of human life. And it's important for lawmakers to understand the pivotal role they play in this conversation.

Rural Utilities Service (RUS) Certainty

It would be difficult to overstate the importance of low-cost Rural Electrification Administration (REA) loans to electric cooperatives during rural electrification 80 years ago. The fact of the matter is that today these loans, now administered by RUS, are just as important as they were back then. For electric cooperatives, RUS provides more than just financing, it provides the certainty that the federal government is committed to basic needs in rural America. From a reliability perspective, it is critical that RUS remain a trusted lender for all electric generation options - both baseload capacity as well as intermittent energy sources.

Working to Reduce Costs for Rural Americans at the End of the Line

Rural America's families and businesses rightfully expect the lights to stay on at a price they can afford. For cooperatives, our agenda is not driven by a profit motive. We return any profits back to our member-owners in the communities we serve.

Last year, AECC's revenue surpassed \$1 billion for the first time ever. Most CEOs would celebrate an increase in topline revenue; however, I do not. This increase represents significant cost increases for our members due to many different factors including inclement weather, supply chain disruptions, and high natural gas prices. Our members saw their wholesale power cost increase from \$48.16 in 2020 to \$65.52 in 2021.

In rural America, like other places, the cost of everyday needs has increased over the last year. Our goal as electric cooperatives is to be the exception for our member-owners in times like these and provide predictable, affordable electric rates. This is a constant challenge as many of the rural communities we serve have just a few households per mile compared to other utilities serving more densely populated areas with 30 to 40 households per mile.

Repricing High-Interest RUS Loans

In Arkansas, almost all our electric cooperatives borrow from RUS to build out and maintain our electric utility infrastructure. Roughly 500 cooperatives nationwide hold approximately \$43 billion in RUS Electric Program loans. Unlike a private business loan or typical home mortgage, these RUS loans are unable to be refinanced to current market rates without facing a significant prepayment penalty. For this reason, many electric cooperatives hold high interest debt, despite coming out of a prolonged period of historically low interest rates. Unfortunately, without relief, the cost of the more expensive debt gets passed along to cooperative members.

Only Congress can allow cooperatives to refinance without penalty. In the Senate, there is support for S. 978 – Flexible Financing for Rural America Act and I am grateful, Ranking Member Boozman, for your leadership to introduce it along with Senators Smith, Hoeven, and Sinema. This legislation would allow for a one-time rate adjustment by USDA to current market rates. For electric cooperatives in Arkansas, this would yield over \$100 million in future savings for our member-owners.

Comparable Federal Incentives for Energy Innovation

As non-profit businesses, electric cooperatives do not have access to the same energy innovation tax incentives as for-profit businesses which hinders our ability to implement innovative technologies. Many newer, cleaner technologies are attractive to rural utilities. We serve the areas where you are most likely to see expansive solar farms or clusters of wind turbines; however, we are handcuffed by the tax code and the significant capital expenses required to deploy innovative technologies.

Electric cooperatives should have access to the same incentives as our for-profit industry peers. Currently, to reap any of the federal incentives for clean energy investments, from renewables and energy storage to carbon capture and advanced nuclear, cooperatives must contract with third parties eligible to capture the tax incentives. This process is burdensome, expensive, and can carry risk. Ultimately it raises the risk and cost for cooperatives and supplants non-profit cooperatives from building and operating these technologies with for profit companies that ultimately raises the cost for rural Americans. If cooperatives had comparable incentives and could receive the full value of the tax credits through a direct payment, we could more aggressively pursue development of emerging energy source asset development.

Rural Energy Savings Program (RESP)

Created by the 2014 Farm Bill, RESP is a program for rural energy providers to finance energy efficiency upgrades in rural homes through zero interest loans from USDA. Each dollar of

federal appropriations translates to zero interest loans worth about \$20. RESP is a mutually beneficial program that lowers energy bills for rural Americans, reduces energy use, and smartly leverages USDA resources.

In Arkansas, three of our state's distribution cooperatives – Woodruff Electric Cooperative, Ouachita Electric Cooperative, and North Arkansas Electric Cooperative - are utilizing RESP. Additional Arkansas cooperatives are currently engaged in the application and approval process with USDA or actively exploring the possible benefits it could provide for their members at the end of the line. For Arkansas cooperatives, RESP is a useful tool to lower power bills for Arkansas families while also reducing the amount of energy needed to power our state.

RESP projects can be large undertakings for cooperatives. The administrative resources needed to oversee the retrofitting of a significant number of rural homes can be a barrier for some cooperatives. Especially, considering electric cooperatives serve 92% of the persistent poverty counties in America. As the Committee considers reauthorization of this program, consideration of adding a grant component of the program, like similar programs at USDA, would ease the burden on electric cooperatives and allow for continued work in rural communities.

USDA Toolbox

Electric Cooperatives Expanding Rural Broadband

Broadband access remains a top priority for many rural electric cooperatives as well. From supporting our farmers and ranchers as they utilize more precision agriculture technology, to ensuring that rural schools and businesses aren't left behind, a reliable, high-speed broadband connection is essential for modern life.

In response to growing demand, several electric cooperatives began deploying fiber to their members, drawing similarities in the need for an internet connection to when electricity was needed in rural areas back in the 1930s. Today, 14 of Arkansas' 17 electric cooperatives are deploying fiber in their rural service territories, connecting thousands of rural consumer-members. Building on that success, 13 of those co-ops recently banded together to create Diamond State Networks, a wholesale broadband provider aiming to connect rural Arkansans with gigabit level internet service. Once completed, the network will include an operational fiber ring that will cover more than 64% of the state's land mass, include more than 50,000 miles of fiber lines, and connect thousands of rural customers with vital services.

Beyond just an internet connection, this fiber network will also support ongoing efforts to increase the reliability, sustainability, and safety of the electric grid. Electric cooperatives across the state deploy automated metering systems, energy efficiency and demand response programs, and grid monitoring systems that require real-time communication for electric utility management. By leveraging these smart grid features, Arkansas electric cooperatives can reduce overall costs while improving response times in the event of an outage, increasing operational efficiency, and ensuring that resources are effectively managed to meet customer demands.

Both RUS electric program loans as well as ReConnect provide tools that cooperatives can use to continue the important work of deploying fiber broadband connections to rural Americans, while supporting the reliability, operational efficiency, and functionality of the electric grid. As Congress begins to think about the next Farm Bill, ensuring that these programs are flexible and streamlined will allow electric cooperatives to deploy fiber resources as quickly and efficiently as possible.

Rural Economic Development Loan and Grant Program (REDL&G)

Owned by the communities that we serve, electric cooperatives have a vested interest in the success and safety of our people and places. Programs like REDL&G allow for us to stretch our reach in the community with benefits beyond electrification. Through REDL&G, cooperatives identify certain community needs and opportunities like public services or small businesses and partner with the USDA to offer low interest loans through the electric cooperative. This program helps cooperatives fill some of the investment gaps we many times see hinder development in rural communities. We urge Congress to maintain its strong commitment to this program.

Rural Energy for America Program (REAP)

The Rural Energy for America Program (REAP) provides loans and grants to develop renewable energy systems and implement energy efficiency measures to benefit rural economies. Electric cooperatives have used REAP grants to partially finance community solar projects. We encourage you to continue to provide robust funding for the REAP program in the next Farm Bill.

Conclusion

In closing, I would like to thank the Chair and Ranking Member for the opportunity to share the perspective of the Electric Cooperatives of Arkansas. Our mission is to provide reliable, affordable power responsibly to 600,000 Arkansas farms, ranches, businesses, and homes. We see the federal government as a critical partner in our mission and have since rural electrification began 80 years ago. As the Committee considers the upcoming Farm Bill, we look forward to working together in our shared goal of powering and improving the lives of rural Americans. I am happy to answer any questions you may have.



Testimony

Submitted to Senate Committee on Agriculture, Nutrition, and Forestry
United States House of Representatives

Hearing

2022 Senate Committee on Agriculture, Nutrition, and Forestry field hearing
Friday, June 17th, 2022
Ricecland Hall of the Fowler Center at Arkansas State University in Jonesboro, Arkansas

Statement of Mrs. Rhonda Sanders

Rhonda Sanders
President and CEO
Arkansas Food bank
4301 W 65th St, Little Rock, AR 72209
rsanders@arkansasfoodbank.org
Telephone: (501) 565-8121

Dear Chairwoman Stabenow, Ranking Member Boozman, and distinguished Members of the Committee:

Thank you for the invitation to testify at today's hearing on the *2023 Farm Bill: Perspectives From the Natural State*. My name is Rhonda Sanders, and I am the CEO of the Arkansas Foodbank, the largest food bank in the state of Arkansas. I am honored to share my perspective today on the work of our food bank in the communities we serve, and how our work adds to the critical work of federal nutrition programs like the Supplemental Nutrition Assistance Program (SNAP), The Emergency Food Assistance Program (TEFAP), and The Commodity Supplemental Food Program (CSFP) to address food insecurity in Arkansas and across the country.

The Arkansas Foodbank is the foundation in the fight against hunger and our goal is to find unique pathways to connect people and resources to reach those in need, by providing dignity, hope, and a brighter future for all Arkansans. Our food bank is a member of the Feeding America food bank network. Feeding America is the largest hunger-relief organization in the United States with a network of more than 200 food banks, 21 statewide food bank associations, and over 60,000 partner agencies, food pantries, and meal programs. Like other partner food banks across the country, the Arkansas Foodbank works to end hunger with the food, people, and big ideas needed to ensure our neighbors have the nourishment to lead healthy and productive lives.

I am honored to testify before the committee on the work of our food bank to address hunger, and the impact that nutrition programs authorized by the farm bill have on those facing hunger.

An Overview of our Work

As shown in Feeding America's annual *Map the Meal Gap* study and as we witness in our daily work, food insecurity exists in every county in the nation but can look different from one community to the next. The Arkansas Foodbank believes in a stronger community where hunger needs are met with sufficient access to nutritious food for each household and community served. In the 33-county region Arkansas Foodbank serves, there are nearly 300,000 people who were considered food-insecure in 2021. We worked with over 400 partner agencies, community nonprofit partners, schools and faith-based organizations across our service area last year to distribute over 37 million pounds of food which is enough food to provide approximately 30 million meals. Beyond providing healthy meals, we work with our agencies and local partners to offer other services that connect individuals and families to local providers offering services such as affordable housing options, shelters, rent and utility assistance, free to low-cost health services, job skills, and clothing pantries.

The Arkansas Foodbank provides the most nutritious food we can through the most cost effective, efficient means possible for hungry Arkansans in our service area. We uphold our mission with the trust of our staff, board, donors, volunteers, recipients and partners. Because we receive strong support from donors in the community and the food industry, the Foodbank keeps administrative costs low—less than 4 cents on the dollar—and impact high. This means 96 cents of every dollar donated to the Foodbank goes directly into our hunger-relief programming, including food acquisition.

Most people come to the food bank or our partner agencies at a time of extreme need, a role we are honored to serve. We know it can take a while for these individuals to get back on their feet and that is why we partner closely with a wide variety of community partners as well as farmers, food manufacturers, grocery stores, and others to safely and equitably connect donated food with people facing hunger in our service area. We are uniquely positioned to help serve neighbors throughout our state, including in hard-to-reach rural communities.

Many of the people we serve are working, and yet face food insecurity when a short-term crisis impacts their families. Nationally, almost 32% of people who are food insecure earn above 185% of the federal poverty level, meaning they earn too much to qualify for nutrition programs like SNAP.

Unique Positioning in Serving Hard to Reach Areas (Rural Communities)

The COVID-19 pandemic has only exacerbated many existing disparities, including the state of rural hunger. While rural communities play a crucial role in growing the food our country needs, they are much more likely to experience higher rates of food insecurity. Rural communities have been particularly vulnerable during the pandemic because they frequently contain older populations, higher rates of chronic disease, and limited healthcare infrastructure. Last year the Arkansas Foodbank delivered over 16 million pounds of food into rural counties and communities. The distribution of food was done utilizing several methods with local agencies being at the top of the list. Since the COVID-19 pandemic the Arkansas Foodbank has relied more on mobile distributions than in the past. This has been a very effective way for food to be distributed in rural counties that may lack the ability to sustain the number of local agencies needed to meet the needs of their neighbors. In 2021 we did 86 mobile distributions in rural counties and to date in 2022 we have completed 45. These mobiles touched approximately 250 households at each distribution for a total of 21,500 households being served in 2021 and 11,250 so far in 2022.

We also supplement the needs of our rural counties with food credits and capacity building grants to help with supplies and equipment. Additionally, the Arkansas Foodbank has increased the number of deliveries made to our agencies from 30% to 60%. This directly benefits our rural counties whose agencies lack funds for gas and vehicles. By the Arkansas Foodbank delivering directly to more agencies we are able to position more food in hard to reach rural locations than ever before.

Many of the rural counties in Arkansas are not only isolated and less populated, but they are also highly impoverished which adds another layer of difficulty for individuals and families living in these areas. The rural counties with the highest poverty levels and food insecurity levels are in the delta area of Arkansas. The Arkansas Foodbank serves 7 of the 15 Delta counties and the other 8 are served by the Food Bank of Northeast Arkansas, our sister Feeding America food bank. The Arkansas Foodbank started a Delta Initiative in 2020 by joining forces with an organization in Phillips County to make a local food bank into a formal branch of the Arkansas Foodbank. By doing this we are able to fully share our resources through the branch and we are active participants in the local economy and culture. The Arkansas Foodbank is facilitating an effort to pull together the key players in Phillips County to identify and implement strategies that will help families move out of poverty and food insecurity into a self-sustaining pathway for living. Several efforts of this group have targeted issues such as, work force education, healthy foods and racial disparities.

Another key strategy the Arkansas Foodbank is using to fight rural hunger is to open our first fully owned and operated pantry in Phillips County. This pantry will be open 3 days a week and will utilize online ordering to allow neighbors facing hunger to select the foods they want and need. Additionally, this pantry will provide healthy food and will connect neighbors seeking food assistance with other resource that are available in their community. The Arkansas Foodbank has made a long term commitment to all of the rural counties we serve but very specifically to counties in the Delta as there are critical infrastructure and capacity needs that must be addressed in those counties to enable people facing hunger to access the food that they need.

