EXAMINING THE ECONOMIC CRISIS IN FARM COUNTRY

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

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EXAMINING THE ECONOMIC CRISIS IN FARM COUNTRY

TUESDAY, FEBRUARY 11, 2025

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to call, at 10:00 a.m., in Room 1300 of the Longworth House Office Building, Hon. Glenn Thompson [Chairman of the Committee] presiding.

Members present: Representatives Thompson, Lucas, Austin Scott of Georgia, Crawford, LaMalfa, Rouzer, Kelly, Bacon, Bost, Johnson, Baird, Mann, Feenstra, Miller, Moore, Cammack, Finstad, Rose, De La Cruz, Nunn, Newhouse, Wied, Bresnahan, Messmer, Harris, Taylor, Craig, Costa, McGovern, Adams, Hayes, Brown, Davids of Kansas, Salinas, Davis of North Carolina, Tokuda, Budzinski, Sorensen, Vasquez, Jackson of Illinois, Thanedar, Gray, McDonald Rivet, Figures, Vindman, Riley, Mannion, and McClain Delaney.

Staff present: Justin Benavidez, Timothy Fitzgerald, Justina Graff, John Hendrix, Harlea Hoelscher, Joshua Maxwell, Benjamin Nichols, Sam Rogers, Patricia Straughn, Trevor White, John Konya, Faye Thomas, Skylar Borchardt, Britton Burdick, Kate Fink, Clark Ogilvie, Emily Pliscott, Michael Stein, and Jackson Blodgett.

OPENING STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

The CHAIRMAN. The Committee will come to order. Good morning, everyone. Ladies and gentlemen, welcome to the first hearing of the 119th Congress for the House Committee on Agriculture, *Examining the Economic Crisis in Farm Country.* And a crisis is exactly what hundreds of thousands of farm families are facing as we speak. Across the board, commodity prices have fallen precipitously while input costs remain at or near record-high levels. For some commodities, returns have been in the red for several years. Producers are burning their hard-earned equity and being forced to have incredibly tough conversations with their lenders to just figure out how to hold on for one more year. Unfortunately for some, there won't be one more year.

In fact, the Agriculture and Food Policy Center at Texas A&M University, which tracks the financial performance of 92 representative farms all across the country, recently stated that in the 42 years of keeping records at the center, there has never been a time where there has been such a bleak outlook over the next 5 years for their representative farms, with every single major commodity deep in the red. Producers deciding what to plant this year aren't thinking about what rotation is likely to make money, but rather, what crops will cause them to lose the least.

Thankfully, at the end of last year, Congress was able to come together and enact $21 billion in aid to address weather-related losses in 2023 and 2024 and $10 billion to partially offset some of the economic losses experienced in 2024. Obtaining that aid was not easy, but myself and dozens of other Members and Senators were prepared to lay down on the tracks to block the continuing resolution if economic assistance wasn't included. That is a threat I didn't make lightly, but because of extreme concerns from the lending community, the desperation of the agriculture sector, and the threat to the future of farm families across the country, I could not in good conscience allow Congress to ignore the needs of our producers. I want to thank Speaker Johnson and the Members across both sides of the aisle that helped make that happen. I urge the Senate to act quickly to confirm Brooke Rollins, who I think will be the best Secretary of Agriculture of our lifetimes, so that she can expedite getting that assistance out the door. Farmers and their lenders cannot wait.

Downturns in agriculture are nothing new, it is and always has been a cyclical business. But it sure seems like the good times are shorter and not as profitable as they once were, and the bad times are lasting longer and are more severe. The needs of the industry have changed, and this underscores the critical importance of enacting a new farm bill with a significantly enhanced safety net. This won't by any means make producers whole, but a bolstered and properly functioning safety net will help them to weather the storm. I was proud of the work this Committee did in the last Congress to advance the Farm, Food, and National Security Act of 2024 (H.R. 8467, 118th Congress) in a bipartisan way. Unfortunately for numerous reasons outside of my control, we weren't able to get that bill across the finish line, and America's producers are the ones paying the price. We cannot let this year be a repeat of the last.

I look forward to working with my new Ranking Member, Congresswoman Angie Craig from the great State of Minnesota, to get the farm bill over the finish line this year. It oftentimes feels like here at the Agriculture Committee, our job is to enact policies, like the safety net, that treat the symptoms while other committees have jurisdiction over the disease. That is why I will be working around the clock with my fellow Chairmen to address the underlying causes of these record-high input costs, such as burdensome regulations, uncertainty around taxes, and harmful energy and environmental policies that are relics of the previous Administration. I will also be working with the Trump Administration to expand markets and create demand for U.S. agriculture products. I know there is a lot of concern about tariffs and potential retaliation, but as we have seen in just the past 2 weeks with Colombia, Canada, and Mexico, access to the U.S. consumer provides him powerful leverage to negotiate with foreign nations and he needs to use this leverage to advance the America First agenda. I will be keeping a vigilant watch over these actions and where U.S. agriculture gets caught in the crossfire, I will be the first to speak up on behalf of our producers.

I want to thank our witnesses here today. Each and every one of them has a unique perspective to offer the Members of this Committee that will help us understand where agriculture is, where things are headed, and what this Committee needs to consider as we work to enact a highly effective farm bill.

[The prepared statement of Mr. Thompson follows:]

PREPARED STATEMENT OF HON. GLENN THOMPSON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

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The CHAIRMAN. I would now like to welcome the distinguished Ranking Member, the gentlelady from Minnesota, Ms. Craig, for any opening remarks she would like to give.

OPENING STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Ms. CRAIG. Thank you so much, Chairman Thompson, and thank you for organizing this extremely timely hearing on the economic crisis in farm country. Thank you to my colleagues on both sides of the aisle for your commitment to helping our nation's farmers achieve our historic mission to feed, clothe, and fuel the world.

And thank you to our witnesses here today to help us, and more importantly, the country, better understand the crisis we are facing, and perhaps more importantly, how the decisions we make as leaders can support each of you.

This Committee, more than most, has historically worked on a bipartisan basis to help give farmers and ranchers the certainty they need. Mr. Chairman, I look forward to working with you toward the goal of a bipartisan farm bill that can get the support of the majority of Republicans and Democrats in the 119th Congress.

I don't have to tell our witnesses that for most in farm country, folks have been struggling. My Minnesota farmers tell me every day. High input costs, low prices, stubborn inflation, bird flu, droughts, floods, changes in consumer behavior, and general market volatility have made it increasingly difficult for America's family farmers. We know that our farmers and producers across rural America wake up wondering whether they will get enough or too much rain this year, suffer an early frost, get the credit they need by planting season, or have their fuel supply impacted by a war halfway around the world. And that is before the additional uncertainty injected into the conversation these past 3 weeks. Consider that grant dollars to farmers appropriated by Congress and already under contract with USDA have been frozen. Trade wars with our largest trading partners and largest export markets have been threatened. Food grown in America is rotting in a warehouse in Texas.

We all know, just like before, that trade wars will inevitably lead to retaliatory tariffs on American farmers. We know that cutting off foreign food assistance programs also cuts off a major market and farm income. These actions hurt the rural communities and family farmers we represent on this Committee. We know that Congress must also do its part to bring more certainty to farmers.

And that brings me to the farm bill. Farmers need a new farm bill to provide some semblance of stability for their business and their families, one that strengthens the farm safety net, cuts red tape, and provides new opportunities for new and beginning farmers. The best farm bill is not one that looks pretty on paper or makes promises that it can't deliver. It is the one that has the votes to pass the House, the Senate, and get signed into law. We stand ready to negotiate a bipartisan bill.

Farmers across the country, whether they use PLC, ARC, or crop insurance need a farm bill to keep feeding our communities and the world. Mr. Chairman, this Committee has always found a way for Democrats and Republicans to come together with the common goal of supporting our farmers and rural communities, and making sure our communities, no matter where they live, have food on the table.

My grandfather was a farmer. I know it takes faith and a lot of hard work. I want to thank the witnesses before us today for doing all that you do to help feed, clothe, and fuel this country. Your time and perspective are greatly appreciated.

[The prepared statement of Ms. Craig follows:]

PREPARED STATEMENT OF HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

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Mr. Chairman, thank you for treating me to the Pennsylvania Ag Show, with you last month. And with that, I yield back.

Ms. CRAIG. Mr. Chairman, thank you for treating me to the Pennsylvania Ag Show with you last month. And with that, I yield back.

The CHAIRMAN. The chair would ask that other Members submit their opening statements for the record so the witnesses may begin their testimony, and to ensure that there is ample time for questions.

Our first witness today is Dr. John Newton, the Executive Head of Terrain. Our next witness is Ms. Alisha Schwertner, the owner of Eric and Alisha Schwertner Farms in Miles, Texas. Our third witness today is Mr. Ryan Talley, a partner with Talley Farms in Arroyo Grande, California.

And I will now turn it over to the gentlelady from Illinois, Representative Budzinski, to introduce our final witness.

Ms. BUDZINSKI. Thank you, Mr. Chairman, for the opportunity to introduce our final witness. I am thrilled to welcome my friend, Rodney Weinzierl, to this hearing today.

Mr. Weinzierl is a farmer from Stanford, Illinois, who has been operating his third-generation corn and soybean farm with his wife for the past 26 years. He brings with him a wealth of experience in the agricultural sector, and an important outlook on the farm economy through his lived experience as a farmer in the top corn and soybean producing county in the nation.

Mr. Weinzierl, thank you so much for joining us today and for sharing your testimony before the Committee.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentlelady. Thank you to all of our impressive witnesses for joining us today.

We will now proceed to your testimony. You will each have 5 minutes. The timer in front of you will count down to zero, at which point, your time is expired.

Dr. Newton, please begin when you are ready.

STATEMENT OF JOHN NEWTON, PH.D., EXECUTIVE HEAD, TERRAIN, WASHINGTON, D.C.

Dr. NEWTON. Chairman Thompson, Ranking Member Craig, and Members of the Committee, thank you for inviting me to testify before you today. My name is John Newton. I am the Executive Head of Terrain.

Terrain is tasked with analyzing agricultural economic issues for our partnering Farm Credit associations. I frequently meet with farmers and ranchers in the communities they call home to understand their challenges and opportunities. My testimony today reflects these perspectives and is supported by data-driven analysis.

Since the high-income environment of 2022, we have seen the tale of two farm economies. Over the last 3 years, inflation-adjusted net cash farm income for corn and soybean farm families has dropped by 45 percent to their lowest levels in a decade and a half. Meanwhile, record cattle prices and higher milk prices have contributed to higher levels of income for those farm families, providing an opportunity for them to finally rebuild their balance sheets from the pandemic era lows, though other challenges remain.