When it comes to the neighbors we serve across our 33-county service area, our partnership with the state to distribute USDA food through TEFAP plays a key role in providing access to nutritious food in each county we serve. The program provides critical support, helping us ensure a nutritious balance of food is distributed to families in need by allowing us to combine TEFAP with our other sources of food, including food donated through partnerships with thousands of growers, manufacturers, retailers, and food service companies in our community, as well as food that we purchase. We have also worked with our state to identify underserved areas to target resources provided through USDA’s TEFAP Reach and Resiliency grants and the Local Food Purchase Assistance Cooperative Agreement Program (LFPA) grants. In addition, we have been able to increase both public and private partnerships across the state, especially when it comes to supporting local farmers and growers.

Since January 1, 2021 the Arkansas Foodbank distributed 13.7 million pounds of TEFAP product in our service area and 7.2 million pounds of that TEFAP product went into rural counties. The TEFAP product in the Arkansas Foodbank service area is distributed through 90+ local agencies. We also utilize other USDA food opportunities like CSFP and, during the height of the pandemic, CFAP (Farm to Family) food boxes. The chart below reflects the amount of pounds distributed in our entire service area and in the rural counties in our service area.

	CSFP Since January 1, 2021	TEFAP since January 1, 2021	CFAP during 2020 & 2021
Urban County Distribution	234,886	6,501,588	3,797,826
Rural County Distribution	443,754	7,244,458	4,824,693
Total Distribution	678,640	13,746,046	8,622,519

Covid-19 Impacts and Effect Across the Nation, Including Arkansas

In reflecting on what has taken place over the past two years, the pandemic presented a perfect storm for the charitable food system (disruptions to the supply chain, increased need for help, shifts to distributions models for safety protocols), and we are still feeling those effects today. When the COVID-19 pandemic began in early 2020, the public health emergency caused communities to close, unemployment to soar, and, for many, anxiety about paying for and accessing enough food. The financial impacts from the pandemic will take longer for the people we serve to recover from, and we expect need to stay at elevated levels as these families recover.

During the pandemic, we experienced an outpouring of giving and support that made it possible for us to pivot and serve a 30% increase in families seeking assistance. Our food bank was able to distribute more nutritious food to families in need than ever before, and we similarly saw federal nutrition programs pivot to help more people. Support from Congress and USDA helped food banks distribute more food than ever before, and nutrition programs were able to use program flexibilities and waivers to pivot and reach families and children in need, making it easier and more accessible to provide food to the people we serve.

The lines of people needing help might not stretch for 5 miles down the highways anymore, but the need is still there. During the worst of the pandemic, we saw demand increase by 40% in our community. Things have improved, but on average we are still serving 20% more people than we were before the pandemic. We’ve started to see demand rise more sharply as food price inflation has an impact on the community.

Food price increases and supply chain disruptions are affecting food banks, and households’ budgets for millions of families are tightening. Thankfully families on SNAP have experienced a modest adjustment to SNAP benefits due to USDA’s modernization of how SNAP benefit levels are determined. Even so, food price volatility has been a challenge for the families we serve.

Our food bank and others see the impacts of inflation, which impacts almost every aspect of food bank operations including purchasing food, transporting donated food, cold storage costs, and other costs including fuel, wages, and even vehicle maintenance seeing significant increases. During the height of the pandemic, we had TEFAP inventories in our warehouse of 1.6 million pounds of food. This past month the inventory was only at a little over 450,000 pounds. We are seeing an even steeper decline in donated products as food donors are selling everything they have in stock and are unable to replenish their food stock easily. These unique situations are leading us to purchase more product than in the past and pay more due to the cost of product and the competition to acquire the product.

Even though we are working in uncertain and uncharted times we do it because of people like Willie Spriggs who lives in rural Arkansas and is raising his grandchildren. Willie faces difficult situations everyday, and his story is one I want you to hear.

Willie is part of a group of three friends that come the last Tuesday of every month to the food distribution at the Arkansas Foodbank's Delta Branch. Willie arrives around 1:00 am in the morning for the 8:30 am start of the TEFAP distribution. He drives 45 miles round trip to get food each month.

As cars stretched for blocks and blocks behind him Willie shared why he is grateful to receive food. "I love everything I get, the beans, the rice & vegetables. My wife and grandkids love it all too." Willie shared that he and his wife are raising two of their grandkids and that can be challenging on a fixed income of \$925 he gets, and the just over \$500 his wife gets each month. He shared that by getting food each month he can save an extra \$10 here or there and can save up to buy a new pair of tennis shoes or something else the kids need.

He shared one particularly hard month when the food from the Arkansas Foodbank Delta Branch was crucial to them making it that month. They had a really large gas bill and it took all their funds to cover it. "If not for the Foodbank we wouldn't have had groceries that month. Medicare doesn't always pay for all your medicine, or you have to go to the doctor and have a co-pay, this food helps us be able to pay for that. I am proud and glad to get it (the food). I'd drive 50 miles if I had to."

The Arkansas Foodbank learned a lot during the pandemic. We learned how to be flexible, how to change our distribution model to be safe while filling the gap and how to engage an entirely new set of people facing hunger. We are still applying those principles of working smarter and different while being efficient. However, we still need the help of our partners to meet the needs of people like Willie during this time of inflation and service disruption.

Bridging from the 2018 Farm Bill to Opportunity Areas for the 2023 Farm Bill

The Arkansas Foodbank proudly partners with our state to distribute USDA commodities provided through TEFAP and CSFP to our neighbors in need, and we work with the state and other partners like the Arkansas Hunger Relief Alliance to provide SNAP application assistance, including training local agencies on providing SNAP assistance during their distributions.

The 2018 Farm Bill protected and strengthened SNAP funding, expanded SNAP online retail pilots, provided additional funding for TEFAP, and streamlined CSFP certification. These important investments and changes have provided critical support since enactment of the legislation, particularly the additional TEFAP support that has been critical to our food bank as we have seen a protracted recovery from the economic downturn. For our food bank and the Feeding America network, the increase in TEFAP entitlement funds, combined with additional USDA commodity support purchases and COVID-19 recovery funds for TEFAP, has provided additional food assistance at a time when we needed it most. Unfortunately, the end of temporary USDA food purchase programs has hit our food bank at a time when food prices are higher and the need for food assistance remains elevated.

Food banks and other charitable feeding organizations have demonstrated the critical role they play in immediate food assistance as well as in augmenting gaps in broader food assistance programs. I ask that the Committee include additional mandatory funding for TEFAP food in the next Farm Bill in recognition of the sustained high need for food assistance nationwide. Specifically, TEFAP mandatory funding should be increased to \$450 million per year in the next farm bill and TEFAP Storage and Distribution Funds should increase to \$200 million per year to reflect the actual distribution costs needed.

I also urge the Committee to prioritize investments in the next Farm Bill that increases access to nutritious foods through federal nutrition programs like TEFAP and through innovative models like TEFAP Farm to Food Bank projects, and to protect and strengthen SNAP to ensure our most vulnerable do not lose access to much needed food.

SNAP is one of the most efficient programs that impacts food bank operations, strengthens local economies, and reduces food insecurity and improves the nutrition of millions of people. We know that for every meal the Arkansas Foodbank provides, SNAP is able to provide the equivalent of 9 meals. Strengthening SNAP benefits has a true and immediate impact on our food bank that is already going above and beyond. A higher minimum benefit amount will help those eligible to afford more food and encourage more eligible adults to apply, including seniors, people with disabilities, people working low-wage jobs, and others who are most likely to qualify for the minimum benefit. Additionally, simplifying SNAP applications and recertifications for Seniors and people with disabilities can ease the burden of mobility and transportation challenges while continuing to provide much-needed nutrition assistance.

Like many things we learned over the last two years, we also learned how to make SNAP more efficient and accessible to individuals and families experiencing hunger. We encourage the committee to make permanent COVID flexibilities like telephonic signatures that expedited the process for those in need, shortened recertification periods, and enabling college students to access SNAP benefits. These lessons and so many others provided additional support to overwhelmed food banks and allowed families in need to have food back on their tables through these flexibilities.

The 2023 Farm Bill provides an opportunity for Congress to provide support and assistance to families, communities, and growers in need to reduce food insecurity and ensure our country continues to grow the food needed to help our nation thrive. We know that recovering from COVID's shock to operations and the economy, as a community, will be an ongoing challenge for all of us. Ongoing federal investment and support will be necessary to accelerate and sustain our recovery. This is even more true for food insecure families, whose recovery will be disproportionately harder.

Concluding Thoughts

The Arkansas Foodbank, along with our community partners, is dedicated to ending hunger and strengthening communities and believes the best way to do so is through partnership and collaboration. This work could not be done without the support of government and private stakeholders to support the needs of hungry Arkansans and Americans. The United States has the potential to emerge from this unprecedented crisis stronger and better positioned to meet the evolving needs of communities facing hunger in America with the continued strategic partnership between non-profits and the public sector. The Administration and Congress provided critical investments to our neighbors in need during the peak of the crisis, which ensured children and families facing hunger could put food on the table. Now, we must build on those successes and continue to support our nation's food banks and neighbors facing hunger.

I urge the committee, congress, and the administration to take the lessons learned from COVID and use that insight to create a strong Farm Bill that puts people facing hunger at the center. Purchase more food through TEFAP and other USDA programs. Expand access to SNAP, which is one of the most efficient programs at reducing food insecurity. Leverage high-capacity partners like the nation's food banks to move food safely, efficiently and equitably to the people and communities who need it.

I want to again thank Senator Boozman, Senator Stabenow, and Agriculture Committee members for inviting me to testify. The Arkansas Food Bank celebrates the committee's interest in ensuring all our neighbors have the food they need. I look forward to working with you on that important goal and to answering your questions.

Sincerely,



Rhonda Sanders, CEO
Arkansas Foodbank



TESTIMONY OF
DENNIS STERNBERG
EXECUTIVE DIRECTOR
ARKANSAS RURAL WATER ASSOCIATION

BEFORE THE
SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY
JONESBORO, ARKANSAS

JUNE 17, 2022

Madam Chairwoman Stabenow and Ranking Member Boozman - it is an honor to testify before you on the Department of Agriculture's Rural Water and Wastewater funding programs and the associated technical assistance initiatives that directly benefit small and rural communities with safe and affordable drinking water and sanitation services. As you are well aware, these programs are important to the health and safety of Rural Americans, and the economic vitality of their communities.

Senator Boozman, on a personal note, I am proud and honored that you are a fifth generation Arkansan. Your position as the Ranking Member of this important Committee combined with your humble rural roots- make you an effective and knowledgeable advocate for our small and rural communities. I thank you for your leadership and support.

Madam Chairwoman Stabenow and Ranking Member Boozman, if you will indulge me for just a moment, I would be remiss if I didn't recognize the unsung heroes within our industry.

When the pandemic was hitting hard, water and wastewater utility operators were designated as "essential emergency personnel" by the federal government required to be on the front lines to combat the pandemic and maintain the health and economic vitality of their communities. People could not wash their hands if the water did not flow- businesses would have suffered even more, overburdened hospitals would have been hit harder if these essential services were interrupted.

This designation came to no surprise to any of us because that is what this industry has been doing every day for decades. During every natural disaster, ice storms, hurricanes, tornados, the Rural Water staff is on the front line. In Arkansas on Friday night December 10, 2021, tornados ripped through the northeast part of the state hitting the cities of Trumann, Monette and Leachville, Arkansas destroying areas of their communities and Arkansas Rural Water Association staff living in the area Tim Carey, USDA Circuit Rider made his way through the damaged areas checking on the city's water utilities and requesting assistance with ARWA's mobile generators and staff. Through the next morning ARWA deployed more USDA Circuit Riders, Shane Sellers, Blake Allen, and Chris Harris, ARWA Deputy Director and me with 2 – mobile generators for the city of Leachville, Arkansas. If there is a critical need, our staff is deployed and stay until the job is completed and the water services are restored.

It took a national health pandemic for some people to recognize the vital role these workers provide, protecting and enhancing their physical health and economic vitality. I know you will join me in the giving them the recognition that have earned and deserve.

Arkansas Rural Water Association is an affiliate of the National Rural Water Association (NRWA) NRWA, and State Rural Water Associations were created to address two critical needs:

1. To get rural Americans away from drinking from contaminated wells and unsafe surface water sources by building water systems modest in design, size, and cost with funding from the Farmer's Home Administration, and
2. To help rural communities address new contaminants and overcome regulatory hurdles as a result of the passage of the Safe Drinking Water Act in 1974.

As you are aware, USDA Rural Development is the only federal agency created by Congress to specifically serve Rural America. Currently, 91% of the country's drinking water systems¹ serve communities with fewer than 10,000 persons, and 54% of U.S. drinking water systems² serve less than five hundred people, which is about two hundred customer accounts. In Arkansas 93% serve communities in with fewer than 10,000 persons, 27% of Arkansas water systems serve less than five hundred people.

A lot has changed in rural America since those days, especially in recent years. Our members face more challenges than ever before, and need access to USDA Rural Development funding programs that are more affordable, flexible, streamlined, and responsive. Rural communities must have the ability to modernize their water infrastructure, much of which is approaching or past its design life.

Many of our systems here in Arkansas and around the nation started with Rural Development's predecessor, the Farmers Home Administration. Rural Development continues to play a vital role here in Arkansas with a current portfolio of 271 borrowers with a \$388.5 million combined level in loans.

¹ 45,005 water systems serve less than 10,000 population

² 26,742 water systems serve less than 500 population

Since inception, Arkansas Rural Water Association (ARWA) has been a trusted partner with literally every community within Arkansas as members. NRWA and State Rural Water Associations are governed by over 350 volunteer directors elected from these very water systems across the nation. Rural Water has a cadre of more than 750 technical assistance experts working in the field. We have boots on the ground, working 24 hours a day, 365 days a year, reaching across the nation including tribes and U.S. territories. The health and protection of all water system customers is of critical importance to our leadership, and to each of our members.

Partnership with Agriculture

This Committee is very important to Rural Water; every federal dollar that has been granted to build, expand, and maintain their drinking water and wastewater infrastructure through the USDA Water & Environmental Programs was authorized by this Committee. These programs have been the proven solution and are responsible for the success story of providing safe drinking water and sanitation to every corner of rural America.

Over the last 70 years, through billions of dollars in financial assistance through USDA Rural Development, our nation has made great advancements in the standard of living in rural America. Millions of rural Americans now have access to safe drinking water that their parents did not have. Thousands of rural communities now have wastewater systems that have eliminated millions of failing septic tanks, cesspools, straight pipes into rivers and streams, and worse.

The investment that Congress and USDA have made in rural water infrastructure built an engine of economic development for rural communities, and provided dramatic improvements to the environment and public health.

Today, there are rural communities in the United States that still do not have access to safe drinking water or sanitation due to low population density, lack of economy of scale, or inability to access funding. If rural America is not specifically targeted in federal water infrastructure programs, like they are under USDA, the funding will bypass our small towns and be absorbed by large metropolitan water utilities who possess the administrative expertise, financial resources, and political power to out compete us.

Circuit Riders

One of the most successful approaches for overcoming this challenge in rural America has been the "Circuit Rider" concept, created by this Committee, which provides a cadre of experienced hands-on experts to help rural water systems meet federal requirements and protect the government's investment through USDA. The low default and delinquency rate of USDA water programs has been attributed to the training and assistance provided by the Circuit Rider program. It provides a pool of expertise that is otherwise unaffordable for our rural and small communities and is a vital resource to ensure our safe water supply.

Last year, Circuit Riders directly helped to protect the health and safety of 24,780,065 people – 41% of Rural America.

In Arkansas, our Circuit Riders provide the training, energy audits, certification, financial management, environmental compliance, governance, and on-site technical assistance necessary

to ensure that water facilities operate at the highest level possible. This assistance actually saves money and protects the community and the government's investments by ensuring efficient and sustainable practices are followed. This training and education empowers operators, board members, elected officials and communities with the support and knowledge they need to understand every aspect of their water systems and facilities. Many of these communities lack the staff, capacity, funding or expertise to address technical water and wastewater issues. I hear daily from rural communities in need of assistance, whether it is to design or construct a new water system, repair an existing water system or respond to a pending emergency, we are always there. Our mission is to restore and improve the public health, environment and sustainability of these small communities or in other words, to give them a level playing field with our urban counterparts so individuals and small communities can prosper in this global competitive environment.

Circuit Rider Emergency Disaster Assistance for Small & Rural Communities

ARWA and other State Rural Water Associations have been providing on-site direct disaster recovery and prevention services to water and wastewater utilities through the USDA Circuit Rider program for decades. I take pride that ARWA is one of the leaders in this effort. We currently provide hands-on training to other State Rural Water Associations at our facility located in Lonoke, Arkansas.

Current statutory and administrative burdens limit the effective and timely response for these services. In numerous cases, State Associations, like ARWA, were forced to absorb the financial costs incurred to provide recovery and response activities. NRWA requests the consideration of a permanent authorization to enhance this critical emergency service.

Wastewater Technician

Wastewater Technicians are core to ensure small and rural communities are able to provide affordable and safe sanitation services. This initiative provides on-the-ground technical assistance directly to communities for wastewater treatment facilities. Assistance includes design and upgrade recommendations, daily operation, and maintenance advice, assisting with permit renewals, and helping these systems meet compliance requirements from state and federal regulations. The wastewater side of our industry is more complex and technical, and maintaining this workforce is difficult. Several years ago, this service was disrupted in Arkansas and a few other states when the Agency shifted funding for a new initiative. We would recommend that the Committee provide priority within the Water and Waste Technical Assistance Grant account to sustain this essential service and consider a multi-year competitive cooperative agreement for stability and planning purposes.

Inflation and Supply Chain Impacts

Our membership today is more concerned with the increased operational and maintenance costs as a direct result of the current economic climate. Rural utilities around the nation are experiencing financial and logistical challenges related to inflation and supply chain issues, whether it is the shortage and availability of treatment chemicals or the cost and availability of

materials and equipment. Most rural utilities are totally reliant on user rates for all costs including, maintenance, disinfection, staff, debt servicing loans, and adequate reserves to replace equipment that has outlived its useful life. These increase costs will force many utilities to pass on the increases to the rate payers in communities with high concentrations of low-income and fixed incomes will be adversely affected.

We also anticipate the potential of additional increased costs and material delays with the influx of the \$55 billion provided through EPA in the Bipartisan Infrastructure Law.

Modernization of Rural Development Water & Environmental Programs

NRWA would like to recommend modernizing the Rural Development water and wastewater programs to better address current needs with additional affordable financial and servicing options. The priority should be on affordable and sustainable options and services. NRWA has supported recent Congressional efforts that included additional financing tools for economically disadvantaged communities and the ability to provide debt servicing tools to utilities that are economically impacted at no fault of their own.

Population increase

NRWA would like to explore the possibility of an increase in the eligible population for the Rural Utility Service Water and Wastewater programs. Many communities that currently exceed the 10,000 ceiling are rural in characteristic and lack affordable financing options. I have heard numerous situations in Arkansas where a small community is not eligible because they slightly exceeded the population or median income limit or needed to have a higher grant to loan ratio for affordability purposes. The ability to use grant dollars for the very low-income communities is critical. In some instances, communities cannot afford debt to service large loans, especially in this economic climate. We would like to ask the Committee to explore providing the Secretary with this authority.

Conclusion

In conclusion, the USDA Rural Development Loan and Grant funding for water and wastewater systems is critical in maintaining affordability of user rates in many communities in rural and small town America. With a \$3.9 million dollar backlog, the demand remains high. The accompanying direct technical assistance provides the capacity, and experience to protect both the federal government's investment and the communities' mission to provide safe, sustainable, and affordable water and wastewater service. Please consider ARWA and NRWA to be at your disposal as a resource as you draft the 2023 Fam Bill.

Thank you for the opportunity to participate today and I stand ready to take any questions that you may have at this time.

**DOCUMENTS SUBMITTED FOR THE
RECORD**

JUNE 17, 2022



June 16, 2022

The Honorable Debbie Stabenow, Chairwoman
The Honorable John Boozman, Ranking Member
Senate Committee on Agriculture, Nutrition, and Forestry
328A Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Stabenow and Boozman,

Thank you traveling to Arkansas for a Field Hearing to gather perspectives of stakeholders regarding the Farm Bill. We look forward to working with you and your staff as you consider changes to this law that is so critical to millions of Americans, including the 1 in 5 Arkansas children who experience food insecurity. As you know, one of the most important policies addressed in the Farm Bill is the Supplemental Nutrition Assistance Program, or SNAP.

Arkansas Advocates for Children and Families, established in 1977, works to call attention to the challenges faced by families and to change public policy in ways that can help every child in our state grow up healthy and meet their full potential. SNAP is a lifeline for Arkansas families, and it's also an economic driver for farmers, retailers, and tens of thousands of essential workers in our state.

SNAP in Arkansas

SNAP is the nation's – and our state's – most important and effective anti-hunger program. It has grown when Arkansans needed it to, most recently when the pandemic and its economic crisis were at their worst. During that time, Congress made many temporary improvements to SNAP to take advantage of the program's ability to deliver benefits quickly in response to job and income losses, including by authorizing emergency allotments and certain eligibility and administrative changes. These changes have either already ended or will expire when the Public Health Emergency ends. In Arkansas, the emergency allotments are no longer in place.

In Fiscal Year 2021:

- About 1 in 9 Arkansas residents (346,200 in fiscal year 2021) were helped by SNAP.
- Almost 74 percent of Arkansas SNAP participants are in families with children.
- Almost 41 percent are in families with older adults or a person with a disability.

- More than 42 percent are in working families.
- 49 percent of participants have incomes at or below the poverty line.

SNAP Supports Working Arkansas Residents

Most SNAP participants who can work do so. Among SNAP households with children and at least one working-age, non-disabled adult, three-quarters work while receiving SNAP. And almost 90 percent work in the year prior to, or the year after, receiving SNAP. This reflects that joblessness is often a temporary condition for SNAP participants.

Many SNAP participants are essential frontline workers. The jobs most common among SNAP participants include essential frontline service or sales jobs like cashiers, cooks, or home health aides. These jobs typically pay low wages, have schedules that change frequently with little input from the worker, and don't offer benefits such as paid sick leave. SNAP benefits supplement low wages to help workers better afford food, and can help workers if they lose a job, providing the support they need to find work again. Prior to the pandemic (2017), in Arkansas, these were the most common jobs for working Arkansans participating in SNAP:

- 6,900 cashiers – about 1 in 4 – participated in SNAP while working.
- 6,800 nursing, psychiatric and home health aides – about 1 in 3 – participated in SNAP while working.
- 5,500 cooks – about 1 in 4 – participated in SNAP while working.
- 3,800 hand laborers and freight, stock, and material movers – about 1 in 5 – participated in SNAP while working.

The labor market for SNAP participants was disproportionately impacted by the pandemic. The majority of jobs lost during the pandemic were in industries that pay low wages, with the lowest-paying industries accounting for 30 percent of all jobs but 59 percent of the jobs lost from February 2020 to October 2021.

Recently Updated Benefits Will Help Reduce Food Insecurity and Poverty

USDA recently revised the Thrifty Food Plan (TFP) based on a Congressional directive from the bipartisan 2018 Farm Bill to better reflect current dietary guidance and how low-income families shop for and prepare meals. The revised TFP resulted in a modest but meaningful increase to SNAP benefits that will reduce poverty, decrease food insecurity, improve health outcomes for children, and improve access to healthy foods.

What is the Thrifty Food Plan (TFP)? The TFP is a market basket of food, the cost of which represents the amount of money a household is estimated to need to purchase a nutritious diet assuming they take significant steps to stretch their food budget. It is the basis for determining SNAP benefit levels.

How did SNAP benefits change under the revised TFP? Without the TFP update, average SNAP benefits would have been about \$4.25 per person per day. Under the revised TFP this average

SNAP benefit is now \$5.45, a modest but significant \$1.20 per day increase. (These figures do not include temporary, pandemic-related increases.)

What is the impact of the revised TFP for SNAP participants?

- **Reduced poverty.** The revised TFP will lift about 2.4 million people, including more than 1 million children, above the poverty line. It will reduce the severity of poverty for another 20.5 million people, including 6.2 million children.
- **Reduced food insecurity.** Research shows more adequate SNAP benefits can help reduce food insecurity. This can have long-term beneficial impacts, such as supporting economic mobility and reducing health care costs.
- **Improved health for children.** Studies have found that increased SNAP benefit levels (during the Great Recession) were associated with a number of positive child health outcomes, including healthier weight and fewer school days missed due to illness.
- **Increased access to healthy foods.** The revised TFP reflects current dietary guidance and includes a greater variety of fruits, vegetables, lean meats, and seafood than in the past—foods which tend to be more expensive. Multiple studies suggest increased benefit levels will help households better afford a healthy diet.

SNAP Needs to Continue to Improve

As you considering changes to SNAP to help reduce food insecurity in Arkansas, we hope you will consider:

- **Eliminating or greatly increasing the SNAP asset limit.** States have flexibility to remove or eliminate the asset limit, and most have. Arkansas has not. We're one of only nine states that have kept SNAP's overly restrictive asset limit, making it more for low-income Arkansans to save for emergencies while also keeping SNAP benefits. The federal asset limit hasn't kept up with inflation since it was established in the late 1970s. If it had, it would be more than \$8,000 today, as opposed to \$2,500 for most families.
- **Ensure that Compact of Free Association (COFA) migrants can become eligible for SNAP benefits.** COFA migrants, including the Marshallese here in Arkansas, are barred from SNAP eligibility, even though they're lawfully residing in the United States. COFA migrants have a unique immigration status as a result of longstanding treaties with the United States. But unlike most other lawfully residing immigrants, they weren't allowed access to SNAP because of an oversight in federal law. This exacerbates hunger in the Marshallese community, a population that already is more likely to experience food insecurity. In fact, a recent study from the University of Arkansas for Medical Sciences found that among 67 pregnant Marshallese women who were surveyed, 84 percent reported being food insecure. This is a simple fix in SNAP law and would be similar to a change in health policy in 2020 that allowed COFA migrants to become eligible for Medicaid.
- **Eliminate SNAP's three-month time limit for unemployed workers.** Many non-elderly adults without children in their homes can receive benefits for only three months every three years, unless they are working at least 20 hours a week or can document they are

unable to work. Studies have repeatedly shown that the time limit does not increase employment or earnings, but it does cut off people from the benefits they need to afford food.

- **Ensure program operations and oversight keep pace with technology.** The pandemic forced SNAP to adapt quickly to new circumstances. State application and certification systems must remain accessible and efficient by the smart use of technology.
- **Redesign SNAP performance measures to be more human-centered.** SNAP's current performance measurement system emphasizes preventing improper payments. States and USDA have a rigorous measurement system in place for this critical work. Currently information is not available to policymakers or the public about how well SNAP is working in terms of the *human* experience of accessing benefits, such as equitable access and effective delivery.

We applaud these recent changes and hope you will consider continuing improvements to SNAP as you consider the Farm Bill over the next year. Again, we're grateful that you're conducting a Fielding Hearing in Arkansas, and for your willingness to hear the concerns of advocates like us. If you have any questions or comments, please let me know by email at lkellams@aradvocates.org or by phone at (479) 445-8750.

Sincerely,

Laura Kellams
Northwest Arkansas Director
Arkansas Advocates for Children and Families



June 17, 2022

The Honorable Debbie Stabenow
Chairwoman
U.S. Senate Committee on Agriculture,
Nutrition, and Forestry

The Honorable John Boozman
Ranking Member
U.S. Senate Committee on Agriculture,
Nutrition, and Forestry

Dear Chairwoman Stabenow and Ranking Member Boozman,

Thank you for hosting the hearing on “2023 Farm Bill: Perspectives from the Natural State,” and for your continued leadership of the Senate Committee on Agriculture, Nutrition, and Forestry.

Your committee has been conducting timely and much-needed business over the past year. Your diligent work has resulted in strong outcomes, including the bipartisan Senate passage of the Growing Climate Solutions Act. Under your collaborative approach to leadership, the Senate Agriculture Committee offers a strong example of how critical legislation can be advanced in Congress. This will be especially important as the 2023 Farm Bill approaches, and I would like to express Arkansas Farmers Union’s appreciation for your willingness to work together and to reach out to many organizations and interests as you evaluate policy proposals.

This letter is intended to cover a few of the priority areas that Arkansas Farmers Union would like to see addressed in the 2023 Farm Bill. This represents a selection of our top priorities, and we look forward to being in touch with you and your offices in the coming year about these and other topics as the bill moves through the legislative process.

Building a Stronger Farm Safety Net

Family farmers and ranchers are facing rising input costs and market volatility due to ongoing supply chain disruptions, rising inflation, and the Russian invasion of Ukraine. Natural disasters and extreme weather events, exacerbated by climate change, continue to make the business of farming more difficult. A strong farm safety net is essential for confronting these challenges.

Ad hoc disaster and financial assistance programs over the last several years have offered a safety net to many producers, but due to program design decisions many others have been excluded. Support has also at times been slow to come, with assistance coming years after an

initial disaster occurred. Strong consideration should be given to establishing fair and equitable permanent disaster authorities in the next farm bill.

The Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs are also important components of the farm safety net. PLC payments are key to buttressing farm revenues during periods when the average market prices for an eligible commodity fall below a set reference price. While commodity prices are high now, so are input costs, which are cutting into farmers' bottom lines. Moreover, commodity prices will not necessarily remain high. PLC reference prices should be increased to reflect the elevated input costs farmers are facing.

Fairness for Farmers

National Farmers Union (NFU) was founded in 1902 because farmers were at the mercy of large monopolies that controlled everything in the marketplace. Despite decades of work to push back against these forces, farmers, ranchers, and rural communities again find themselves facing similar challenges today. One area of concern for Farmers Union members is in the livestock sector, where NFU strongly supports several bills to bring about greater fairness and transparency, including the Cattle Price Discovery and Transparency Act, the Meat and Poultry Special Investigator Act, and the American Beef Labeling Act. Fewer and fewer choices are available to

Through NFU's *Fairness for Farmers* campaign, Farmers Union members have been sharing their experiences about how monopolies hurt their farms, their families, and their communities. These stories are powerful and striking. While it is daunting to see the deep impact that the lack of competition and abuse of market power has had on agricultural economies, it has been encouraging to see the progress of these competition bills and initiatives. While Farmers Union will work to ensure they are enacted during this Congress, we would also welcome the inclusion of competition policy in the next farm bill, as appropriate.

Thank you for holding this hearing and for all the work you are embarking on for the 2023 Farm Bill. I look forward to continued conversations with you and other members of the Senate Agriculture Committee and offer any assistance that MFU or NFU can provide.

Sincerely,



David Coker
Vice President

2023 Farm Bill Questions and proposals

1. Country of Origin Labeling (COOL):
 - a. I propose that we amend (9 cfr 327.18) to state that any "meat imported is to retain its country of origin". Meat that is imported and mixed with domestic will still need to be labeled specifically with "what percentage is imported beef".
2. Marginalize Cow-calf Farmer with no representation:
 - b. I propose that the representation in any Beef Check spending/decisions should be reflective of population/demographic of collected funds. If there are 750,000 farmers and 1000 importers, all boards should be comprised of corresponding ratios.
3. NCBS & BEEF Check-off monopolization:
 - a. I propose that the Beef Check Off dollars be redistributed to a ratio of 80% (to stay in state) and the remainder 20% dispersed to the federal level.
 - b. I propose that "Qualified State Beef Councils" not be solely decided and picked by the NCBA. Provisions need to be made so other organizations have same opportunity of equality.
 - c. I propose that any organization or contractors that receive any funding from the Beef Check Off be held to the same rules set by government policy according to the Beef Promotion and Research Act; this would include that no funding be disbursed to any organizations that have lobbying branches. Also in this provision, it should be made clear that if you receive funding and you lobby, you will have to pay it back.
4. "ALL" Imported beef/poultry have to have the same testing and are required to raise animals under the Veterinary Feed Directive (VFD) and Residue Testing and National Residue Program.
 - a. I propose that USA farmers must be tested under these programs, as well as imported beef and poultry should be held to the same standards.
Example: If 25% of all US born beef/poultry is tested, imported beef should also be tested @25%. Discrimination and scrutiny against domestic animals because of convenience and major lacking of testing of imported beef is a major health concern.
- 5-Carbon offset provisions:
 - a. If a new technology, understanding, or method is created that is more environmentally/carbon friendly, we should have a way to market these as sellable options.

To say that Cattle producers are one of the most disenfranchised groups in America would be an understatement. We put as much time, energy, and dollars of any other group does to be proud of a product that feeds the world. Cattle farmers make up less than 0.25% of the American population and produce enough beef to feed not only the USA but also other countries as well. This is a point of great pride to cattle farmers, and the sacrifices that are made; the sacrifices we make allow us to justify the cost, knowing we are helping others. The problems we face now are even more detrimental than the past. For example, cattle prices are the same that they were 10 years ago, our input cost continue to rise, and our voices have become more silenced.

On a daily basis, the idea of USA Beef becomes not only a delusional idea but also over ran by inferior import beef that is allowed to be masacaraed as our own. Let me take a moment to discuss COOL. COOL is simply a regulation that required (Country of Origin) on the label of Beef. The COOL that most cattle farmers think of was proposed in the 2002 Farm Bill. Have you ever wondered about Country-of-Origin labeling before 2002? We will discuss this in more detail later on, but right now let's look at the 2002 COOL regulations. In 2002, the Farm Bill stated that it was mandatory that beef packaging list the Country of Origin on the label. While this seems easy enough, National Cattlemen's Beef Association (NCBA), along with the big Meatpackers, began to fight this. Here is a little side note: the NCBA receives almost 100% of all *Beef Check Off* dollars from domestic cattle sales. That being said, your Beef Check Off dollars helped get COOL repealed. They were so good at fighting this off, that they managed to get it postponed until it came back up on the 2008 Farm Bill. NCBA lost their lawsuit claiming it was unconstitutional to require COOL, (that was already paid by you); not long after, another approach was taken. Canada and Mexico were then encouraged to seek a lawsuit against the USA and COOL. (Another interesting side note: Both Canada and Mexico required COOL (Country of Origin) on the retail label of their own beef packaging sales). This issue continued to drag on, and eventually, the United States finally had managed to implement of COOL in 2014-2015; unfortunately, it was later repealed in the latter part of 2015. If you had cattle during this time, you definitely remember the prices. For those who don't remember, a 600 lb. calf was averaging over \$2.50 lb. for those two years combined. As short lived as COOL was, it was a direct win for the Cattleman's pocketbook. So why is such a simple idea—one that helps hundreds of thousands of cattle farmers, builds customer confidence, is so easy to implement yet is also so hated by Meatpackers, NCBA, and the American Farm Bureau Federation? The answers are simple. The Meatpackers get to make billions on the back of "USA Beef" especially since the USDA considers all beef packaging, once *reinspected*, as "Domestic (this process will be described further in the next paragraph). In addition to this simple process that allows any foreign beef to be repackaged and labeled as "domestic", the Meatpackers also lobbie for rules and regulation changes that protect their interest. Also, the Meatpacker know how to get their influence on the federal/national level of the NCBA and Farm Bureau boards.

This is quite a bit to take in so let's take a moment to unpack this further. First and foremost, it's important to understand that meat packers are allowed by law to import a cheaper, less quality beef, and as soon as USDA inspects it for entry, it is considered USA Beef at that time. Meatpackers buy beef that has been processed in Mexico, ships it here, USDA inspects the meat at customs, the beef is then considered "Domestic" USA Beef. This process appears to be outside the realm of original intent of the law, causing us to actually miss the true repeal of COOL problems. Imported beef being inspected and reclassified as "domestic" becomes a direct conflict with COOL and would require the Meatpackers to

disclose this to the public. Now this is just not for the public in the US, but also to the export countries that believe they are getting premium USA beef that is actually *just rebranded imported beef*.

Were beef packaging labels required to have "Country of Origin" listed before COOL? Let me explain this by first going all the way back to the 1930 tariff act. It stated that any imported product had to have the Country of Origin until purchased by the end user. Therefore, by that law alone, it makes it sound like it would be mandatory. This is also supported by the FMIA which is supposed to implement the requirements. Now originally it was very clear that this was supposed to happen. The rule sealed the death for "USA Beef" came by the 1989 rule of clarification to 9 CFR 327.18 that stated *once product offered for entry has been reinspected by FSIS(USDA), it is considered entered into the US and therefore is equivalent of domestic product*. This seems like an open and shut case and is exactly what the USDA uses to fight against any question of COOL and its legitimacy. This is where I believe we need to have lawyers reinspect these decisions. Based on the wording in the original Meat Inspection Act and the Tariff act of 1930, the current view of the FSIS seems non congruent. When you look at USDA's current stand, it all pivots to the redefining of the 1989 revision.

Regarding COOL, there have been several valiant efforts made to get COOL reinstated; however, I believe there are some simple oversights that have been continuing to keep it from happening. First, I want to say that "Country of Origin" on the packaging is 100% legal according to WTO. The WTO findings were originally what Congress used to repeal COOL, but what was really said? Was COOL really illegal? Why did Canada and Mexico sue USA?

The way the label laws read, is that any beef processed in foreign countries, is considered Domestic Beef as soon as it's reinspected by USDA at customs. Is it unreasonable for the consumer to know that the Meat they are eating came from animals raised in 3rd world countries with little to no way to keep known illegal growth steroids, or other antibiotics that are illegal in USA being used? Is it unreasonable to know that the animal was treated in a humane manner in which is regulated in USA but not enforced in many countries we import Beef from? Is it unreasonable for consumers to know that every facility that processes Beef does it in a safe and verified manner? If this seems unreasonable to you, and you feel confident that the USDA is doing a satisfactory job of reinspecting Beef, lets just look at Mexico specifically. In 2019 we imported almost 580 million pounds of raw and processed beef from Mexico. The USDA FY 2019 Number of Import Residue Samples Analyzed from Mexico was 45 samples of raw product and 0 samples of processed product. [US National Residue Program for Meat Products FY19 \(usda.gov\)](#). So before we blow right past this, It important to understand "only "45 samples of raw Beef were analyzed in 2019 out of 579,985,000 lbs. of imported Mexican Beef. Does this bring confidence to you as a consumer? This is why the Meatpackers have spent Millions of dollars to keep Country of Origin non mandatory. They understand that if you as a consumer knew that these under regulated Countries were the main source of Ground Beef it would detour you from purchasing, so their solution has been to hide the meats' original origin and have it deemed "Domestic". From the 1930 tariff act, it has been mandatory all imported products list the Country of Origin to the end user. Through a very deceptive manipulation of the original Federal Meat Inspection Act (FIMA), which originally had set provisions to have Country of Origin listed on label, the Meatpackers were able get all imported Beef labeled as Domestic Beef after the 1989 amendments.

Here are a few points worth mentioning:

Does the misbranding of imported beef as USA “domestic” beef, devalue all other *Made in the USA* products? How much brand equity does “Product of USA” actually add to imported beef branded as “Domestic” that Meatpackers get to cash in on?

Think about what actually happens at the expense of the American taxpayer but is only beneficial to the bottom line of the Meatpackers. Meatpackers have only one thing that drives them—money. During the 2020 pandemic when many Meatpackers were forcing their employees to continue working, ignoring Covid 19, many were found guilty of suppressing workers to not admit sickness or symptoms. OSHA has fined several of them, but it might not be as much as you expect. (Side note: Remember, Meatpackers usually get special treatment, and this is just a recent example. Smithfields food in Sioux Falls, SD had nearly 1,300 Covid-19 infections and 4 deaths among its employees. The OSHA fine for this failure to protect workers was a whopping \$13,495. You read that right.

Do you honestly think these Meatpackers who continue to show their self-interest and unrelenting push against worker safety (faster line speeds), care about the consumers safety? One of the main reasons for the 1906 Meat Inspection Act by Theodore Roosevelt was because the way the Chicago Meatpackers had been treating its employees. It is amazing, here we are 115 years later, and we once again have our own modern day “Beef Trust” with issues of greed as a priority over worker and consumer safety. Fast forward to 2021, in addition, we now have imported beef being misbranded legally “USA Beef” and worker safety being very low on the priority list. Meatpackers have developed a 1 trillion dollar per year industry on the backs of Farmers who established the value for “USA Beef” and at the cost of many injuries by the plant workers. All the while, dangerously deceiving the American public and the world on the food they are eating.

Beside an added label, we also want to see changes to the wording of the FIMA, to reflect its original intentions. What this would do is restore back the Country-of-Origin labeling with out a loophole for the Meatpackers.

#1- Change wording in the FIMA to list any imported Beef, whether raw or process to have Country of Origin on Label.

#2- Look into legal actions about the Constitutionality of the changes made to the Wholesome Meat Act and FMIA from its original intentions. Also see if the revisions have put more Americans at risk and see if the USDA has been testing Imported beef with same scrutiny and discrimination as set out in these laws.

Other points to Consider:

USDA

NCBA is not the only group that has a responsibility for the Death of COOL. The USDA in its overt influence by the Meatpackers make specialized rules that helps leave loopholes in law. Look specifically at the Ground Beef. Our fat cattle in USA have an average of 150lbs of trimmings that are high in fat, for the Meatpackers to use this they predominantly use imported beef for blending/mixing. Since mixing the beef trimmings with domestic cattle would raise the cost of raw product and shine a light into an area of intentional deception from the Meatpackers, a loophole was specifically carved out for them.

Raising the cost of ground beef would then trigger a cascade of questions on why the spike in Beef prices. The Meatpackers knew the consumers would be shocked to know that they had been using foreign cattle predominantly in Ground Beef products sold as premium USA products, even though the greater percentage was in fact not Beef precured in America. Remember Live cattle prices increased from 2013 pre-COOL mandatory Label to 2015 post COOL label increase of more than 45% but ground beef in the stores only increased 24%. This is amazing since we only see about 40% on yield of a live animal, so from a finished raw product, Meatpackers had an increase of \$1.50 per pound.

Why did we not see this increase directly at the retail store?

It was clear the only way for the Meatpackers to weather this without a major fallout from consumers was to hold the line and make sure COOL was repealed. Did you know that live cattle prices dropped over 33% from 2015 to 2016; I'm sure you will be amazed to know retail prices followed by dropping 4%. So in typical fashion, the Meatpackers were able to keep a strong margin, while the Cattle farmers' margin dropped. In 2015 the record was held for yearly retail averages, but in June of 2020, a spike occurred up to \$4.74lb average. What we do know is that live cattle were hovering around the same price cattle farmers were getting in 2011 at around \$1.50 lb. and imported beef numbers in July had increased from the previous year to over 41%. It should also be noted that Beef exports were also down in July 2020 of over 8%. Let that sink in. While live cattle prices are low as 2011 prices, cattle farmers in USA are now having to be subsidized by government. ***This is all happening while the Meatpackers imported over 110 million more pounds in 2020 vs 2019.*** The total imported beef in July was 376 million lbs. This is equivalent to almost 784,000 1200lb live steers. This would almost double the amount of lbs. we produce in Arkansas annually, and the Meatpackers are able to import this in one month and market the majority of it Grass-fed USA beef, or Product of USA and get a record premium for it.