USDA's net farm income is a broad measure of the financial conditions across the U.S. farm sector, and is the flagship measurement of the overall health of the U.S. farm economy. Driven by record agricultural exports, increased domestic demand, and pandemic related Federal support, inflation adjusted net farm income reached a record high in 2022 at $198 billion. The rise in farm income, however, coincided with historic inflation and farm production expenses as input costs reached a record $462 billion in 2022, remaining near those historically high levels still today.

With input costs slow to decline, pressure has been mounting as many farm families have worked through their working capital and are now faced with tough decisions on how to reduce expenses without giving up hard-earned access to land or compromising productivity.

Since 2022, and excluding government payments, U.S. inflation adjusted net farm income has fallen by $43 billion, or 26 percent, to $138 billion in 2025. We are witnesses to historic volatility in the farm economy.

For many crop and specialty crop farmers, margins have been tight or below break-even for several years because of inflation in input costs and lower farmgate prices. Through the foresight of this Committee, the American Relief Act of 2025 (Pub. L. 118–158) provided USDA with more than $30 billion to deliver *ad hoc* financial assistance to farmers experiencing economic and natural disasters. When including the *ad hoc* Federal support, U.S. inflation adjusted net farm income is projected at $180 billion, up 26 percent from last year. I know firsthand, however, that farmers would rather get their returns from the market, but in today's farm economy, it is *ad hoc* support that is propping up their incomes.

These economic assistance payments offset only a portion of a farmer's negative margins, and are only a bridge until a new 5 year farm bill can be authorized by Congress.

As we have seen for the last decade, U.S. agriculture continues to face down unprecedented economic challenges that traditional farm bill programs were ill-equipped to face, and we have relied too heavily on *ad hoc* support. *Ad hoc* support is unpredictable and cannot be counted on in times of economic crisis like we are facing today.

The next farm bill can end the reliance on *ad hoc* support with enhanced risk management tools. With nearly 350 million people in the U.S., the cost of critical farm risk management and conservation programs is less than 8¢ per meal. Ask anyone in America if they would support additional investments into the farm bill to ensure farmers can produce a safer, more sustainable, and more secure food supply while also being economically sustainable themselves. The answer will be a resounding yes.

Farm Credit is there for the farmer through the highs and the lows of the farm economy. We know firsthand that the sense of urgency is real in farm country and the opportunity to enhance the 5 year contract with agriculture and rural America is now, before it is too late.

Healing an ailing farm economy with a new 5 year farm bill would be an important first step for the long run success of U.S. agriculture, our food security, and our national security.

Thank you very much for the opportunity to offer testimony before you today. I am thankful to every Member of this Committee for your time and attention, and I look forward to answering any questions you may have.

Thank you.

[The prepared statement of Dr. Newton follows:]

PREPARED STATEMENT OF JOHN NEWTON, PH.D., EXECUTIVE HEAD, TERRAIN, WASHINGTON, D.C.

Chairman Thompson, Ranking Member Craig, and Members of the Committee, thank you for inviting me to testify before you today.

My name is John Newton, and I am the Executive Head of Terrain. I am honored to appear before the Committee to provide insights on factors contributing to the health of the U.S. farm economy. Terrain is tasked with researching agriculture, food, risk management and macroeconomic areas for our partnering Farm Credit associations, which are AgCountry Farm Credit Services, American AgCredit, Farm Credit Services of America, and Frontier Farm Credit. The service areas of these Farm Credit associations span from Iowa, North Dakota and Wisconsin to New Mexico, California and Hawaii, with many states between.

I hold a Ph.D. in agricultural and applied economics from The Ohio State University and have over 2 decades of experience in economic and policy analysis and development. I recently served as Chief Economist on the U.S. Senate Committee on Agriculture, Nutrition, and Forestry for Senator Boozman of Arkansas. Before that, I was the Chief Economist for the American Farm Bureau Federation, an organization representing nearly six million family and farm members on Capitol Hill.

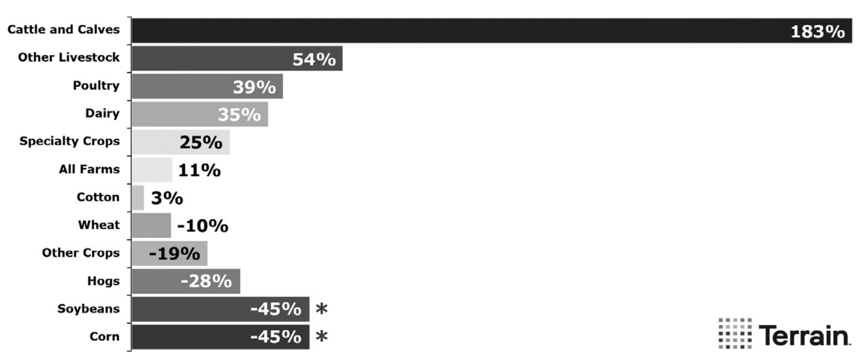
In my current and previous roles, I frequently meet with farmers and ranchers in the communities they call home to understand their challenges and opportunities. My testimony reflects these grassroots perspectives and is supported by data-driven analysis.

Thankfully, due to the foresight of leaders of this Committee, as well as your colleagues in the Senate, the *ad hoc* assistance provided in the American Relief Act of 2025 will bring much-needed relief to farmers who have experienced multiple years of declining revenues and farm income, as well as those who have faced catastrophic natural disasters on their farm. However, since the high-income environment of 2022, we have seen a tale of two farm economies: Crop producers have experienced significant challenges due to low prices and high inputs, while some livestock producers have benefited from high cattle and milk prices, helping to offset elevated input costs.

For example, since 2022, inflation-adjusted net cash farm income for corn and soybean farmers have dropped by 45% to their lowest levels in a decade and a half. Meanwhile record cattle prices have contributed to higher levels of income since 2022—providing an opportunity for those farmers and ranchers to finally rebuild their balance sheets from the pandemic-era lows.

A Tale of Two Farm Economics

Change in Inflation-Adjusted Net Cash Farm Income, 2022 to 2025



* Lowest level in last 15 years.

Sources: USDA ERS February 2025 Farm Sector Income Forecast, Terrain.

Farm Economic Conditions

The flagship measurement of the overall health of the U.S. farm economy is the USDA's net farm income, which measures the difference between total gross farm income and total production expenses and is a broad measure of the financial conditions across the U.S. farm sector.[1]

Driven by record agricultural export sales, increased domestic demand, and pandemic-related Federal support, inflation-adjusted net farm income reached a record high in 2022 at $198 billion. The rise in farm income, however, coincided with historic inflation as post-pandemic supply chain disruptions and reduced labor availability drove up costs across all sectors of the U.S. economy. For food- and energy-related products, Russia's invasion of Ukraine further reduced global stockpiles of critical grains and oilseeds; disrupted global trade flows; and drove food, energy and fertilizer prices to record highs.

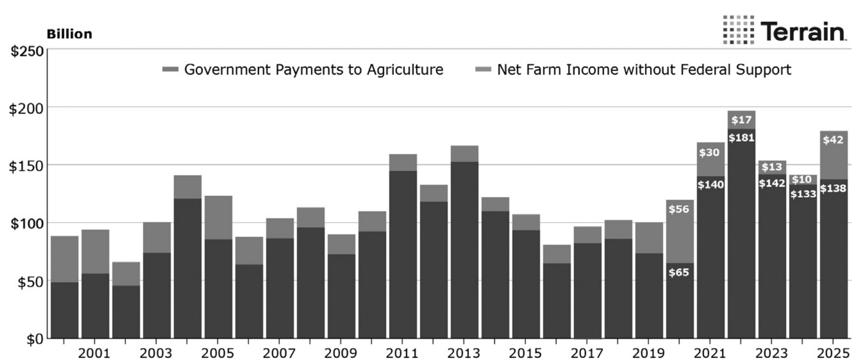
Nominal farm production expenses reached a record of $462 billion in 2022 and remain near those historically high levels as input costs have not eased for farm families across the country. For example, crop production costs are projected to be higher this year for seed, chemicals, custom work, repairs, maintenance and taxes, while lower costs are projected for fertilizers, energy and interest.

With input costs slow to decline, pressure has been mounting for 3 consecutive years across the farm economy—specifically for crop and specialty crop farmers. Many farmers have worked through their working capital and are now faced with tough decisions on how to reduce expenses without giving up hard-earned access to land or compromising productivity. The reality on the ground is that between 2022 and 2025, and driven by lower crop prices and elevated inputcosts, the USDA's Farm Sector Income Forecast shows that:

- Since 2022, and excluding government payments to agriculture, U.S. inflation-adjusted net farm income has fallen by $43 billion or 26%. U.S. net farm income (excluding government support) is projected at $138 billion in 2025, up slightly from 2024 when adjusted for inflation.
- When including the *ad hoc* Federal support provided by Members of this Committee and your colleagues in the Senate during the last Congress, alongside traditional government support from commodity and conservation programs, U.S. inflation-adjusted net farm income is projected at $180 billion, up 26% from last year.

Ad Hoc **Aid to Lift Farm Economy, 2025**

Inflation-Adjusted U.S. Net Farm Income (With and Without Federal Support), 2000 to 2025 Forecast



Sources: USDA ERS February 2025 Farm Sector Income Forecast, Terrain.

The USDA's Farm Sector Income Forecast shows that U.S. crop farmers have experienced 3 consecutive years of declining cash receipts, falling from an inflation-adjusted value of $307 billion in 2022 to $240 billion in 2025—a decline of $67 bil-

[1] USDA Economic Research Service, "Farm Sector Income & Finances," *https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances*.

lion, or 22%. For many farmers—and depending on their management, marketing, land ownership and risk management decisions—margins may have been tight, or returns may have been below break-even, for several years because of inflation in farm production expenses and lower farm-gate prices.

Inflation-adjusted cash receipts for livestock have fallen $7 billion since 2022 and those producers continue to face new challenges. Input costs remain elevated, and goals to capitalize on higher cattle or milk prices face headwinds due to issues with drought conditions, low inventory levels, and rising animal disease risks. Despite these challenges, for some, cash receipts for livestock, dairy, and poultry farmers have remained stable—preventing a much wider economic crisis in farm country.