In 2020 "the meat shortage" scare drove up meat prices. Did you know the USDA allowed importation of over 1 billion pounds of beef products from May June and July? This works out to be almost 3lbs per American. Also once the USDA inspected the beef at the customs port they reliable it as USA "Domestic" beef and it was sold by the Meatpackers at these higher prices. If you thought you were buying USA Beef, you may be surprised to find out there is an exceptionally large possibility it was imported.

Even though the US domestic beef has many more safety regulation on medications, steroids, and illegal use of know carcinogenic agents, these imported beef products don't have the same standards and are labeled as US "domestic" beef. The Beef that is grown 100% the time in USA has many standards that many countries we import from do not adhere to . For example FDA [Veterinary Feed Directive \(VFD\) | FDA](#) , and the Beef Processed completely in USA has to follow USDA's [Residue Testing and National Residue Program \(usda.gov\)](#). You would think it would be illegal to label beef not raised under these standards, as USDA certified, or even US "domestic" beef. You would think that if the American farmer was raising cattle in the manner that the USDA and FDA has required for your safety, that the consumer would expect these standards to be reflected in the labeling as US "Domestic" beef. The truth is there is a huge difference in safety requirements of Beef raised 100% domestically and that of imported beef. The fact that Domestic and Imported beef were raised under two different standards has no bearing on how its labeled; it all gets labeled US "domestic" beef. If there is anything in you that wants to believe the system is set around your safety as the priority, be prepared to be disappointed and see truly what the real priority is...

All these USDA programs originated with the safety of the American people but over the years have been manipulated to serve a very few at the expense of many. Since a big Meatpacker can buy beef that is grown and processed in Mexico for a fraction of domestic beef, the only question left is whether the consumer values USA Beef as safer and more valuable. The easy answer is the USDA decides that for you. They take away your personal ability to determine if you want the safer beef because they group both beefs in to one group. Yet the priority is not for you as a consumer to buy what you want; it is for you as a consumer to buy what makes the Meatpackers the most money. Is this an overstatement? Let's just take a look at one publicly known problem that its affects are talked about several times when it come to the regulation of Dopeing in sports. To say Mexico's beef "steroid" problem is just a conspiracy, all one would have to do is conduct a little internet search of Mexico beef and steroids and multiple stories come up. The beef is criticized of being so full of steroids (clenbuterol) that just eating the beef will cause the athletes to fail a dopeing test. Using this same concept, should it be okay for Americans to feel their children this beef as long as they are not going to be tested for steroids? Here is an official statement from the International Paralympic Committee in 2017. [Mexico City 2017: meat warning for competitors | International Paralympic Committee](#) Don't worry, the USDA wouldn't dare mix Mexico beef with American Beef and claim it's the same, would they?

Countries like Mexico, Namibia, Honduras, Costa Rica, Argentina, Uruguay, and Nicaragua are just a few countries that that billions of pounds of imported beef originate from annually. Now remember, this is meat raised under "their country safety protocols/regulation" and also is processed in these countries--not according to USA domestic regulations. Just to bring clarity on how this processed beef is inspected, you need to understand the USDA does not inspect the process directly. Each of these plants are under a "Equivalency" program. Since the USDA is supposed to keep us as safe as possible, **they rely on these countries to be honest in all aspects of sanitation, safe/humane handling of animals, and processing your beef.** So how much can we trust some of these 3rd world countries to be honest for our family's safety? Don't worry, the USDA has an audit system they use. Consider Mexico for instance. The most recent audit of Mexico's over 100 processing plants came in August, 2018. In the span of 13 work days the USDA inspected 2 Laboratory, 3 Beef Slaughter plants, 1 pork slaughter plant, 1 Lamb slaughter, 5 Meat Processing Plants, and 1 Poultry processing plant.

Here is just a sampling of Meat Processing plant findings: actual findings from audit below-

41/51: The walls of the packaging room where bagged products are boxed are damp with cracked and chipping paint; inadequate ventilation

41/51: The frame above a freezer door had beading condensation that is mixed with grease creating insanitary condition.

38/51: In the hallway leading to and from processing areas, the junction between a rolling door (red door) has large gap/ open crevice between the brick structure and door, creating a harbor for dirt or pest.

39/51: The overhead structure of raw product-mixing room has loose frame and open gap between ceiling tiles, creating insanitary condition.

46/51: The receiving room of raw products is not climate-controlled exposing incoming raw meat and poultry products to excess heat especially in warm days and whereas SENASICA inspection personnel evaluate product condition and source in that room.

Just in case you were wondering, I actually didn't just pick the worst report; here are the findings in another one of the 5 meat plants.

36/ 51: The Central Competent Authority has not provided sufficient instructions to its inspection personnel to ensure proper implementation of thermally processed commercially sterile (TPCS) regulatory requirements in certified establishments eligible to export to the United States.

36/ 51: The inspection personnel did not verify that the TPCS products establishments have process schedules or supporting documents from the processing authority specific to each product.

36/ 51: The inspection personnel did not verify that the TPCS products establishments have process indicators and retort traffic controls in place (e.g., heat sensitive indicators in each retort load) to prevent unprocessed product from bypassing the thermal processing operation.

So what is the USDA's final answer? Well with such a small sample size of audits from food processing plants and with such a short duration for an inspection (spent 1 day per plant), **would USDA condemn the plants and require a deeper more thorough inspection???**

If at this point you are expecting just that, you truly do not understand who USDA protects the most. It is a system of collusion—**the #1 safety concern are the wallets of the big Meatpackers.**

USDA's actual statement on this audit:

An analysis of the findings within each component did not identify any deficiencies that represented an immediate threat to public health. However, the following findings were identified: Government Oversight (e.g., Organization and Administration) The Central Competent Authority (CCA) has not provided sufficient instructions to its inspection personnel to ensure proper implementation of thermally processed commercially sterile (TPCS) regulatory requirements in certified establishments eligible to export to the United States.

During the audit exit meeting, the CCA committed to address the preliminary findings as presented. FSIS will evaluate the adequacy of the CCA's documentation of proposed corrective actions and base future equivalence verification activities on the information provided.

Sounds super legit, right? Please remember that the Meatpackers imported over 1 billion lbs. from Mexico alone in 2019 and looks to top 1.2 billion in 2020. Let's just take a look at how much of this is being thoroughly inspected. As a quick note of reference, we imported close to 3 billion lbs. of beef alone from April 2015 to March 2018. Here is some information directly pulled from the 2018 audit. 59,662,733 lbs. of beef is a around 2% of all imported beef from this time period.

From April 1, 2015 to March 31, 2018, SDA FSIS import inspectors inspected 59,662,733 pounds of meat and 5,643,214 pounds of poultry, including testing for chemical residues and microbiological pathogens (Shiga toxin-producing Escherichia coli [STEC] O157:H7, O26, O45,

O103, O111, O121, and O145 in beef; and Lm and Salmonella in RTE products). As a result of these additional inspection activities, FSIS rejected 546,512 pounds of meat products and 6,242 pounds of poultry products for issues related to public health, including identification of E. coli O157:H7 (42,000 pounds), Lm (32,116 pounds), and fecal/ingesta contamination (42,541 pounds) in reinspected products.

So what does all this mean? It worked out that upon the very limited by volume, but more in depth inspection by the USDA FSIS group condemned approximately 0.15% . This works out to potentially 1.5 million lbs. of poop contaminated beef annually. Have I mentioned that your safety is not the main priority to many times yet?

Link to eye opening audit reports where many countries have major safety concerns.

[Foreign Audit Reports \(usda.gov\)](#)

But don't worry, even with all the problems found by the audits the USDA still reliable all meat imported from these countries as US "Domestic" Beef. Best part of all is that USDA used your tax dollars to rebrand this imported beef as US "Domestic"...

Ever wondered about food poisoning? Banned drug clenbuterol , sickness, CDC estimates of food poisoning in us yearly. CDC estimates that each year roughly 1 in 6 Americans (or 48 million people) gets sick, 128,000 are hospitalized, and 3,000 die of foodborne diseases.

(article from discusses sickness [La Jornada: Confiscan 1.1 toneladas de carne con clenbuterol en Aguascalientes](#))

[Suspected Clenbuterol poisonings in Mexico under investigation | Food Safety News](#)

[Uso dañino del clenbuterol para engorda de ganado \(elfinanciero.com.mx\)](#)

https://www.researchgate.net/publication/273711757_Illegal_Use_of_Clenbuterol_in_Cattle_Production_in_Mexico

As more Americans become overwhelmed with concerns of Global Warming, more and more "penalties" come for Arkansas Producers. Most farming in Arkansas is in rural communities. Being in rural communities has a direct correlation for agriculture production cost. In rural Arkansas we don't have the ability to walk a few blocks to work, or even take public transportation. Yet when the rest of the world decides that one way to offset global warming, is to cut off or reduce oil/fuel, the farmer in rural Arkansas is left to pay the biggest cost. Our products will cost more to produce, transport, market and sell. The added cost at retail very rarely makes its way back to the original produce, who is then left with even slimmer margins. So whether its creating a new way to grow cattle with less of a carbon impact or identifying existing ways that are already helping the environment. We need an avenue to help market and bring validity to these ideas. The great thing about Arkansas is we are already are in production of Carbon sequestration. Our large quantity of trees and farmlands are already offsetting carbon outputs. The problem is we have not developed a way to earmark this with some type of quantitative equitable units. So, we are naturally scrubbing carbon out of the environment without a cost to the rest of the world, and then having to pay a more severe penalty for living in rural

communities. If the world is going to detrimental value to carbon output, we also need to assess a value to carbon sequestration. The science is already there for most of this, and I could see it being fairly easy to assess these units to land/crop types. Like we could look at 20 acres of hardwood and assign a value in Carbon Credits. The individual that owned the 20 acres could choose to sell individually or have the State sell it. The State could sell in large quantities to companies needing large offsets to help streamline the process (think yearly contracts). Or I don't know of a State-run program yet, but I feel like an organized effort lead by the state would be a much more sustainable effort. The ETS (emissions trading system) would be one source that some compliance might be of interest. This could be a great opportunity to increase revenue in the state and help bring a laterization to farmers on production energy cost. Carbon Credits are readily available to purchase, with a more standardized approach through the state it would bring much needed validity to the process. Just as there is already a CRP program, this could become the next evolution in a more sustainable Arkansas Agriculture program. From forestry carbon credits, they are currently valued at about \$15/tCO₂e. If we cross reference this an average of 2000lbs/acer of carbon accumulation a year from live trees, on those 20 acres we would get \$300. [Carbon storage and accumulation in United States forest ecosystems | Treeseach \(usda.gov\)](#)

1) We must continue to work on the United States Department of Agriculture portion of the Clean Water Act. It continues to need serious work. For example: In most instances where the Corps of Engineers determines a site to be Non Jurisdictional, the Natural Resources Conservation Service of the USDA, requires the land owner to mitigate. If the Regulatory Agency, (the COE) determines a site non jurisdictional, then it ought to be settled. It should be non jurisdictional meaning no mitigation is required. This is a problem that needs a solution.

2)The Corps of Engineers continues to go up the drainage, and take in ephemeral features, even though the rule says ephemeral features are not jurisdictional. This needs to be addressed also. This needs to be made clear that drainage that only carries water as a direct result of rainfall, intermittently, and demonstrates no direct nexus to Waters of the United States, should be non jurisdictional.

To my knowledge there is no binding or otherwise Memorandum of Understanding between the Regulatory Agency's (COE) and Natural Resources Conservation Service. This might be a good place to start.

Thanks for allowing my comments.

David

David H. Fowlkes

Cypress Tree Environmental Consulting, LLC

608 Scotch Pine Drive

Jonesboro, AR 72404

Phone: 870-219-4450

Email: davidhfowlkes@yahoo.com

Written Comments of George Dunkin
for the
Senate Committee on Agriculture, Nutrition, and Forestry
2023 Farm Bill - Field Hearing
Jonesboro, Arkansas

June 17, 2022

Chairwoman Stabenow, Ranking Member Boozman, and members of the committee. Thank you for hosting a field hearing in our great state of Arkansas and for the opportunity to submit comments regarding the 2023 Farm Bill. I look forward to the insightful testimony of our witnesses and appreciate the chance to explore new ideas on how to improve the Farm Bill to work better for farmers, ranchers, wildlife, and the environment.

I was born in Pine Bluff, Arkansas and live with my wife on our family farm just south of Stuttgart, AR. I am a third-generation rice farmer and have been involved in agriculture, hunting and conservation since 1980 when I began my professional career. I am also a past President of Ducks Unlimited and a former Commissioner of the Arkansas Game and Fish Commission. I have recently retired from farming, and, during my career, we developed innovative rice farming techniques that drastically reduced our water needs and other variable costs, which allowed us to be more profitable. I am proud to see that these science-based practices are now in wide use in Arkansas and other states and are helping to keep rice on the landscape and in our communities. I served in leadership positions with the USA Rice Council in Arkansas and served for nine years on the Arkansas Rice Research and Promotion Board, including the last two years as chairman. I also had the privilege of serving as Chairman of the Jefferson County Farm Service Agency board for 13 years.

Making the Natural State better is always on my mind because it inspires thoughts of all the resources and places with which we have been blessed; the rich diversity of the land, water, wildlife, and people that call it home. Arkansas leads the nation in agriculture and outdoor recreation, particularly waterfowl hunting, so the Farm Bill has a significant impact on the state's economy and natural resources. Arkansas has been blessed over the years with strong statesmen and women in the Senate Agriculture Committee that have come from both sides of the aisle. From the legacy of Senator Dale Bumpers to Senator Blanche Lincoln and current Senator John Boozman – each have worked diligently to ensure the Farm Bills have reflected the needs of Arkansans to ensure the safest, most reliable, and most affordable supply of food and fiber the world has ever known, and to deliver it with sustainable conservation practices that ensure the enjoyment of our land, water, and wildlife for generations to come.

With 90 percent of Arkansas land being privately owned, writing a Farm Bill is about striking balance between the needs of producers and the land, with voluntary and incentive-based programs to meet the needs of the day. There are many programs and new opportunities in the Farm Bill that satisfy this end. One program that has served Arkansas well is the Regional Conservation Partnership Program (RCPP), a program whose creation was led by Chairwoman Stabenow with the support and collaboration of Senator Boozman and other members of the committee.

RCPP's Rice Stewardship Partnership (RSP) started in 2013 as a partnership between USA Rice, Ducks Unlimited and the Natural Resource Conservation Service (NRCS). Since then, the program has impacted nearly 800,000 acres, brought together more than 20 private-sector partners, and has provided significant benefits to farmers, waterfowl, wildlife, and the environment in the form of reductions in

producer operating expenses, habitat, reduced water consumption and improved water quality. These practices were developed in Arkansas. RSP is just one example of the many RCPP projects across the US helping producers and the environment. I would encourage the committee to continue to explore opportunities to improve the RCPP program to provide greater flexibility and better serve the needs of RCPP partners across the US.

The Agriculture Conservation Easement Program (ACEP) is another critical voluntary tool for farmers and ranchers that provides considerable benefits to the environment. Providing financial and technical assistance, ACEP, and particularly Wetland Reserve Easements (WRE), provides significant wintering habitat to migratory birds and waterfowl as they make their annual pilgrimage north to south and back again. In fact, Arkansas is the nation's leader in WRE with more than 270,000 acres of wildlife habitat that has been conserved through completely voluntary agreements with landowners. In fact, these growing bottomland hardwood forests on private lands will complement our ongoing forest restoration initiative on public lands and help pass these unique waterfowl habitats to the next generation. Not only do these incentive-based programs benefit farmers and ranchers, but they also provide all Arkansans with cleaner air and water while recharging our groundwater systems

From the Prairie Pothole Region of the Great Plains to the Arkansas Delta, the Conservation Reserve Program (CRP) and the Environmental Quality Incentive Program (EQIP) are two additional voluntary conservation programs that benefit producers, wildlife, and people. These programs create working wetlands by providing landowners with incentives to conserve marginal lands and support critical wintering and nesting habitat, while also offering the resources and incentives to improve infrastructure and reduce the environmental impact of their operations.

Finally, I would note my strong support for maintaining conservation compliance for federal support programs. This incentive has been in place for more than 30 years and enjoyed the support of Republican and Democratic Congresses and Administrations. Conservation compliance has served as a best practice in agriculture policy to protect our nation's most environmentally sensitive wetlands and erodible lands and should be continued in the next Farm Bill. Without conservation compliance, the future of our unique waterfowl culture and its commerce will be at risk.

Thank you again for the opportunity to submit these comments and for hosting the field hearing in Jonesboro. I look forward to working with the Committee and our other partners in agriculture and conservation as we work to once again improve on this legislation that will form the bedrock of our supply for food and fiber, as well as the stewardship of our land, water, and wildlife.

I'm Kathy Webb, and it's a privilege to represent the Arkansas Hunger Relief Alliance, and serve as its CEO. The Arkansas Hunger Relief Alliance is the only statewide anti-hunger organization in Arkansas. Our mission is to collaborate as a statewide voice advancing equitable solutions to hunger. The Alliance accomplishes this in several ways: helping procure food for the charitable food network, including the 6 Feeding America food banks; leading the No Kid Hungry campaign; conducting SNAP outreach; and advocating for better public policy and systemic change to promote equitable access to healthy food. Because of this broad portfolio, The Farm Bill is the single most important anti-hunger legislation on which we work. And because Arkansas is an agricultural state, this bill in its totality is critical to the wellbeing of our state's economy and our residents' health.

Over the last two years, the six Feeding America food banks in Arkansas have not seen a drop in need, but they have seen a drop in donations since the height of the pandemic. There isn't enough food on the shelves of the food banks to meet the needs of those using the charitable food network. Strengthening TEFAF, by increasing the amount of food provided and the administrative fees, is imperative for the network of food banks and pantries across our state. Each day we get calls from pantries looking for resources to so they can buy more food.

For those families who rely on school meals for their children, summer is the hardest time for their kids. And this summer is starting off as one of the worst for access to summer meals. Labor shortages, supply chain disruptions, transportation issues, and above all, the end to waivers regarding summer meals means that providers are cutting back drastically on the meals they serve or not serving at all. Child nutrition directors from school districts across the state-large and small, rural and urban, say the same thing: it's going to be a hungry summer. It is imperative that their voices, and those of community-based non-profits are heard. We know that kids who struggle to access food in the summer often don't catch up till October. This impacts their health and their education. Because of the focus of the No Kid Hungry campaign and its many partnerships, with schools, state agencies, and other non-profits, Arkansas had been making progress on school meals, particularly breakfast. We must be vigilant to insure we don't backslide and see the number of hungry kids in Arkansas soar once again.

The Alliance has conducted SNAP outreach across the state for a decade, and advocated for increasing access to SNAP, raising the amount available, and using pilot programs to test new ideas. We know SNAP is the single most effective anti-hunger tool. And we also know it's critically important to Arkansas farmers,

ranchers, and retailers, as well as communities at large. During COVID, the Alliance launched a statewide call center, providing online assistance to those seeking benefits. From laid off workers who'd never accessed a pantry or SNAP before, to seniors dealing with rising health care costs on a fixed income, callers shared stories daily of despair and hopelessness. Many callers cried and thanked our outreach team for both their help and their compassion. We call on Congress to increase SNAP benefits to align with food costs, basing SNAP allocations on the Low-Cost Food Plan instead of the Thrifty Food Plan. We ask Congress to strengthen GusNip fruit and vegetable incentives, to make purchasing fruits and vegetables easier, and to invest in strategies such as EBT integration to make the program more effective. We need to improve SNAP grocery delivery, by raising awareness for current online options and expanding retailer participation. And, among other critically needed improvements, we ask Congress to invest in projects that increase access to healthy food without increasing stigma. That means Congress should continue the momentum started in the 2008 Farm Bill by investing \$100 million in demonstration projects. These projects can include such innovative strategies as marketing guidelines for retailers, including hot and prepared foods, exploring further benefit boosts, and testing incentives for nutritious food. In a study conducted last year by the Alliance and UAMS, SNAP participants said, among other things, ".....for me, as far as trying to get healthy with food stamps, it doesn't work. Because those foods are so high. It costs to eat healthy." We can do better, and in the long run, doing better would pay off for everyone.

The Alliance is proud to work with college students, at the first-ever statewide college hunger summit this year, with veterans and seniors, working families and kids. We acknowledge the disparate impact the pandemic has had, and that our food systems prior to the pandemic have had, on Black and Brown Arkansans. We call on Congress to act swiftly to secure and strengthen the federal safety net regarding access to food. Thank you.

MAZON | A Jewish Response To Hunger

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

2023 Farm Bill Field Hearing in Jonesboro, Arkansas

Testimony of MAZON: A Jewish Response to Hunger

June 17, 2022

Chair Stabenow, Ranking Member Boozman, and distinguished members of the Committee, thank you for the opportunity to submit written testimony for today's 2023 Farm Bill Hearing in Jonesboro, Arkansas.

Inspired by Jewish values and ideals, MAZON: A Jewish Response to Hunger is a national organization fighting to end hunger among people of all faiths and backgrounds in the United States and Israel. MAZON takes to heart our faith-based responsibility to care for the vulnerable in our midst, without judgment or precondition. MAZON's founder, Leibel Fein (of blessed memory), articulated the moral foundation of our work, noting that, "by focusing citizens' attention on voluntary charitable efforts, we relieve the polity of the burden for policy reform, that by emphasizing kindness, we run the risk of postponing justice, of depressing the necessary sense of urgency that justice requires." Those words from 1985 still ring true today.

MAZON's commitment to addressing food insecurity through policy change has led us to invest in partner organizations around the country. We are proud of our pioneering role in building a strong and effective anti-hunger infrastructure across America, collaborating with these partners to advance long-term solutions to hunger. Today, MAZON's partnership grants are strategically focused in some of the most food-insecure communities in the country — places where systems are often failing, policymakers often turn the other way, and people face a variety of barriers to assistance.¹ Arkansas is one of those places.

Arkansas is consistently ranked among the least food secure states in our nation, with an estimated 17.6% of its residents lacking consistent access to nutritious foods.² Particularly in rural communities throughout the state, hunger is often compounded by high rates of unemployment, limited means of transportation, and other issues.

In 2021, 346,000 residents — about 1 in 9 Arkansans — participated in the Supplemental Nutrition Assistance Program (SNAP).³ While SNAP is

¹ MAZON's "Emerging Advocacy Fund" currently supports partners in North Carolina, Georgia, Florida, Alabama, West Virginia, Kentucky, Tennessee, Indiana, Mississippi, Arkansas, Louisiana, Missouri, Nebraska, Kansas, Oklahoma, Arizona, Alaska, Hawaii, Maine, and Puerto Rico. More information at <https://mazon.org/what-we-do/partnership-grants/emerging-advocacy-fund>

² Feeding America, "The Impact of Coronavirus on Local Food Security" (2021)

³ Center on Budget and Policy Priorities "Arkansas SNAP Factsheet" (2021)

10850 Wilshire Blvd.
Suite 400
Los Angeles, CA 90024
t (310) 442-0020
f (310) 442-0030
mazon.org

1101 14th Street, NW
Suite 930
Washington, DC 20005
t (202) 830-0730
f (202) 830-0649

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to Hunger

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Abby J. Leibman

* Titles for identification purposes only

** Past Chair

our country's most important and effective defense against hunger, many more people in Arkansas and throughout the country do not participate in the program — often because they do not know about the program, they are unaware of their eligibility, they are put off by the arduous application and recertification processes, or they are deterred by stigma and shame.

MAZON is proud to partner with Arkansas Advocates for Children & Families (AACF), an advocacy organization working to ensure that programs like SNAP reach all those in need of assistance throughout Arkansas. The team at AACF regularly points out that the vast majority of SNAP participants in Arkansas are employed, and many are essential frontline workers. During COVID-19, emergency SNAP allotments were crucial in preventing a more severe hunger crisis, but the “pandemic boosts” have now expired while hunger persists. Furthermore, Arkansas is one of only nine states that still enforces SNAP's restrictive asset limit, which prevents families in this state from building their savings while keeping food on the table with SNAP benefits.

In addition to protecting and strengthening federal nutrition programs like SNAP, MAZON works at the federal level to spotlight issues and populations where larger organizations and the government have yet to turn their focus. These groups include military families, veterans, Native Americans, single mothers, LGBTQ+ seniors, and the people of Puerto Rico and the territories. Given our expertise and perspective, MAZON believes the 2023 Farm Bill must:

- Protect, expand, and strengthen SNAP;
- Exclude a military servicemember's Basic Allowance for Housing (BAH) as income for the purposes of qualifying for SNAP;
- Adjust SNAP's consideration of disability ratings from the U.S. Department of Veterans' Affairs (VA), support veteran SNAP outreach initiatives, and exempt veterans from work requirements for the purposes of qualifying for SNAP;
- Give Tribal governments greater autonomy over their own food systems, including expanding 638 authority to enable Tribes to self-administer SNAP and to facilitate the inclusion of traditional and locally-grown foods from Native food producers in the Food Distribution Program on Indian Reservations (FDPIR) food package;
- Amend The Emergency Food Assistance Program (TEFAP) to allow Tribes to administer their own emergency food management programs; and
- Transition the people of Puerto Rico back into SNAP, ensuring that those on the island can access the same nutrition assistance as their fellow American citizens.

MAZON is committed to working with policymakers at every level of government to ensure a justice-centered approach to ending hunger in this country. We must confront the reality that charity alone cannot end

hunger in this country — food pantries and direct service providers provide important emergency services in moments of need, but only the federal government has the resources and structure to truly address the full scope of need.



June 24, 2022

Senator Debbie Stabenow, Chair
Senator John Boozman, Ranking member
Senate Committee on Agriculture, Forestry & Nutrition
328A Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Stabenow, Boozman and Committee Members:

Please accept our comments intended to contribute to the recent full Committee hearing entitled, *Perspectives from the Natural State*, held at Arkansas State University on Friday, June 17, 2022.

The National Aquaculture Association is a U.S. producer-based, non-profit trade association founded in 1991 that supports the establishment of governmental programs that further the common interest of our membership, both as individual producers and as members of the aquaculture community. For over 31 years NAA has been the united voice of the domestic aquaculture sector committed to the continued growth of our industry, working with state and federal governments to create a business climate conducive to our success, and fostering cost-effective environmental stewardship and sustainability.

Emergency Assistance for Livestock, Honey-bees and Farm-Raised Fish Program

During four days in February 2021 a catastrophic Texas winter storm killed 10 million pounds of redfish. Virtually all of the farmed redfish produced in the United States. The total value of the redfish lost was estimated to be \$37.8 million. Additional costs of \$0.56 million were incurred to remove and dispose of the dead fish.

Fortunately, the USDA Farm Service Agency exercised their discretion to expand the Emergency Assistance for Livestock, Honey-bees and Farm-Raised Fish Program (ELAP) to include fish produced for the U.S. seafood market. Catastrophic loss claims were limited to up to 75% of the crop destroyed (90% for socially disadvantaged farmers) and did not cover cleanup and disposal costs. However, certain agricultural entities with an adjusted gross income exceeding \$900,000 were ineligible for ELAP payments.

We request the Committee amend current law to waive the adjusted gross income (AGI) ceiling for farms or ranches that derive more than 75% of their income from agricultural production.

Prior to the availability of ELAP there has been no catastrophic disaster assistance available and there is no insurance available. Aquaculture is a capital intense farming effort with high input costs (e.g., 50% of input costs for a fish farm are feed and fingerlings) over long growing cycles that can range from two to eight years with multiple year classes in production at the same time. ELAP fills a risk management void but the current AGI penalizes farming families damaged by natural disaster for which they have no control and frustrates Farm Service Agency programs intended to keep farming families whole.

PO Box 12759, Tallahassee, FL 32317
Tel: (850) 216-2400 ♦ Fax: (850) 216-2480 ♦ Email: naa@thenaa.net
Website: <http://thenaa.net/>

Stabenow and Boozman Letter
June 24, 2022
Page Two

Whole Farm Revenue Protection Program

We are very appreciative of the decision making by the Farm Service Agency to allow access by U.S. aquaculture to ELAP, a natural disaster assistance program, that makes sense for farms raising aquatic animals. For U.S. agriculture catastrophic natural disaster assistance is an option amongst a variety of risk management options, including insurance products, to assure Americans of uninterrupted access to affordable food. However, for U.S. aquaculture insurance products are of very, very limited availability.

The Risk Management Agency has been working to develop risk management products patterned after the existing Whole Farm Revenue Protection Program to benefit U.S. aquaculture. This program makes sense for farms where livestock are grown underwater and, essentially, out-of-sight and difficult to inventory. The agency is considering a product proposed by a private vendor and evaluating an assessment completed by a contractor to benefit farmed bivalve molluscs (i.e., eastern oyster, hard clam).