Crop Farm Prices, Input Costs and Margins for 2025

Last year, the USDA provided an early release of supply, demand and price projections to 2034 for select commodities.[2] *Terrain analysis*[a] of the data revealed that for the upcoming 2025/26 crop year (that is, the crop that farmers will plant this spring), the national marketing year average corn price is projected at $3.90/bushel (bu.), down 40% from the recent high of $6.54/bu. Soybean prices are projected at $10/bu., down 30% from 2 years ago. All major crops except wheat are expected to see lower or flat prices for the upcoming crop year. This upcoming crop year, wheat prices are projected to climb to $5.80/bu., yet wheat prices will remain 34% lower than the price farmers received just a few short years ago.[3]

As I have indicated, input costs have been slow to adjust, and this spring the cost of production for major field crops is expected to remain elevated.[4] Crop input costs this year are expected to be the highest for rice at more than $1,300/acre (ac.). Next come peanuts, then cotton. For cotton, the cost of production is forecast at $900/ac. The cost to produce an acre of corn is projected at $871/ac., and for soybeans the projected cost of production is $625/ac. To put these costs into perspective, according to the *USDA Census of Agriculture,*[b] the average-sized corn farm in the U.S. is 279 acres, which equates to nearly $250,000 in total costs to plant a crop, with no guarantee that Mother Nature will do her part.[5]

Given these high input costs and expectations for crop prices to mostly move lower again in 2025, it is no surprise that another year of margins at or below break-even is on the horizon. Even the University of Illinois' 2025 Crop Budgets confirm crop prices and revenues will be below break-even for high-productivity farmland in Central Illinois.[6] The most recent crop market outlook from the Agricultural and Food Policy Center at Texas A&M University reveals that many farms in each of their four commodity types (feedgrains, cotton, rice and wheat) are not expected to have a positive cash flow over the next 5 years and there is no crop rotation that yields a positive return.[7]

Based on *Terrain's analysis*[c] of current price and yield expectations, for the 2025/26 marketing year, the revenue shortfall is expected to be the largest for cotton at $339, or 38% below break-even. Other crops such as grain sorghum are projected at $174, or 40% below break-even, and corn at $161, or 19% below break-even. Importantly, for every major U.S. field crop, the projected revenue in 2025 is below the projected cost of production, marking the third year in a row of low or negative economic returns, on average, for crop farm families.

[2] "Early-Release Tables from USDA Agricultural Projections to 2034," *https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-economist/commodity-markets/baseline-projections*.

[a] *https://www.terrainag.com/insights/crop-margins-likely-to-remain-tight-in-2025/*.

[3] John Newton, "Crop Margins Likely to Remain Tight in 2025," December 2024, Terrain, *https://www.terrainag.com/insights/crop-margins-likely-to-remain-tight-in-2025/*.

[4] USDA Economic Research Service, "Cost-of-Production Forecasts for Major U.S. Field Crops, 2024F–2025F," *https://www.ers.usda.gov/data-products/commodity-costs-and-returns*.

[b] *https://www.nass.usda.gov/Publications/AgCensus/2022/index.php#full_report*.

[5] USDA Census of Agriculture, *https://www.nass.usda.gov/Publications/AgCensus/2022/index.php*.

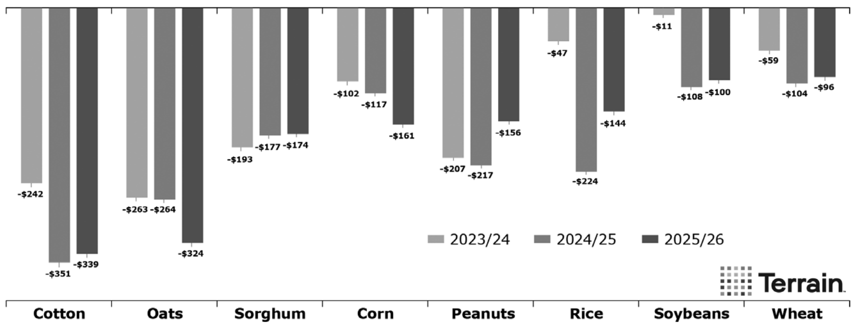
[6] Farmdoc University of Illinois, "Revised 2025 Illinois Crop Budgets Including Breakeven Corn and Soybean Prices," *https://www.youtube.com/watch?v=WSDcsi0IwLE*.

[7] Joe L. Outlaw and Bart L. Fischer, "Why the Current Economic Downturn Is So Troublesome," *Southern Ag Today,* January 30, 2025, *https://southernagtoday.org/2025/01/30/why-the-current-economic-downturn-is-so-troublesome/*.

[c] *https://www.terrainag.com/insights/crop-margins-likely-to-remain-tight-in-2025/*.

Margins Expected to Remain Tight in 2025

National Average Estimates, Dollars per Acre, 2023/24 to 2025/26 Projected



Sources: USDA Economic Research Service Cost of Production Estimates, January 2025 WASDE Early-Release Tables from USDA Agricultural Projections to 2034, FAPRI, Terrain.

The Impact of Bridge Economic Assistance for Farmers

In response to this historic and ongoing decline in the farm economy, and through the foresight of leaders of this Committee, the American Relief Act of 2025 provided the USDA with nearly $10 billion to deliver *ad hoc* financial assistance to crop farmers experiencing economic disasters as well as more than $20 billion to help farmers recover from catastrophic natural disasters such as hurricanes, wildfires and drought.[8] According to the American Farm Bureau Federation, in recent years, catastrophic natural disasters have resulted in agriculture-related losses in the tens of billions of dollars.[9]

Terrain's analysis[d] indicates that for major crops such as corn, soybeans, wheat, sorghum, oats and cotton, the estimated economic assistance payments (excluding payments related to natural disasters) offset only a portion of a crop farm's negative margin.[10] Terrain's estimates further indicate that these economic assistance payments could range from a high of $87/ac. for cotton to a low of $29/ac. for soybeans, and nationally will average approximately $38/ac. Unfortunately, in no case do these program payments bring farm cash flow levels even close to break-even.

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[8] The American Relief Act of 2025, *https://docs.house.gov/billsthisweek/20241216/ARA%2012.20.pdf*.

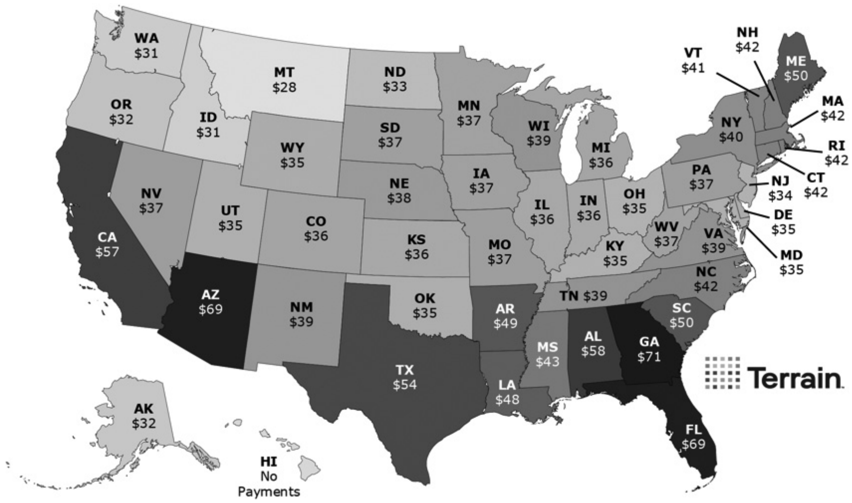
[9] Daniel Munch, "Natural Disaster Relief for Farmers: Incomplete Since 2022," November 8, 2024, American Farm Bureau Federation, *https://www.fb.org/market-intel/natural-disaster-relief-for-farmers-incomplete-since-2022*.

[d] *https://www.terrainag.com/insights/what-farmers-can-expect-from-the-american-relief-act/*.

[10] John Newton, "What Farmers Can Expect From the American Relief Act," January 2025, Terrain, *https://www.terrainag.com/insights/what-farmers-can-expect-from-the-american-relief-act/*.

What Will Farmers in Each State Receive?

Average Economic Assistance Payments, Dollars per Acre

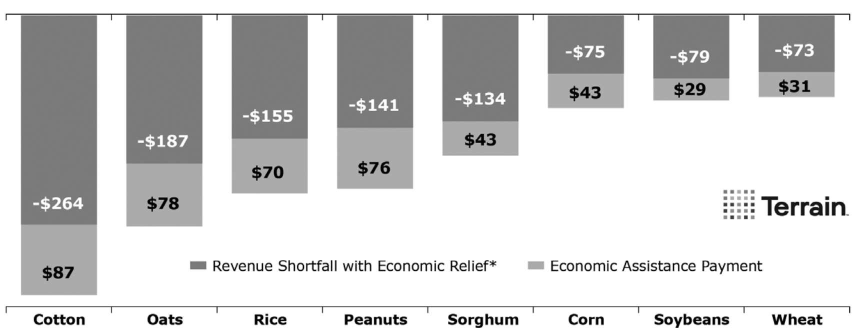


$38/Acre **Average Economic Assistance Payment per Acre.**
Sources: USDA ERS, USDA NASS, USDA FSA, Terrain.

These economic assistance payments are only a bridge until a new 5 year farm bill can be authorized by Congress. These dollars are much needed as farmers prepare for the upcoming growing season. However, while these one-time payments will help to improve working capital, based on crop price and yield projections from the *January 2025 World Agricultural Supply and Demand Estimates,* many farmers are still projected to experience tight or negative margins after accounting for the economic assistance payments, amplifying the need for a new 5 year farm bill with enhanced risk management tools.[11]

Tight Margins and American Relief Act Payments

National Average Estimates, Dollars per Acre, 2024 Crop Year



* Based on USDA cost-of-production estimates and revenue per acre from the January 2025 WASDE.
Sources: USDA ERS, USDA NASS, USDA FSA, Terrain.

Agricultural Trade and the Farm Economy

In the years preceding the high-farm-income environment, several new trade agreements were negotiated and agreed upon with countries around the world that

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[11] USDA World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates, https://www.usda.gov/about-usda/general-information/staff-offices/office-chief-economist/commodity-markets/wasde-report*.

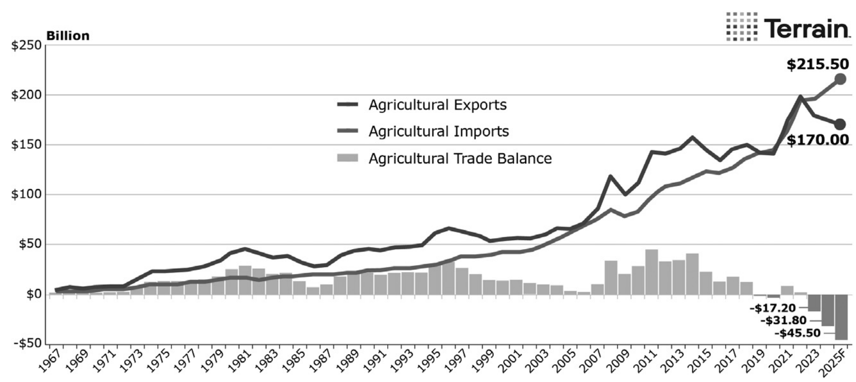
impacted the economic success of U.S. agriculture. These included the Economic and Trade Agreement Between the United States of America and the People's Republic of China, the United States-Mexico-Canada Agreement, and the U.S.-Japan Trade Agreement.[12, 13, 14]

By Fiscal Year (FY) 2022, the value of U.S. agricultural exports had reached a record high of $196 billion and contributed to the financial success of many farm families across the country.[15] While food and agricultural imports were also on the rise, the U.S.'s agricultural industry remained mostly in a position of positively contributing to the U.S. trade balance with the rest of the world—a position that U.S. agriculture until only recently had held for the better part of 5 decades.