We have not seen effort by the Federal Crop Insurance Corporation Board or the agency to address language in the 2018 Farm Bill directing the Board to treat "... the different growth stages of aquaculture species as separate crops to recognize the difference in perils at different phases of growth (Section 11122(3)(E)(ii)(VI))." We believe this is a very significant analysis that reflects compliance with the Whole Farm Revenue Protection Program language and allows the agency accept one crop in varying stages of development to count as multiple crops for purposes of whole farm coverage options. Notably each stage of an aquaculture aquatic animal may supply different markets and be sold at different market values. As examples: eyed-eggs, fry, fingerlings or shellfish seed sold to domestic or foreign farmers for grow-out; stocker fish sold for recreational fishing; food fish sold for human consumption; or 7/8-inch, littleneck, middle neck, top neck or chowder hard clams.

To realize the potential value of this reassessment, we request the Federal Crop Insurance Corporation Board and agency be directed to begin the development of a finfish-oriented crop insurance product that incorporates the primary feature of the Whole Farm Revenue Protection Program wherein loss is documented through Internal Revenue Service farm tax forms and recognizes varying stages of development as distinct crops with distinct markets and values. We also request that losses covered include those incurred by disease and federally protected wildlife. Relative to the latter loss, an example is birds protected by the Migratory Bird Treaty Act, such as double-crested cormorants, pelicans, herons, scaup and eiders that consume farmed fish or shellfish.

Thank you for the opportunity to share the unique needs of U.S. aquaculture relative to disaster assistance and insurance needs. If you or staff should have questions, we would be honored to meet with you or your staff.

Sincerely,



Sebastian Belle
President

Statement for the Record

**For the Senate Committee on Agriculture, Nutrition, & Forestry Field Hearing entitled
"Growing Jobs and Economic Opportunity:
2023 Farm Bill Perspectives from The Natural State"**

Submitted by

**Arkansas Wildlife Federation, Conservation Federation of Missouri, Conservation Coalition of
Oklahoma, Iowa Wildlife Federation, Kansas Wildlife Federation, Nebraska Wildlife
Federation and National Wildlife Federation**

June 17, 2022

The National Wildlife Federation, Arkansas Wildlife Federation, Conservation Federation of Missouri, Conservation Coalition of Oklahoma, Iowa Wildlife Federation, Kansas Wildlife Federation, and Nebraska Wildlife Federation, on behalf of our more than 6 million members and supporters, respectfully submit this statement for the hearing record regarding the importance of strong agriculture conservation provisions to providing economic opportunities for thriving communities and wildlife habitat through the 2023 Farm Bill.

We thank Chairwoman Stabenow, Ranking Member Boozman, and the Senate Agriculture Committee for holding this hearing on the 2023 Farm Bill and accepting our statement for the record. This hearing is an important step towards ensuring that the 2023 Farm Bill is meeting the short- and long-term needs of the farm economy and the environment upon which our producers and communities depend.

The Farm Bill is vitally important legislation that is uniquely structured to address the most serious threats to wildlife within working landscapes in the United States: habitat loss and climate change. Farm Bill provisions can and should work hand-in-hand with our agricultural economy to ensure a resilient landscape for wildlife, habitat, and our communities. The following highlights some of our priorities for the 2023 Farm Bill:

1. Double Baseline Funding for Farm Bill Conservation Programs

The National Wildlife Federation and our affiliate organizations strongly support Farm Bill conservation programs. These popular and voluntary programs are critically important for our collective futures.

Farm Bill conservation programs deliver a wide array of benefits for wildlife habitat, water quality and quantity, soil health, and climate change mitigation and adaptation, as well as on-farm benefits and benefits to rural economies. In 2020, Farm Bill-supported conservation activities were used on over 46.1 million acres including 2.2 million acres for soil health, 7.6 million acres for fish and wildlife habitat, and

38.3 million acres for water quality.¹ The resilience benefits conferred by these practices enhance rural economies through drought and flood management, maintained or enhanced crop yields, and increased revenue for hunting, fishing, and other recreational activities. We thank the Senate Agriculture Committee for supporting these outcomes and for enabling public access on 2.4 million acres for hunting, fishing, and other outdoor recreation on private lands. We also thank the Committee for providing funding for \$30 million in grants through the Voluntary Public Access and Habitat Incentive Program; this funding is expected to increase landowner participation in the programs by 35% and increase recreation by 21%.² Another welcome innovation is the Working Lands for Wildlife program which enables producers to create and enhance wildlife habitat on private working lands while improving agricultural and forest productivity. Working Lands for Wildlife has proven to be popular, with 8,400 producers joining the effort to conserve and enhance nearly 12 million acres of wildlife habitat since 2010.³

Despite these benefits, these popular and effective programs are consistently oversubscribed due to inadequate funding. The Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), and Agriculture Conservation Easement Program (ACEP), among others, are unable to meet producer demand. Nearly 1 million producers were turned away from EQIP in the last decade alone. Additionally, there are serious concerns that inflation will reduce the real purchasing power of these programs, effectively reducing the reach of Farm Bill conservation programs in years to come. USDA should double the Farm Bill baseline funding for conservation programs to continue successful outreach and implementation of conservation practices. Improved outreach and strategic targeting of conservation dollars to the most environmentally sensitive areas will also increase the effectiveness of conservation programs and improve natural resource outcomes.

Farmers, ranchers, and other producers want to be part of the climate solution through practices that not only store carbon, but improve water quality, improve soil health, benefit wildlife and enable resilient communities. Congress should double the amount of funding available for Farm Bill conservation programs to meet producer demand for conservation programs and technical assistance.

2. Prevent Conversion of Natural Habitats through a Nationwide Sodsaver Provision

North American prairies and grasslands are one of the most imperiled ecosystems on the planet, disappearing at a rate faster than the Amazon rainforest, primarily due to conversion to cropland.⁴ Current crop insurance premiums over-incentivize the conversion of grasslands to cropland to the detriment of soil health, biodiversity, and the climate, all at the cost of the taxpayer. In six states, the Sodsaver provision, Section 11014 in the Agricultural Act of 2014, addresses this problem by reducing the federal insurance premium subsidies by 50 percentage points on newly converted grasslands for four years. Recent research shows that the Sodsaver provision likely reduced conversion of over 75,000

¹ USDA - NRCS. 2021. "NRCS Conservation Programs." https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/cp_nat.html (April 21, 2022).

² USDA. "Conservation." <https://www.usda.gov/topics/conservation> (April 21, 2022).

³ USDA - NRCS. "Working Lands for Wildlife."

<https://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/plantsanimals/fishwildlife/?cid=stelprdb1046975> (April 21, 2022).

⁴ Oimib, Sarah K., and Barry Robinson. 2019. "Grass to Grain: Probabilistic Modeling of Agricultural Conversion in the North American Great Plains." *Ecological Indicators* 102: 237–45.

acres of marginal agricultural lands over four years.⁵ It is important to note that this provision does not prevent producers from converting their land, it merely asks that producers not transfer their risk to the American taxpayer when converting marginal agricultural land that serves as important wildlife habitat.

Grasslands are a key provider of various ecosystem services across the United States. Acting as a net carbon sink, grasslands store significant amounts of carbon, roughly equivalent to the annual CO₂ emissions of 3 million Americans. Conversion of grassland can significantly accelerate the erosion of topsoil; erosion which is already occurring at twice the rate as the height of the Dust Bowl.⁶ Further, conversion releases significant amounts of carbon sequestered in grasslands that do not return to the same levels when recovered through sustainable agricultural practices. Additionally, native grasslands are particularly important as high-quality habitat for ducks and other waterfowl habitat. Cropland near nesting areas greatly increase vulnerability to predators and agricultural runoff. This type of habitat is most under threat from agricultural conversion and climate change effects. To combat these threats, Congress should make the Sodsaver provision apply nationwide in the 2023 Farm Bill to prevent the conversion of imperiled wildlife habitat, mitigate climate change, and save taxpayers tens of millions of dollars.

3. Improve Water Quality and Quantity by Scaling Adoption of Voluntary Conservation

The Mississippi River Basin is one of the largest rivers in the world, and the largest in North America, flowing over 2,300 miles from Minnesota, through some of the best agricultural land in the world, to the Gulf of Mexico. It provides water for drinking, industry, recreation and agriculture for millions of Americans. Protecting this unique and expansive natural resource is crucial for communities along the river and for the sustainability of American agriculture. Farm Bill conservation programs can provide technical and financial assistance for producers to adopt conservation practices that reduce erosion and improve nutrient management on farms throughout the Basin. However, demand for USDA conservation programs outstrips available resources, meaning producers are less able to address agricultural runoff which drives hypoxia in the Gulf of Mexico. Increased funding for conservation programs will scale the practices needed to address this ongoing problem.

The Brush Creek – Roberts Creek National Water Quality Initiative Project is one successful example of state, national, and producer cooperation to address water concerns in Arkansas. The project area covers nearly 50,000 acres and provides financial and technical assistance to producers that want to address water quality concerns through the implementation of conservation cover, prescribed grazing, tree and shrub establishment and nutrient management, among others. This project is one example of how agriculture and conservation work hand-in-hand to maintain or improve on-farm productivity and resilience, while also improving environmental outcomes.

The 2018 Farm Bill made important improvements to the Regional Conservation Partnership Program (RCPP) which leverages public-private partnerships to improve conservation outcomes. Since implementation in 2015, the program has impacted over 5.3 million acres through over 11,000

⁵ Miao, Ruiqing, David A. Hennessy, and Hongli Feng. 2016. "The Effects of Crop Insurance Subsidies and Sodsaver on Land-Use Change." *Journal of Agricultural and Resource Economics* 41(2): 247–65.

⁶ DeLonge, Marcia, and Karen Perry Stillerman. 2020. *Eroding the Future: How Soil Loss Threatens Farming and Our Food Supply*. Union of Concerned Scientists. <https://www.jstor.org/stable/resrep28410> (August 9, 2021).

contracts.⁷ RCPP has been particularly effective in addressing wetland and water resource concerns, providing critical, locally-directed funding to the most serious problems facing agriculture, water quality, and habitat loss. The 2023 Farm Bill should build on this success by increasing funding and eliminating barriers to successful project implementation, such as excessive bureaucracy and renegotiation of contract terms following award announcements.

4. Improve Equity in the Delivery of Conservation Program Funds and Technical Assistance

We applaud USDA's creation of the Equity Commission and its recently released Equity Action Plan. Despite progress made on equity in delivery of USDA programs generally, there continues to be need for improvements to USDA programs to ensure that all producers, regardless of race, gender, or farm size have equitable access to agriculture conservation tools. Additionally, traditional ecological knowledge of indigenous communities should be incorporated into USDA conservation activities where ecologically appropriate. We believe the Equity Commission's plan, if properly implemented, will go a long way to addressing persistent inequities in the delivery of USDA conservation programs. We would like to highlight a few areas included in the plan, while recognizing the importance of the entirety of the commission's recommendations:

- Equitable partnerships with non-governmental conservation technical assistance providers
 - Technical assistance needs are not fully met by USDA and unlocking the potential of non-governmental organization's expertise and capital will improve conservation outcomes for historically underserved groups also cultural competency and outreach training requirements. USDA documents, information, and outreach should also be translated into multiple languages and released at the same time as documents in English to provide all producers an equal opportunity to understand and access the tools and financial opportunities available to other producers.
- Reduce or remove barriers to USDA programs and improve support to small- to medium-sized and underserved farmers, ranchers, and landowners
 - Financial, cultural, and knowledge barriers persist in the delivery of conservation and broader USDA programs. As our farming population ages and more and more producers reach retirement age, it is important we bring in talented, hardworking individuals to continue the United States' agricultural productivity and stewardship of land and water.
- Uphold Federal Trust and Treaty Responsibilities to Indian Tribes
 - Partnering with Tribes and other local entities will improve USDA's conservation program delivery because of the invaluable knowledge and experience held by local producers and conservationists. This nascent opportunity for partnership between the federal government and non-traditional partners will expand and improve conservation outcomes.
- An unwavering commitment to civil rights
 - Civil rights are the cornerstone of the United States' democracy and therefore it's rural economies. Democracies have much more positive effects on environmental issues than

⁷ USDA NRCS. "Regional Conservation Partnership Program (RCPP)." Farm Bill Report (FY 2009 through FY 2020). https://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/srpt_cp_rcpp.html (April 21, 2022).

other types of government.⁸ As such, USDA cannot ignore its important role in upholding democratic ideals and the effect those ideals have in improving agricultural economies and conservation outcomes.

In addition to the Equity Commission's plan, we recommend the elimination or reduction of cost-share requirements for socially disadvantaged producers, streamlined applications processes for small- and mid-sized operations, and provision of up-front financial assistance for producers that can demonstrate need. Congress should provide clarification to USDA on heirs' property rights, including technical assistance on the development of succession plans for farming families. USDA should also examine predatory practices by third parties, create safeguards to prevent predatory practices, and avenues for legal recourse for those who have been taken advantage of.

5. Better Align Crop Insurance with Conservation Practices that Reduce Risk and Save Money

The Federal Crop Insurance Program (FCIP) is an irreplaceable tool for agricultural producers to manage risk against financial losses caused by market conditions and adverse growing season conditions. Crop insurance is an incredibly complex program, and sometimes has the unintended consequence of creating barriers to the adoption of conservation practices such as cover crops. The 2018 Farm Bill took an important step forward by removing one of the key barriers to adoption of cover crops in crop insurance. The 2023 Farm Bill should continue to ensure that the crop insurance program does not inadvertently create barriers for the adoption of conservation practices, and should enable, but not mandate, producers to adopt risk-reducing conservation practices and to ensure that producers who adopt these practices do not risk losing crop insurance coverage.

USDA's Pandemic Cover Crop Program helped to incentivize the adoption of cover crops and reward farmers who adopted cover crops. By providing a \$5 per acre premium discount to producers who planted cover crops, there was an increase in the number of reported cover crop acres, from 3-4 million annually, to over 12 million acres.⁹ Congress should build on the success of this program and direct the FCIP to continue to provide discounted premiums for adoption of risk-reducing, climate-friendly agricultural practices, allowing for regional flexibility and crop-appropriate conservation practices.

More data is needed on which conservation practices reduce risk and maintain or improve yields. Congress should include the Agriculture Innovation Act in the next Farm Bill. The Agriculture Innovation Act would help ensure that USDA is collecting data related to the impacts of conservation practices on enhancing crop yields, soil health, reducing risk, and improving farm and ranch profitability.