Now, in FY25, the U.S. agricultural trade deficit is projected to be the largest in history at nearly $46 billion, according to the USDA's Economic Research Service. While the value of the dollar, demand for year-round access to fruits and vegetables, and demand for imported alcoholic beverages contribute to record food and agricultural imports, the value of U.S. exports has fallen sharply—projected at $170 billion in FY25 and down $26 billion from FY22's record.[16]

U.S. Agricultural Trade and Trade Balance

U.S. Agricultural Exports, Imports and Trade Balance, Actual and Projected, Fiscal Year



Sources: USDA FAS GATS, USDA ERS, Terrain.

The ripple effect of slower U.S. agricultural exports hits the farm economy, farm families and rural Main Street, and is a large contributor to the decline in crop cash receipts and overall net farm income since 2022.

To reverse the record-large trade deficit in agriculture, a priority should be placed on finding and developing new markets for U.S. agriculture, reducing non-tariff barriers to trade, accelerating the adoption of science-based production practices, and improving existing market access in the major economies with which U.S. agriculture does business and those we desire to do business with.

To assist in export market access and development, the USDA allocated $174 million through the Market Access Program (MAP) and allocated $27 million through the Foreign Market Develop Program (FMD) to collaborating organizations in FY24, but more can be done. The Farm, Food, and National Security Act of 2024, passed out of Committee in the 118th Congress, would have doubled funding to MAP/

[12] United States Trade Representative, "Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China Text," *https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china/phase-one-trade-agreement/text*.

[13] United States Trade Representative, "United States-Mexico-Canada Agreement," *https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement*.

[14] United States Trade Representative, "Fact Sheet on U.S.-Japan Trade Agreement," *https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2019/september/fact-sheet-us-japan-trade-agreement*.

[15] USDA Economic Research Service, "U.S. Agricultural Trade—Outlook for U.S. Agricultural Trade," *https://www.ers.usda.gov/topics/international-markets-us-trade/us-agricultural-trade/outlook-for-us-agricultural-trade*.

[16] USDA Economic Research Service, "U.S. Agricultural Trade—Outlook for U.S. Agricultural Trade," *https://www.ers.usda.gov/topics/international-markets-us-trade/us-agricultural-trade/outlook-for-us-agricultural-trade*.

FMD—providing increased opportunities for farmers, ranchers and their collaborating organizations to close the gap in our agricultural trade deficit in the years to come.[17]

Under the current Administration, tariffs are either in effect or under consideration in major U.S. agricultural export markets. Although none of these markets has enacted retaliatory measures directly affecting U.S. agriculture or farmers and ranchers, it is crucial to closely monitor economic implications of these tariffs on farm-level income, supply chains, and the consumption of food and agricultural products. This evaluation will be essential if Congress ultimately needs to contemplate market interventions or *ad hoc* support measures to protect farmers and their rural communities from retaliation.

Enhanced Risk Management Is Critical in Farm Country

Farm Credit has been a partner with the USDA for decades in the delivery of Federal crop insurance to our nation's farmers and ranchers. Since 2014, the USDA's Risk Management Agency has worked with the industry to make over 300 crop insurance modifications, including the introduction of new policies through the 508(h)-development process to manage new risks. Notable developments include:

- New policies to manage the risk of rising input costs on farm margins
- New area-based plans of insurance with higher levels of coverage
- Expanded options for livestock producers such as Dairy Revenue Protection (Dairy-RP)
- Higher premium cost-sharing for cattle and hog farmers

Through various modifications and enhancements, Farm Credit aims to provide the necessary tools and insights, including those offered by *Terrain,*[e] to assist farmers in managing the risk associated with price declines or crop losses through crop insurance. Several Farm Credit associations have invested in new technologies to help crop and livestock farmers make informed crop insurance decisions. For example, *Optimum*[f] uses a simulation process that combines prices, yields, and Federal crop insurance policy frameworks to determine how different combinations of crop insurance products can perform in helping farmers manage their risk. Through Optimum, farmers can better take advantage of market opportunities before the growing season to maximize revenue and reduce risk, providing them the financial security to better market their crop during the growing season.

Even with all the opportunities and tools the Federal Crop Insurance Program and Farm Credit provide, my research suggests that the most common crop insurance policies for managing risk will not cover break-even expenses for most crop farmers in 2025. For example, using county-level non-irrigated yield information from the USDA's Risk Management Agency, Chicago Mercantile Exchange settlement price for new-crop corn of $4.60/bu., and the most common crop insurance policy purchased in each county, crop insurance guarantees cover 70% of USDA Economic Research Service production costs in just over 60% of corn-producing counties. In about ¼ of these counties, insurance guarantees cover only 50% of the USDA's estimated production costs.

Endorsements like the Enhanced Coverage Option, created at the direct request of growers, enable farmers to buy higher coverage levels. The USDA's recent premium cost-share improvements make it a viable risk management option. However, in 2024, slightly more than 15 million acres were insured across 30 crops. Increasing education and awareness of these endorsements and changes to these endorsements—alongside other improvements in policy options such as Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC)—will help farmers collaborate with their insurance agents and other stakeholders to create effective risk management strategies for their farm operation.

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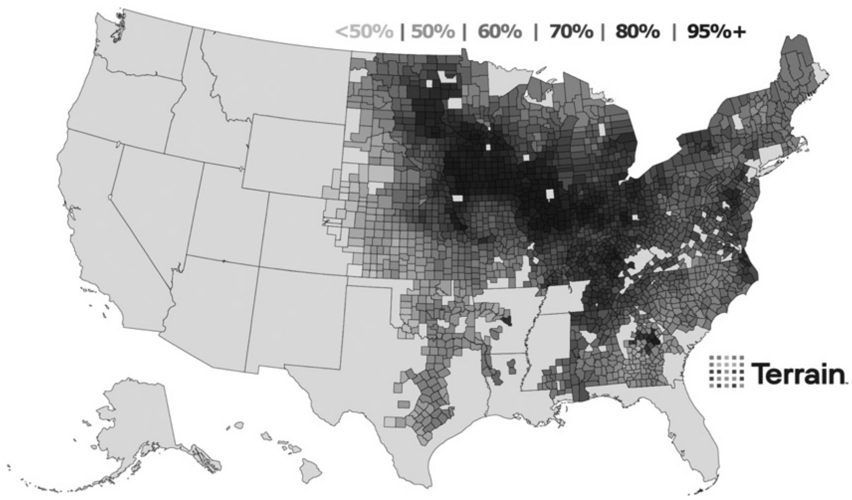
[17] House Committee on Agriculture, "Farm, Food, and National Security Act of 2024," *https://agriculture.house.gov/farmbill/*.

[e] *http://www.terrainag.com/*.

[f] *https://www.fcsamerica.com/insurance/resources/optimum*.

Insurance Coverage May Fall Short of Input Costs

Projected Crop Insurance Revenue Guarantee as a Percentage of ERS 2025 Cost-of-Production Estimate for Corn



Sources: Watts and Associates, USDA ERS, Terrain.

State of the Dairy Industry

Dairy is one of the largest portfolios financed by our partner Farm Credit associations, prompting us to closely monitor the health of the dairy economy. The number of dairy farms in the U.S. has declined significantly. According to the most recent Agricultural Censuses, farm numbers decreased from 39,303 in 2017 to 24,082 in 2022.[18] Although the total number of milk cows also fell, it was a less pronounced decline, from 9.5 million to 9.3 million head, underscoring the rapid consolidation within the industry.

Dairy profitability has been highly uncertain due to the volatility of managing milk and feed prices alongside rising input costs beyond feed. Dairy Margin Coverage (DMC) margins, which serve as an overall indicator of U.S. dairy farm profitability, have fluctuated dramatically, ranging from an all-time low of $3.52/hundredweight (cwt) to an all-time high of $15.57/cwt within 15 months from July 2023 to September 2024.[19]

In addition to market-driven volatility, U.S. dairy producers faced an outbreak of Highly-Pathogenic Avian Influenza (HPAI) in 2023 that has persisted into 2025. Affected milking herds can experience a significant reduction in milk production, ranging from 20% to 30% during the primary month of infection, with minor reductions continuing in the following months. Since March 2023, there have been 937 confirmed cases in 16 states. Notably, California—the top milk-producing state in the country—has reported 720 cases and experienced state-level milk production declines in both November and December 2024, resulting in a shortfall of hundreds of million pounds of milk.

The impact of animal diseases, geopolitical risks, and fluctuations in supply and demand ultimately affect the mailbox milk price checks that dairy farmers receive. With slightly more than a quarter of the U.S. milk supply purchasing livestock insurance, there is an ongoing need for increased education and awareness regarding the availability and affordability of risk management tools such as Dairy-RP and Livestock Gross Margin insurance.

State of the Beef Cattle Industry

Alongside dairy and row crop portfolios, financing for beef cattle production makes up another large share of the portfolio of our partnering Farm Credit associations.

[18] USDA Census of Agriculture, *https://www.nass.usda.gov/Publications/AgCensus/2022/index.php*.

[19] Ben Laine, "Structural Shifts Ahead in 2025," December 2024, Terrain, *https://www.terrainag.com/insights/structural-shifts-ahead-in-2025/*.

There are various segments of the beef cattle industry that we monitor closely, including cow-calf producers, stocker/backgrounder operations, feed yards and processing.

Drought conditions, the early pandemic-era financial pressures felt across many segments of the beef cattle supply chain, and the ongoing decline in the cattle numbers have contributed to a substantial decline in the number of farms with beef cows. Over the last 5 years alone, feeder and fed cattle prices have rallied from cycle lows to record highs. Simultaneously, beef cow and feeder cattle and calf inventories have continued to decline to more than 60 year lows. As reported in the USDA's recent cattle inventory report, beef cow numbers, as of January 1, 2025, total 27.9 million head. This is down 0.5%, or 150,000 head, *versus* a year earlier. Compared with the most recent cycle peak that occurred in 2019, beef cow inventories are down 3.8 million head, which represents a decline of 12%. The report also revealed that cow-calf operations retained and bred 2% fewer beef replacement heifers during 2024 and retained about 1% fewer heifer calves to grow and breed during 2025. This will make it extremely difficult for any herd rebuilding to occur before 2027.[20]

Even though most beef cow-calf operations have returned to profitability during this contraction phase of the cattle cycle, escalating costs have kept record prices from returning record profits. According to the *USDA's Economic Research Service Estimated Costs and Returns for Cow-Calf Producers,*[g] the total cost of production reached a record high of $1,729/head in 2024, while the average returns over variable operating costs are approximately half of what returns were a decade ago when cattle prices reached similar levels.[21]

Emerging forecasts for a return to drought conditions across much of the major cow-calf production areas, high operating costs, higher interest rates due to inflation, and advancing average producer age are holding most cow-calf producers back from thinking of breeding herd expansion. Many operations are using the opportunity of high prices and relatively higher revenues to de-leverage their financial position and improve balance sheets. A return to profitability and a positive outlook for continued high calf prices has most cattle producers evaluating the multiple factors that could make or break their successful herd rebuilding.[22] The reduction in beef cow and beef replacement heifer numbers that occurred during 2024 and was confirmed in the cattle inventory report suggests the beef cow herd may only stabilize during 2025 and 2026. The current rally in prices for all classes of cattle and beef has been driven by a simultaneous decline in cattle numbers and continued year-over-year increases in beef demand. Cattle and beef producers' focus on consumer tastes and preferences and delivering a consistent improvement in beef quality has been a winning strategy.

Current cattle price cycle lows for feeder and fed cattle occurred in April 2020, during the onset of the COVID–19 pandemic. Now, less than 5 years later, feeder and fed cattle prices are setting record highs. Since setting their lows, feeder cattle prices are up 142% ($117/cwt to $277/cwt) and fed cattle prices have rallied 121% ($95/cwt to $210/cwt).

Improved grazing opportunities and declining feedgrain prices resulted in modest profitability for the margin-driven stocker and feed yard cattle operations that grow cattle they have purchased from other cattle producer segments. However, the record-high prices they paid for replacement cattle during the fall and winter of 2024—when the number of available cattle was historically low—may yield financial losses during the second half of 2025 when they sell those animals.

The record value of the inventory on cattle operations has underscored the continued and growing need for functional and efficient risk management tools for all sizes of operations. Producers' access to tools like Livestock Risk Protection (LRP) and Livestock Gross Margin (LGM) plans is increasingly important, as they serve backgrounding and feed yard operations well. Recent enhancements to the programs will make them even better tools for farmers and ranchers. Some cow-calf operations are participating in LRP but have additional exposure to weather, driving poor ranch-level reproductions and reducing calf growth. The Weaned Calf Risk Protection pilot program could be a valuable tool for ranchers and farmers, but ongoing education on program functionality is needed to enhance program adoption.

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[20] USDA National Agricultural Statistics Service, "Cattle Inventory," January 2025, *https://usda.library.cornell.edu/concern/publications/h702q636h?locale=en*.

[g] *https://ers.usda.gov/sites/default/files/_laserfiche/DataFiles/47913/CowCalfCostReturn.xlsx?v=90056*.

[21] USDA Economic Research Service, "Commodity Costs and Returns," *https://www.ers.usda.gov/data-products/commodity-costs-and-returns*.

[22] Dave Weaber, "Growing Optimism for 2025 Fed Cattle Prices," December 2024, Terrain, *https://www.terrainag.com/insights/growing-optimism-for-2025-fed-cattle-prices/*.

Specialty Crop and Wine Grape Challenges in California

Specialty crop production in California has faced significant challenges since the onset of the COVID–19 pandemic. While some crops have fared better than others, most have experienced either a rapid increase in costs, a sharp decrease in prices, or both. These developments have compounded existing challenges in the state's agriculture sector, such as rising regulatory compliance costs and the Sustainable Groundwater Management Act (SGMA), which restricts groundwater pumping and leads to the repurposing of many acres of production.

Tree nuts, a major portfolio of our partner Farm Credit associations, have been hit particularly hard. The pandemic disrupted global shipping lanes, causing inventories of almonds and walnuts to accumulate in warehouses, which put immediate downward pressure on prices. Combined with increased costs due to inflation, this resulted in the lowest profitability on record, according to Terrain research.[23] This has forced many farmers to remove acreage, with bearing walnut acreage already in decline for the first time since 1999, according to the USDA. Almond bearing acreage is also expected to decline soon.

Weather challenges and economic headwinds contributed to a smaller wine grape crop in 2024.[24] U.S. wine grape growers continue to face growing risk of financial loss due to the increasing prevalence of wildfires in key West Coast growing regions. Growers suffered substantial losses in both 2017 and 2020 due to vine damage as well as the rejection of contracted fruit stemming from actual and perceived smoke taint. Many estate wineries used only a portion of their fruit or did not make wine at all, and some smoke-impacted grapes were made into bulk wine and sold at below-market prices. The estimated financial loss to California wine grape growers was over $600 million in 2020 alone. Reflecting the severe losses that occurred in the California grape industry in 2020, more than $300 million in indemnities were made to California grape growers, a record high and a clear reason why recent developments such as Fire Insurance Protection—Smoke Index is much needed for grape growers subject to fire risks.[25]

Farm Bill Is a Five Year Contract with Agriculture

The Congressional Budget Office's January 2025 baseline for mandatory farm and nutrition programs projected total farm bill spending at $1.4 trillion over 10 years.[26] Of that total, approximately $300 billion is projected for mandatory USDA farm programs such as crop insurance, commodity income support programs, livestock disaster programs, conservation and working lands programs, and trade promotion programs. These critical programs are currently operating on a 1 year extension through the end of FY25, with no certainty thereafter.[27]

[23] Matt Woolf, "Low Profitability Likely to Continue for Nut Crops in 2023/2024," October 2023, Terrain, *https://www.terrainag.com/wp-content/uploads/2023/10/Terrain-Nut-Profiitability.pdf*.

[24] Chris Bitter, "Some Light at the End of the Tunnel," December 2024, Terrain, *https://www.terrainag.com/insights/some-light-at-the-end-of-the-tunnel/*.

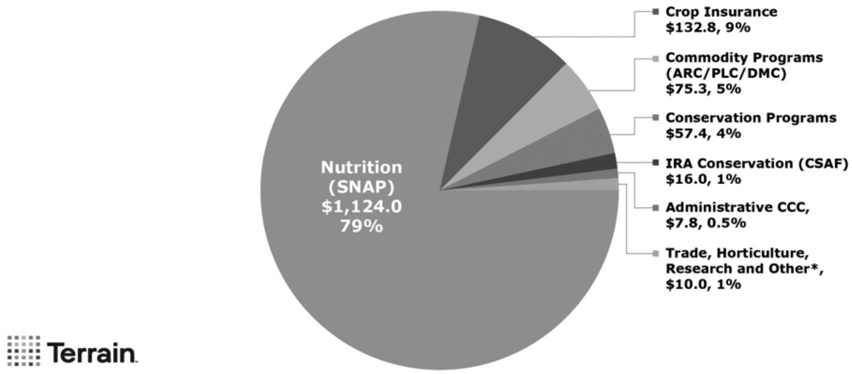
[25] USDA Risk Management Agency, *Summary of Business Report Generator, https://public-rma.fpac.usda.gov/apps/SummaryOfBusiness/ReportGenerator*.

[26] Congressional Budget Office January 2025 Baseline, *https://www.cbo.gov/data/baseline-projections-selected-programs#23*.

[27] The USDA's Federal Crop Insurance Program operates on permanent authority.

January 2025 Baseline for Farm Bill Programs

FY 2026 to FY 2035, Billions



***$1.4 Trillion* estimated cost of USDA mandatory farm, conservation, and nutrition programs.**

* Estimate made based on Congressional Research Service data.
Sources: Congressional Budget Office January 2025 Baseline, Terrain.

Many of the linchpin farm bill programs that farmers depend upon need modernization. Since the last 5 year farm bill reauthorization in 2018, the farm bill baseline has increased by $556 billion, or 64%, with only 17% of that total driven by farm-related programs. Simultaneously, U.S. agriculture has faced down unprecedented economic challenges associated with increased catastrophic natural disasters, disruptions related to COVID–19, and increased price volatility due to geopolitical risks—challenges that traditional farm bill programs were ill-equipped to face.

As a result, Congress has intervened on several occasions to provide *ad hoc* support, most recently with the American Relief Act of 2025. Since 2018, I estimate that *ad hoc* support to farmers and ranchers has totaled more than $132 billion, compared with slightly more than $20 billion from direct income support programs such as ARC, PLC or DMC. *Ad hoc* support has been more than six times higher than the support from farm bill commodity support programs. While ARC and PLC are expected to deliver higher levels of support for the 2025/26 crop year, this is temporary, as support levels will gradually decline each crop year in a low-price environment.[28] For other crops like rice or peanuts, their farm bill support has not materially changed in over a decade.

The farm bill is a 5 year contract with agriculture and rural America, and it is time to update that contract with our farmers and ranchers, given the significant Federal support coming from outside the farm bill. With nearly 350 million people in the U.S. (hopefully consuming three meals per day), the cost of critical farm risk management and conservation programs is less than 8¢ per meal. Ask anyone in America if they would pay 8¢ per meal to ensure a safe, abundant, sustainable and affordable food supply. The answer will be a resounding yes.

Farm Credit is there for the farmer through the highs and the lows of the farm economy; we know firsthand that the sense of urgency is real in farm country and the opportunity to enhance the 5 year contract with agriculture and rural America is now, before it is too late.

I have spent my entire career working with farm families and deeply understand the challenges and potential opportunities that lie ahead. Actions by the Agriculture Committees and Administration play a key role in the success of U.S. agriculture, our food security and our national security. Healing an ailing farm economy with a new 5 year farm bill would be an important first step.

Thank you very much for the opportunity to offer testimony before you today. I am thankful to every Member of this Committee for your time and attention, and I look forward to answering any questions you may have.

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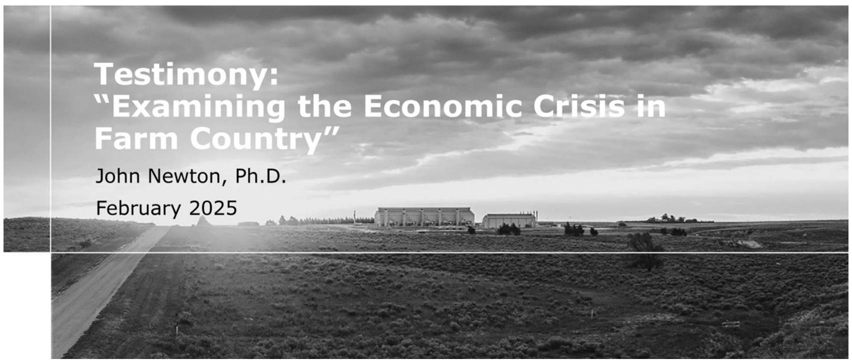
[28] John Newton, "ARC and PLC to Offer Higher Support (for Some) in 2025," January 2025, Terrain, *https://www.terrainag.com/insights/arc-and-plc-to-offer-higher-support-for-some-in-2025/*.