6. Conserve Wetlands and Highly Erodible land through Farm Bill Conservation Programs and Conservation Compliance Provisions

Highly erodible, marginal lands often are difficult to farm productively, yet can provide vital wildlife habitat and high quality grazing lands. Enrolling environmentally sensitive areas, marginally productive

⁸ Fiorino, Daniel. 2018. *A Good Life on a Finite Earth: The Political Economy of Green Growth*. New York: Oxford University Press.

⁹ USDA - RMA. 2022. "Producers with Crop Insurance to Receive Premium Benefit for Cover Crops." <https://rma.usda.gov/News-Room/Press/Press-Releases/2022-News/Producers-with-Crop-Insurance-to-Receive-Premium-Benefit-for-Cover-Crops> (April 21, 2022).

agricultural lands and high-quality wildlife habitat in the Conservation Reserve Program, Agricultural Conservation Easement Program, the Conservation Stewardship Program, and other Farm Bill conservation programs can provide producers the option to “farm the best and conserve the rest.”

Conservation compliance requires agricultural producers to refrain from draining wetlands on their property (swampbuster) and from farming highly erodible lands without a conservation plan (sodbuster) if the producers wish to maintain eligibility for certain farm program benefits, including receiving subsidies for crop insurance premiums. Originally enacted as part of the 1985 Food Security Act, this conservation compact between farmers and taxpayers been widely credited with turning the tide for wetlands loss on agricultural lands and for preventing significant amounts of soil erosion.¹⁰ Without conservation compliance provisions in the Farm Bill, millions of acres of wetland could be drained and countless acres of highly erodible land could be farmed without adequate conservation measures.

The 2023 Farm Bill must maintain the linkage between conservation compliance and crop insurance subsidies. It is critical that we ensure that the wetland conservation goals of the program are fully met. This can be done through improved monitoring, enforcement, and reporting, along with adequate conservation technical assistance funding to allow the agency to improve wetland determination quality and accuracy. Conservation compliance has been vitally important for wetland conservation and soil health, but does not replace benefits that can be conferred through other Farm Bill conservation plans and programs – they are all important tools in the conservation toolbox.

7. Improve Wildlife, Climate, and Agricultural Outcomes in Existing Conservation Programs

As the Senate Agriculture Committee considers conservation programs in the 2023 Farm Bill, we urge the Committee ensures that the programs are maximizing benefits for wildlife populations, water quality and quantity, and climate mitigation and adaption. As the United States considers ways to adapt to and mitigate climate change effects, we should not overlook the natural climate solutions delivered through popular conservation programs which are simultaneously in high demand from producers and conservationists.

The 2023 Farm Bill should increase the Conservation Reserve Program’s (CRP) acreage cap, especially focusing funding and acres on marginally productive or environmentally sensitive lands, as well as lands that provide high value wildlife habitat. CRP lands are important working lands for livestock producers who graze the lands, especially during drought conditions, and they provide environmental and on-farm benefits through pollinator habitat, improved carbon sequestration, soil health, water filtration, and reduced erosion and agricultural runoff. For example, analysis of CRP indicates the program conserved breeding habitat for 4.5 million birds and increased population sizes by 1.8 million birds.¹¹

To ensure the CRP program remains an attractive option for producers to put their marginal acreage into conservation cover, Congress must remove the cap on rental rates and restore incentive payments for high value continuous enrollment practices. To ensure that enrolled acreage continues to provide high quality habitat through the contract period, Congress should: restore the cost share for mid-

¹⁰ Moseley, J. 2013. Conservation Compliance: A 25-Year Legacy of Stewardship. American Farmland Trust 2013.

¹¹ Jr, David C. Pavlacky et al. 2021. “Scaling up Private Land Conservation to Meet Recovery Goals for Grassland Birds.” <https://pubag.nal.usda.gov/catalog/7523807> (April 21, 2022).

contract management activities; make the State Acres for Wildlife Enhancement Program a statutory program that stays within continuous CRP; eliminate the cap on cost share for seeds; and explicitly limit emergency haying to only 50 percent of the enrolled acres in any given year. Emergency haying on CRP acres, more common in recent years due to climate change exacerbated extreme weather, is particularly harmful to wildlife and can reverse accumulated environmental benefits accrued during CRP contracts. It's critical that the historical limits on CRP haying are restored. Maintaining and increasing CRP-related benefits are vital for the Mississippi River basin which continues to face ongoing threats from nutrient pollution, sedimentation, and toxic algal blooms, among others.

The Agricultural Conservation Easement Program (ACEP) is another important program in high demand from the agricultural community. The program provides financial and technical assistance to help restore, maintain and protect agricultural lands, grasslands, and wetlands. In the 2023 Farm Bill, Congress should increase funding available for ACEP easements and target the easements to areas at risk of conversion, areas with high wildlife habitat value, lands with high carbon sequestration potential, and water quality improvement. To maximize the climate and conservation benefits from these public investments, Congress should require NRCS conservation plans for all agricultural land easements. Additionally, Congress should ensure that there is adequate funding available for restoration and management of wetland reserve easements.

Considering negative, ongoing, and increasing climate change impacts on agricultural and conservation efforts, we also recommend that NRCS reviews and publicizes information on conservation practices best suited to adapting to and mitigating climate change effects, as appropriate to the various regions, ecosystems, and systems of production. Optimizing, as opposed to maximizing, carbon sequestration efforts will ensure that benefits will be conferred to wildlife, producers, and the climate. As producers deal with the new, increasingly painful reality of climate change, providing them the best available tools and technical assistance related to climate change is vitally important as temperatures increase and weather becomes increasingly inconsistent and extreme.

8. Address PFAS, an Ongoing Threat to Agricultural Land, Wildlife Habitat, and Human Health

Since the 2018 Farm Bill, there has been increased awareness and concern around the impacts of PFAS, a class of chemicals known as “forever” chemicals that are widespread and persistent in the environment and pose threats to agricultural lands, wildlife habitat, and human health. PFAS are widely used, long lasting chemicals which break down very slowly in the natural environment. They are found across the planet and elevated exposure to them are associated with significant harmful health effects to humans and animals.¹² In agriculture, they are found in biosolids that are applied to fields, leading to particularly harmful impacts to dairy producers as cows graze infected fields and PFAS levels bioaccumulate. This bioaccumulation contaminates the dairy produced by the cows, making it unsellable. Many fields contaminated with PFAS will likely never be farmable again, unless significant and costly remediation occurs. More research on soil remediation is needed.

We would like to thank the Senate Agriculture Committee for providing authority in the 2018 Farm Bill to research PFAS through the Food Safety Inspection Service and USDA for updating the Dairy Indemnity

¹² Coperchini, Francesca et al. 2021. “Thyroid Disrupting Effects of Old and New Generation PFAS.” *Frontiers in Endocrinology* 11: 612320.

Payment Program to include payment for loss of dairy cows due to PFAS contamination. We urge the Agricultural Committee to increase research and remediation of this significant threat to our agricultural lands, drinking water, and natural habitat. We recommend that Congress build on existing USDA and EPA efforts to address PFAS in the Farm Bill by:

- Expanding research efforts on PFAS contamination of agricultural lands, including research on soil monitoring, agricultural and ecosystem effects, and remediation strategies through the Agricultural Research Service, Food Safety Inspection Service, and other related agencies.
- Creating a pilot program to aid producers who are experiencing hardship from PFAS-contamination on their lands, prioritizing beginning and socially disadvantaged farmers and ranchers.

It is important that Congress and USDA explore and address this significant threat. In the absence of support, producers are disincentivized from testing their lands, products, and drinking wells for PFAS contamination despite its negative health effects. USDA and Congress must find solutions to tracking and containing this problem for the health and wellbeing of communities and viability of farming operations.

Conclusion

Thank you for the opportunity to submit this testimony. The 2023 Farm Bill presents great challenges and opportunities. We look forward to working with Chairwoman Stabenow and Ranking Member Boozman, along with the other members of the US Senate Committee on Agriculture, Nutrition and Forestry to ensure the bill includes strong conservation provisions that protect our wildlife habitat, soil, and water.

Respectfully submitted,

Charles S. (Trey) Buckner III
President
Arkansas Wildlife Federation

Tyler Schwartze
Executive Director
Conservation Federation of Missouri

Matt Wright
Board Chair
Conservation Coalition of Oklahoma

Scott Ourth
Executive Director
Iowa Wildlife Federation

Jeff Seim
President
Kansas Wildlife Federation

George Cunningham
Vice President
Nebraska Wildlife Federation

Geralyn Hoey
Director of Conservation Partnerships
National Wildlife Federation



The Honorable John Boozman
Ranking Member
Senate Committee on Agriculture, Nutrition, and
Forestry
Washington, DC 20510

The Honorable Debbie Stabenow
Chairman
Senate Committee on Agriculture, Nutrition, and
Forestry
Washington, DC 20510

Re: Testimony submitted for the record regarding the June 17th Field Hearing in Jonesboro, AR

Date submitted for the record: June 10th, 2022

Thank you to the U.S. Senate Committee on Agriculture, Nutrition, and Forestry, and Ranking Member Boozman and Chairwoman Stabenow for holding this field hearing to discuss Arkansas farmer perspectives on the next Farm Bill and how this critical legislation can be a vehicle for investing in the vitality of and improved quality of life in communities throughout Arkansas and the country. And thank you for the opportunity to submit this testimony for the record.

As a Land Advocacy Fellow and farmer leader with the National Young Farmers Coalition, I am proud to advocate for shifting power and changing policy to equitably resource our new generation of working farmers. I share Young Farmers' vision of a just future where farming is free of racial violence, accessible to communities, oriented towards environmental well-being, and concerned with health over profit. There are many barriers to realizing this vision, but access to land is the number one challenge facing this new generation, and this barrier is even greater for Black, Indigenous and other people of color (BIPOC) farmers. As a coalition of growers and land stewards, equitable land access and transition is our top priority. We must take action now to facilitate secure, affordable access to land for young farmers and farmers of color—there is no time to wait. This next Farm Bill must address land access and transition barriers head on, making an historic investment in equitably resourcing farmers developing community led solutions to policy challenges that are both deeply personal and systemic.

My farming journey didn't start out because I grew up around agriculture. And outside of a vague memory of picking muscadines (scuppermons) at my grandparents house in Mississippi when I was a young child, I can't even associate any of my upbringing with farming. What actually triggered the switch inside me

that led me down the path of being a farmer is still something I try to think back on from time to time. Whatever it was that helped me get here, to the farmer I am today, I know I'm here to stay.

In my eight consecutive years of farming, I have played a critical role creating three thriving diversified vegetable farms. I have had countless volunteers, employees and students. And I have spent almost as much time bleeding as I have shedding tears over the overwhelming importance of not only my career, but also what it means to be a farmer. My story isn't one that can be summed up in a single letter, nor one that is utterly unique. This is the path that has shaped me into a leader, an educator, and a young farmer.

Like most people attending university, I changed my mind about what I wanted to be a couple of times. I hopped from political science, to biology, and then finally landed in horticulture—the degree I received from the University of Arkansas. During my time at the UofA, I joined a student organization and quickly worked my way into leadership. That organization was called Grow Green and through it we secured some land inside the quads and started the first on-campus vegetable garden. Luckily, that small raised bed garden still stands today. This first taste in actually growing something more than a landscape or house plant is really what pushed me to be more interested in sustainability, growing vegetables, and tending to something over a long period of time. I was that garden's manager during its first summer.

I was very fortunate to have great guidance and leadership during my time at the UofA and finished my degree in 2014 with a focus on fruit and vegetable production and with every intention on moving out west to grow fruit—I had been convinced that it would be too much of an economic challenge in my part of Arkansas to even try. One thing about a degree in horticulture is that it comes with very little hands-on experience.

Graduation from the University's Bumpers College requires an internship in a horticultural field and after my first internship choice fell through, I was left in a lurch trying to find something that could count towards my internship and let me graduate. After much searching, I found Americorp and more specifically, Arkansas Gardencorp. During my service year I had the privilege of starting a small but productive garden for a non-profit in my hometown of Rogers. That garden grew vegetables and later expanded into fruit that all went into two soup kitchens and two food pantries. At that time I didn't realize that I was a mission driven farmer, but that experience is very much something that has shaped me for the better and helped get me to where I am now.

Running that farm for the next 5 years—painstakingly growing it into a productive half acre—taught me more than I can even express. I learned how to work inside of an organization and how to work outside surrounded by vegetables, weeds, and beautiful singing birds. I was never shy of hard work, something my parents did an amazing job instilling in me. I was actually proud of working hard. Something that is very difficult and intangible to teach and pass along. Even today when I'm teaching my students, I think back to my first farm and wonder how to best pass along that love of doing pretty hard work.

In my current role, I run a 15 acre teaching farm for the Center for Arkansas Farms and Food in Fayetteville, Arkansas. Our goal is to train the next generation of growers and increase the number of farmers in our region. Northwest Arkansas, like many other parts of this country, is seeing an explosion in land prices, exponential population growth, and an ever-aging farmer population. Not only am I training

the next generation of growers, I am also avidly looking for my own forever farm. I have been ready to start my own farm for the past three years, but even with my experience, my consistent salary, and my connections, I am still plagued like so many other young farmers with unobtainable land in the area I want to farm. Is it too much to ask that I find secure access to affordable land within a reasonable driving distance from the area in which I grew up? Farming is hard enough when you know all the local connections, farmers, and material sources. If I go to a place where land may be more affordable, how will I sell my vegetables and fruits? Does affordable land still exist? How will I source materials when shipping and travel are at their highest of my short lifetime? These questions are always on my mind, but they are not unique to my experience. They are illustrative of land access challenges facing my young farmer peers across the country.

Today, as we have these conversations surrounding the 2023 farm bill, I feel like we stand on a precipice, one like we may have never seen before. Knowing and experiencing the urgency of this land access crisis we are in, I struggle to enthusiastically send my students out to find land so that they can grow food for their communities. I worry that it will simply be too late by the time the 2028 farm bill rolls around to solve this crisis and to address all the other layered challenges young farmers are experiencing. The pandemic has painfully highlighted the fragilities in our food and farming systems. Now is the time to act, to preserve land for not only our future but the future of our kids and theirs. We need an historic investment in preserving farmland and making it accessible to young and BIPOC farmers. We need massive sweeping change or we will continue to rely on unsustainable systems that become more and more fragile every day. Let us farm, let us help restore the land, help us be the change we are striving to make.

With much appreciation, thank you for your consideration of this testimony and the opportunity to submit it for the record.

Sincerely,

Jonathan McArthur
Farm Manager & Field Educator at The Center for Arkansas Farms and Food
National Young Farmers Coalition Land Advocacy Fellow