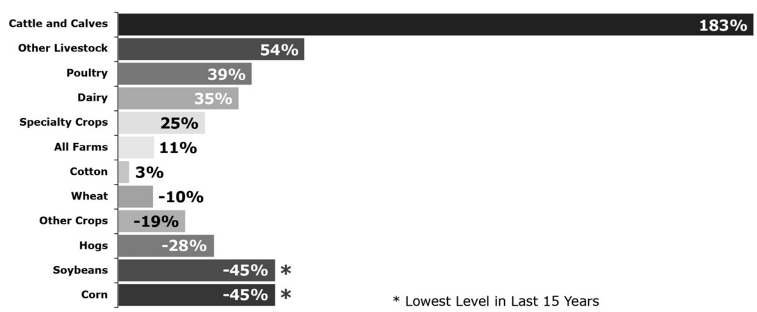
POWERPOINT PRESENTATIONS

Terrain



A Tale of Two Farm Economies

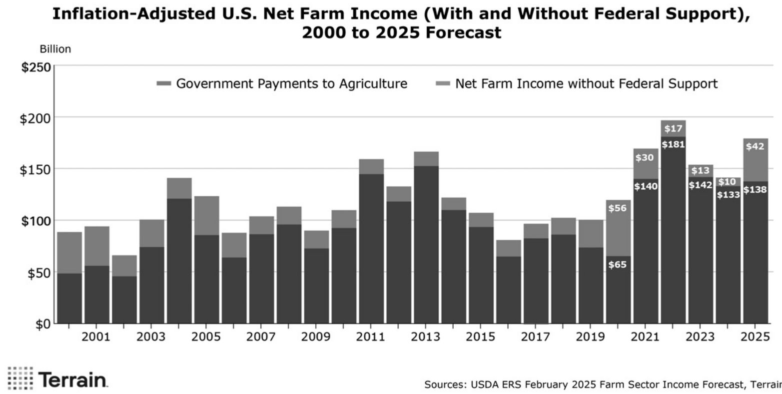
Change in Inflation-Adjusted Net Cash Farm Income, 2022 to 2025



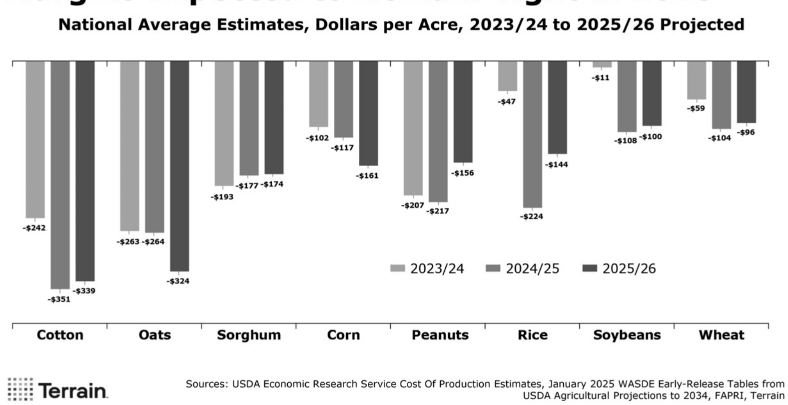
Terrain

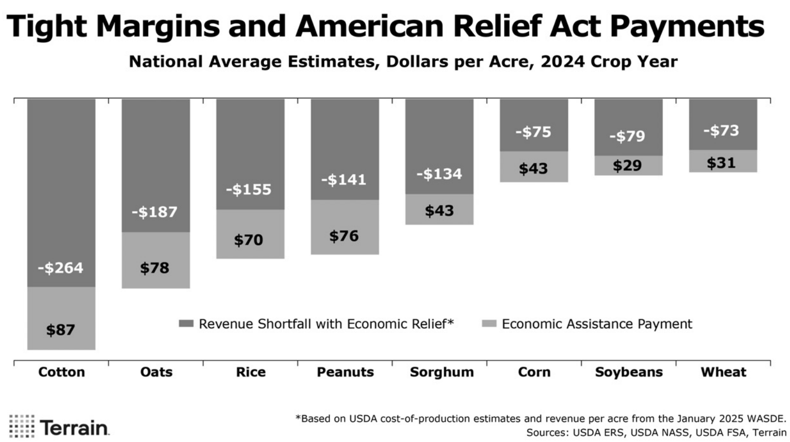
Sources: USDA ERS February 2025 Farm Sector Income Forecast, Terrain

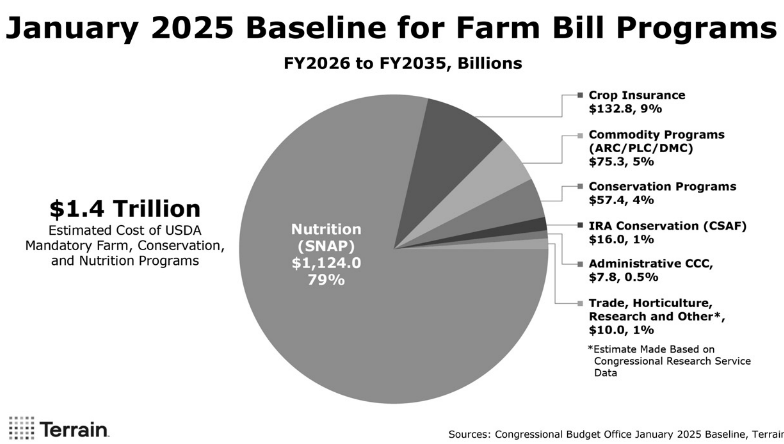
Ad Hoc Aid to Lift Farm Economy in 2025



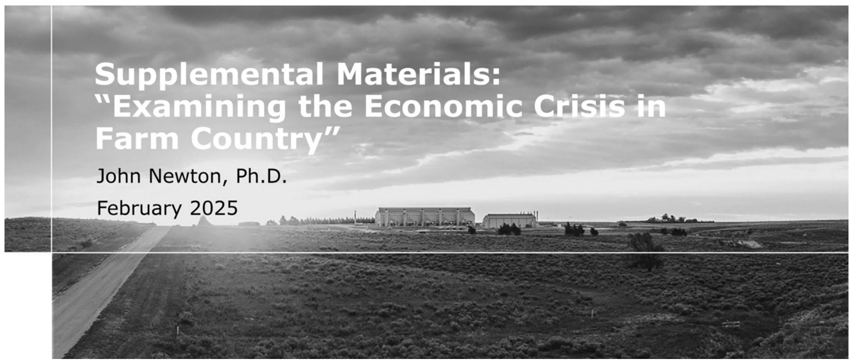
Margins Expected to Remain Tight in 2025




Tight Margins and American Relief Act Payments
National Average Estimates, Dollars per Acre, 2024 Crop Year
-$264
$87
-$187
$78
-$155
$70
-$141
$76
-$134
$43
-$75
$43
-$79
$29
-$73
$31
Revenue Shortfall with Economic Relief*
Economic Assistance Payment
Cotton
Oats
Rice
Peanuts
Sorghum
Corn
Soybeans
Wheat
Terrain
*Based on USDA cost-of-production estimates and revenue per acre from the January 2025 WASDE.
Sources: USDA ERS, USDA NASS, USDA FSA, Terrain

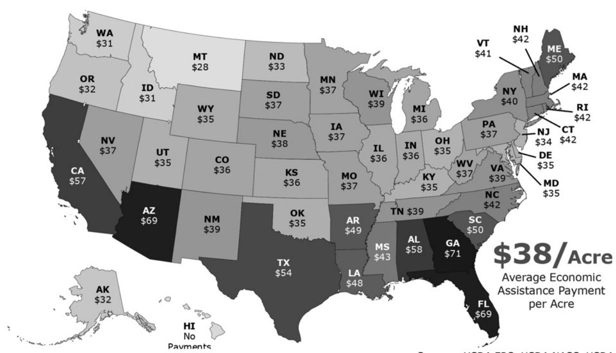

January 2025 Baseline for Farm Bill Programs
FY2026 to FY2035, Billions
$1.4 Trillion
Estimated Cost of USDA Mandatory Farm, Conservation, and Nutrition Programs
Nutrition (SNAP) $1,124.0 79%
Crop Insurance $132.8, 9%
Commodity Programs (ARC/PLC/DMC) $75.3, 5%
Conservation Programs $57.4, 4%
IRA Conservation (CSAF) $16.0, 1%
Administrative CCC, $7.8, 0.5%
Trade, Horticulture, Research and Other*, $10.0, 1%
*Estimate Made Based on Congressional Research Service Data
Terrain
Sources: Congressional Budget Office January 2025 Baseline, Terrain

Terrain



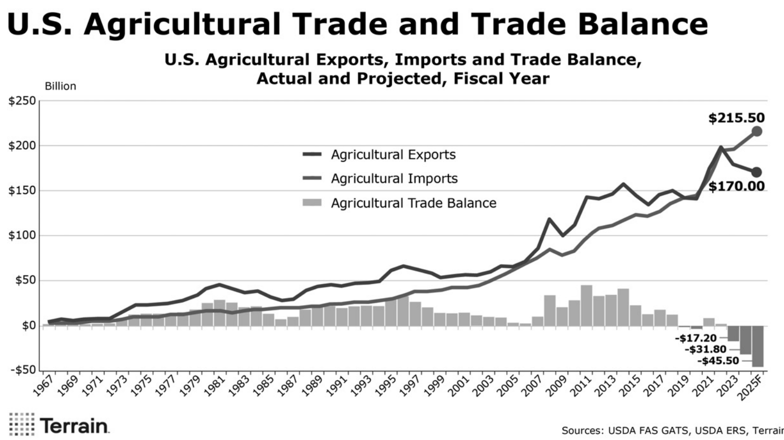
What Will Farmers in Each State Receive?

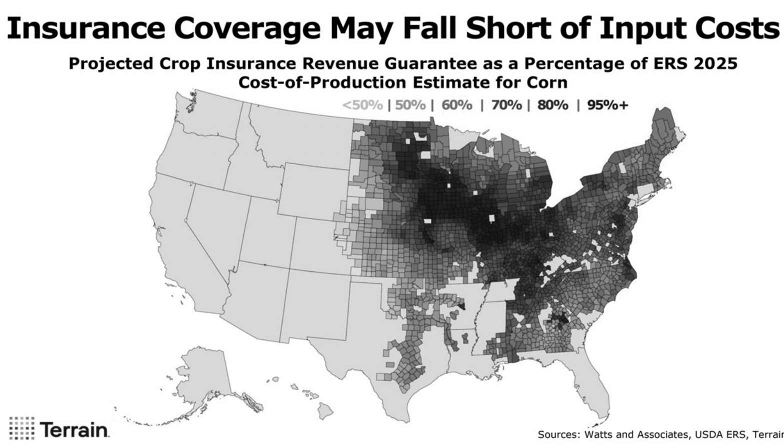
Average Economic Assistance Payments, Dollars per Acre



Terrain

Sources: USDA ERS, USDA NASS, USDA FSA, Terrain





The CHAIRMAN. Dr. Newton, thank you very much.

Ms. Schwertner, please begin whenever you are ready.

STATEMENT OF ALISHA SCHWERTNER, OWNER, ERIC AND ALISHA SCHWERTNER FARMS, MILES, TX

Ms. SCHWERTNER. Chairman Thompson, Ranking Member Craig, and Members of the House Agriculture Committee, I am truly grateful for the opportunity to testify today on the state of the farm economy.

My name is Alisha Schwertner, and I am honored to speak before you as a mother, a farmer, the 2022 chair of the American Farm Bureau Federation's Young Farmers and Ranchers Committee, and a Texas Farm Bureau member who serves on the Runnels County board.

My husband and I are third generation farmers and ranchers in Miles, Texas, where we grow cotton, corn silage, grain sorghum, and hay. We also manage a small cow-calf herd and sell beef directly to local consumers. Our primary motivation for working hard to ensure the future of our operation, if they choose it, are our four young boys, ages 6, 3, and 1. They are why we do what we do. I know many others who share the same passions and visions for their own operations in hopes that their family legacy can continue.

Unfortunately, without change in the trajectory of the farm economy, I worry many of us will fall short. Farming has never been easy, but the past 3 years have been especially challenging for farm and ranch families. Many of us have experienced extreme and unpredictable weather disasters, inflation, supply chain disruptions, and international conflicts are also to blame for rising input costs that cut into the already thin margins that we operate under. The farm economy is at a crossroads.

For perspective, my husband's grandmother passed away 2 years ago, and we came across receipts and invoices from his grandpa Schwertner while cleaning out her house. On these receipts, Grandpa Schwertner sold his cotton for 63¢ per pound. Just 2 weeks ago, we were quoted 58¢ per pound. That is 5¢ less per pound than 60 years ago, yet in that same time, we have seen application costs increase by more than 300 percent, and machinery costs go up by nearly 600 percent. There are even new costs, including the cost to purchase seed and crop insurance.

Unlike many other industries, farmers cannot pass increased costs onto consumers for a higher return. We as farmers are price takers, not price makers, and we are at the mercy of increasingly volatile markets that are influenced by forces far beyond our control. For example, a small business owner may increase their costs to ship an item to a consumer if the shipping prices increase. I cannot increase cotton prices to cover an increase in storage or transportation costs.

USDA's most recent farm sector income forecast has shown a $41 billion decrease in net farm income, down nearly 25 percent from 2022. Since crop prices peaked in 2022, they have taken a nosedive. Corn and wheat are down 37 percent, soybeans down 28 percent, and cotton down 22 percent. Despite these lower prices, payments to farmers are projected to be the lowest since 1982.

Another cause of the decline in farm income is failure to secure additional trade deals for agriculture. We have experienced 2 years of record agricultural trade deficits with another one projected. Trade is vitally important to agriculture, as more than 95 percent of the world's consumers live outside of the United States, and nearly ⅓ of U.S. farm income comes from exports. The possibility of retaliatory tariffs on our agricultural products could impact market access, becoming detrimental to our bottom line.

As farmers and ranchers work to secure equity to continue operating in 2025, the economic uncertainty has made it difficult for bankers to extend credit. For the first time in our tenure on our farm, we will not be able to pay our previous year's operating line of credit in its entirety on its due date. We are forced to have challenging conversations with our banker regarding loan renewal, and ultimately paying the high interest rates that come with it. We are constantly looking to diversify our income while considering whether a future in farming is realistic for our family. Our farm, and so many others, will not endure these current economic conditions.

Farming is more than an occupation. It is a personal commitment and a passion for feeding and sustaining our nation and families. We love what we do, but without adequate policies and support, we risk losing everything that we and past generations have worked so hard for. This includes the ability to pass on our legacy and profession to the next generation. For us, that happens to be our four boys.

The economic and disaster assistance from the year-end continuing resolution was certainly helpful and will provide many farm and ranch families with the ability to continue operating for another year. We are grateful this Committee voted in a bipartisan manner to advance a modernized farm bill last year. However, we still need Congress to take action and agree on significant investments in farm safety net programs to reflect current economic conditions, as well as long-term solutions for rising input costs and volatile markets. Our food system, rural communities, and our national security depend on it.

Thank you for the opportunity to share these challenges, and I look forward to your questions.

[The prepared statement of Ms. Schwertner follows:]

PREPARED STATEMENT OF ALISHA SCHWERTNER, OWNER, ERIC AND ALISHA SCHWERTNER FARMS, MILES, TX

Chairman Thompson, Ranking Member Craig, and Members of the House Agriculture Committee, I am truly grateful for the opportunity to testify today on the state of the farm economy.

My name is Alisha Schwertner, and I am honored to speak before you as a mother, a farmer, the 2022 chair of the American Farm Bureau Federation's Young Farmers & Ranchers Committee, and a Texas Farm Bureau member who serves on the Runnels County board.

My husband and I are third-generation farmers and ranchers in Miles, Texas, where we grow cotton, corn silage, grain sorghum, wheat, and hay. We also manage a small cow-calf herd and sell beef directly to local consumers. Our primary motivation for working hard to ensure the future of our operation—if they choose it—are our four young boys, ages 6 (twins), 3 and 1. They are why we do what we do. I know many others who share the same passions and visions for their own operations, in hopes that their family legacy can continue. Unfortunately, without change in the trajectory of the farm economy, I worry many of us will fall short.

Farming has never been easy, but the past 3 years have been especially challenging for farm and ranch families. Many of us have experienced extreme and unpredictable weather disasters. Inflation, supply chain disruptions, and international conflicts are also to blame for rising input costs that cut into the already thin margins that we operate under. The farm economy is at a crossroads.

For perspective, my husband's grandmother passed away 2 years ago, and we came across receipts and invoices from his Grandpa Schwertner while cleaning out her house. On these receipts, Grandpa Schwertner sold his cotton for 63¢ per pound. Just 2 weeks ago, we were quoted 58¢ per pound. That's 5¢ less per pound than 60 years ago. yet in that same time, we have seen application costs increase by more than 300%, and machinery costs go up by nearly 600%. There are even new costs including the cost to purchase seed and crop insurance.

Unlike many other industries, farmers cannot pass increased costs on to consumers for a higher return. We as farmers are "price takers", not "price makers", and we are at the mercy of increasingly volatile markets that are influenced by forces far beyond our control. For example, a small business owner can increase their cost to ship an item to a consumer if the shipping prices increase. I cannot increase cotton prices to cover an increase in storage or transportation costs.

USDA's most recent Farm Sector Income Forecast has shown a $41 billion decrease in net farm income, down nearly 25% from 2022. Since crop prices peaked in 2022, they have *taken a nosedive.*[1] Corn and wheat are down 37%, soybeans down 28% and cotton down 22%. Despite these lower prices, payments to farmers are projected to be the lowest since 1982.

Another cause of the decline in farm income is failure to secure additional trade deals for agriculture. We have experienced 2 years of record agricultural trade deficits with another one projected. Trade is vitally important to agriculture as more than 95 percent of the world's consumers live outside the United States and nearly ⅓ of U.S. farm income comes from exports. The possibility of retaliatory tariffs on our agricultural products could impact market access, becoming detrimental to our bottom line.

As farmers and ranchers work to secure equity to continue operating in 2025, the economic uncertainty has made it difficult for bankers to extend credit. For the first time in our tenure on our farm, we will not be able to repay our previous years operating line of credit in its entirety on its due date. We are forced to have challenging conversations with our banker regarding loan renewal and ultimately paying the high interest rates that come with it.

Our farm, and so many others, will not endure these current conditions. According to USDA's Census of Agriculture, the number of family farms has continued to shrink from nearly two million in 2017, to just under 1.9 million in 2023. We are constantly evaluating our options to diversify our income in order to not become a negative part of this statistic. The reality is that we are often considering whether a future in farming is realistic for our family.

Farming is more than an occupation. It is a personal commitment and a passion for feeding and sustaining our nation and families. We love what we do, but without adequate policies and support, we risk losing everything we, and past generations, have worked for. This includes the ability to pass on our legacy and profession to the next generation. For us, that happens to be our four boys.

The economic and disaster assistance from the year-end Continuing Resolution was helpful and will provide many farm and ranch families with the ability to continue operating for another year. We are grateful this Committee voted in a bipartisan manner to advance a modernized farm bill last year. Unfortunately, there were no further outcomes. We still need Congress to take action together and agree on significant investments in farm safety net programs to reflect current economic conditions as well as long term solutions for rising input costs and volatile markets. Our food system, rural communities, and our national security depend on it.

Thank you for the opportunity to share these challenges. I look forward to your questions.

The CHAIRMAN. Thank you, Ms. Schwertner.

Mr. Talley, please begin when you are ready.

STATEMENT OF RYAN TALLEY, PARTNER, TALLEY FARMS, ARROYO GRANDE, CA; ON BEHALF OF SPECIALTY CROP FARM BILL ALLIANCE

Mr. TALLEY. Thank you, Chairman Thompson, Ranking Member Craig, and Members of the Committee.

Although not directly under the jurisdiction of this Committee, I cannot testify before Congress without first emphasizing how vital it is to the security of our nation's food supply and the future of the specialty crop production in the United States for Congress to enact a bipartisan solution to the workforce crisis in agriculture.

I am testifying today, however, on behalf of the Specialty Crop Farm Bill Alliance, a coalition of nearly 200 organizations representing the entirety of the specialty crop industry in the United States. We have come together to promote common sense initiatives that Congress should include in the next farm bill.

Let me begin by telling you a little bit about myself and my family farm. My grandfather started Talley Farms in 1948, which is located on the Central Coast of California, and it has been in the family ever since that time. I began working on the family farm

[1] *https://www.usda.gov/oce/commodity/wasde/wasde1224v2.pdf.*

during the summers at age 12, and have worked there ever since. We recently welcomed the fourth generation of our family to full-time positions on the farm.

While we are not the largest operation in our area, we are certainly not the smallest. We produce a wide range of fruits and vegetables on nearly 1,800 conventional acres, including more than 30 different crops on 75 acres of certified organic soil.

If I leave you here today with one thing, it is that investing in specialty crops is a good value for the taxpayers' money that will benefit all Americans. Our products account for nearly half the farm-gate value in the United States, and the dietary guidelines for Americans recommend that fruits and vegetables should comprise at least half of Americans' diet. Yet, under current law, specialty crops receive a small fraction of their proportional share of the farm bill resources.

The investments we are proposing are modest when compared to programs for other commodities, and when you invest in specialty crops, which include nutrient-dense fruits, vegetables, and tree nuts, you are also investing in the long-term health and security of the American people.

Specialty crops is a term that consists of different commodities grown in different seasons and regions in all 50 states. Despite this diversity, the industry is confronted with common challenges that hinder our ability to compete. Our input costs are rising at an alarming rate, with labor comprising nearly half of the cost of our production. We have increasingly limited access to crop protection tools, with few replacements under development. For those who export, we face great uncertainty in foreign markets. In our domestic markets, competition is rising from imports and significantly lower production costs.

Hurricanes, drought, and other severe weather occur with increasing frequency. Although USDA has dramatically improved its ability to provide *ad hoc* assistance to our growers, we need Congress to enact a comprehensive bipartisan bill that invests in long-term competitiveness of our industry.

Our proposal for the farm bill includes new funding for research and development, incentives for technology that supplement and enhance human labor, resources to make our operations more resilient to extreme weather, and common-sense changes to the crop insurance that would provide the majority of our growers with a functional safety net for the very first time.

I don't have the time to walk through each of these proposals in my testimony, but we have submitted written testimony for record, which includes a copy of our 2023 recommendations. We will provide updated recommendations to you in the coming weeks. The Alliance stands ready to work with each of you on the next farm bill.

Thank you, and I look forward to answering any questions.

[The prepared statement of Mr. Talley follows:]

Prepared Statement of Ryan Talley, Partner, Talley Farms, Arroyo Grande, CA; on Behalf of Specialty Crop Farm Bill Alliance

Thank you, Chairman Thompson, Ranking Member Craig, and Members of the Committee.

Introduction

Although not directly under the jurisdiction of the Agriculture Committee, I cannot testify before Congress without first emphasizing how vital it is to the security of our nation's food supply, and the future of specialty crop production in the United States, for Congress to enact a bipartisan solution to the workforce crisis in agriculture. Labor represents more than half the cost of producing many specialty crops, and this continually escalating expense is untenable.

I am testifying today, however, on behalf of the Specialty Crop Farm Bill Alliance. A coalition of nearly two hundred organizations representing the entirety of the specialty crop industry in the United States. We have come together to promote common sense initiatives that Congress should include in the next farm bill.

Let me begin by telling you all a little about myself and my family farm. My grandfather started our family farm in 1948, and it has been in the family ever since. I began working on the family farm during the summers at age 12 and have worked on the farm ever since. Recently we welcomed the fourth generation to full-time positions working on the family farm. Our farm is located on the Central Coast of California. While we are not the largest family farm in our area, we are certainly not the smallest. We produce a wide range of fruits and vegetables on nearly 1,800 conventional acres, including more than 30 different items on 75 acres of certified organic soil.

Investing in Specialty Crops Is Good Value for the Money

Members of this Committee, if I leave with you with one thing today, it's that investing in specialty crops is good value for the taxpayer's money that will benefit all Americans. On behalf of the Farm Bill Alliance, I want to thank Chairman Thompson, the bipartisan Committee staff, and Members from both sides of the aisle who contributed to so many of our priorities being added to the Farm, Food, and National Security Act of 2024.

As reflected in the Committee's work last Congress, farm bills should invest more, not less in specialty crops. Our products account for nearly half the farm gate value in the United States, and the *Dietary Guidelines for Americans* recommend that fruits and vegetables should comprise at least half of Americans' diets. Yet under current law, specialty crops receive a small fraction of their proportional share of farm bill resources. In fact, according to the nonpartisan Congressional Research Service, the Horticulture title of the 2018 Farm Bill accounted for only ½ of one percent of its funding.

The investments we're proposing are modest when compared to programs for other commodities, but they could be transformative for our growers. When you invest more in specialty crops—which include nutrient dense fruits, vegetables, and tree nuts—you are also investing in the long-term health and security of the American people. All of us who work in agriculture know that food security is national security.

Common Challenges

Specialty crops is a term that consists of different commodities and types of operations that are grown in different seasons and regions in all fifty states. Despite the diversity of our operations, the industry is confronted with common challenges that hinder our ability to compete.

As with other commodities, our input costs are rising at an alarming rate, and our greatest input cost is human labor. For most specialty crops, human labor is a necessary component of nearly every aspect of our operations. According to data from the Department of Agriculture, the cost of labor has risen more than forty percent during the last 4 years and is projected to continue to climb.

We have increasingly limited access to crop protection tools and there are few replacements for them currently under development.

For those who export, we face great uncertainty in foreign markets. In our domestic markets, competition is rising from imports with significantly lower production-costs. The trade deficit is real and is particularly acute for many specialty crops.

Our growers struggle to adjust to drought, hurricanes, wildfires, and other natural disasters, and that's all on top of market disruptions, such as those to our supply chains during the pandemic.

***Ad Hoc* Economic Assistance**

Because specialty crops are so diverse and their operations and markets are different than other commodities, USDA has at times struggled to deliver direct economic assistance to our growers when the need has arisen, but that's been changing in recent years.

The Trump Administration worked with the specialty crop industry during COVID to understand why prior initiatives—including natural disaster assistance, the trade-related Market Facilitation Program, and Coronavirus Food Assistance Program—weren't working for our growers. This dialogue ultimately resulted in the Trump Administration's highly successful implementation of CFAP 2.

CFAP 2 was the basis for USDA's most recent iteration of direct assistance to specialty crop growers, prompted in-part by the bipartisan leadership of this Committee when Congress extended the current farm bill at the end of 2024. Working with industry and the staff of the House and Senate Agriculture Committees, USDA built on its experience across Administrations to quickly and effectively deliver this vital economic assistance to our growers.

No matter the reason for providing specialty crop growers with direct economic assistance, it is the delivery mechanism that USDA is finally going right. We would like to highlight some of the key components that helped provide meaningful assistance directly to our growers and that should be included in any future effort initiated by Congress or USDA, including—

1. A unique payment limit for specialty crops of $900,000, recognizing the higher value of our crops and the significant input costs required to grow them.
2. Calculating payments on an individual grower's actual sales from a choice of base years, recognizing that each specialty crop has its own unique market and sales practices and confronts different challenges during different seasons and years.
3. Self-attestation in lieu of burdensome paperwork and red tape.
4. No AGI limitations if 75% of a grower's income is derived from farming.

Although we are grateful for these payments, those short-term programs are but a band-aid. What we need is a comprehensive, bipartisan farm bill that invests in the long-term competitiveness of our domestic specialty crop industry.

Farm Bill

The Alliance is proposing targeted new investments and a suite of innovative tools to support the entire specialty crop industry, including: new funding for research and development for every aspect of our operations (including developing the next generation of crop protection tools), incentives for technologies to supplement and enhance human labor, technical assistance and resources to help our operations become more resilient to extreme weather, and common sense changes to crop insurance that would provide the majority of our growers with a functional safety net for the very first time. We are also proposing needed reforms to Federal procurement rules that would increase the availability in Federal programs of the nutritious foods our growers produce and that Americans should be consuming in greater quantities.

The appendix attached to this testimony includes the *2023 Specialty Crop Farm Bill Alliance Recommendations* [1] which were approved in January of that year. The Alliance is in the process of updating these recommendations for the new Congress, and we plan to provide those to you in the coming weeks. Although the new recommendations will be substantially similar to the ones we are providing today, necessary alterations are being made to reflect lessons learned and changed circumstances over the last 2 years.

One such area is crop insurance. Although crop insurance is popular with a limited number of our growers who have been fortunate enough to have access to it, the reality is that crop insurance is simply not available to most specialty crop growers today. Although our original 2023 recommendations included some proposals on crop insurance, with the encouragement of the staff from both the House and Senate Agriculture Committees, the Alliance engaged in a more comprehensive review of what could be done to provide an affordable and effective safety net that would work for the majority our growers.

In the summer of 2023, the Alliance circulated two concept papers and solicited feedback from key stakeholders, including USDA's Risk Management Agency, Members of the House and Senate Agriculture Committees, crop insurance agents, academics, actuaries, and a wide variety of specialty crop growers. It became clear through the course of these interactions that the specialty crop industry in the

[1] *https://farmbillalliance.com/priorities/*.

Editor's note: there is no attached appendix with the submitted testimony, ***however,*** the website referenced does have the January 30, 2023 (posted as per the hyperlink May 2023) Steering Committee Recommendations. A website snapshot and the January 30, 2023 Steering Committee Recommendations follow Mr. Talley's statement.

United States needs an affordable, adaptable, and effective safety net, and that changes to the current crop insurance system need to be made.

The lessons we learned during that process have been influencing our 2025 recommendations, which will include comprehensive proposals to modernize the Whole Farm Revenue Insurance Program, provide certainty regarding what the perils revenue insurance policies actually cover, and establish a private sector led advisory committee to supplement the expertise of the Risk Management Agency and provide the specialty crop industry with a formal role and voice in the process. If enacted, these commonsense reforms should provide specialty crop growers with an adaptable, affordable, and effective safety net to protect them against a wide range of perils. In other words, there'd be a real safety net available to most specialty crop growers for the first time.

Closing

We need Congress to enact a comprehensive bipartisan farm bill as soon as possible. The Alliance stands ready to work with each of you on the next farm bill, and I look forward to answering your questions.

[APPENDIX]

WEBSITE SNAPSHOT

SPECIALTY CROP FARM BILL ALLIANCE

[*https://farmbillalliance.com/priorities/*]

2023 Farm Bill Priorities

Specialty crops are a critical component of the overall U.S. agriculture economy. The production of fruits, vegetables, tree nuts, nursery and greenhouse commodities accounts for $64.7 billion in farm gate value and 30 percent of farm cash receipts for crops.

The SCFBA's 2023 Farm Bill recommendations represent the most comprehensive set of ideas from the coalition to date, including 109 specific recommendations covering eight farm bill titles.

View the 2023 SCFBA Recommendations [1]

The recommendations prioritize a set of core principles:

- **Healthy Americans:** Expanding access and availability to safe, wholesome, healthy and affordable foods, as well as trees, flowers and plants, will encourage lifelong healthy eating habits, mental and physical well-being, and help address national priorities such as obesity, heart disease, and food and nutrition insecurity.
- **Competitiveness and Sustainability:** In recognition of its significance to American agriculture, the American food supply, and the communities it supports across the United States, a proportional share of farm bill resources and mandatory spending should be allocated to specialty crop priorities.
- **Trade and Foreign Competition:** Establishing a competitive playing field for American specialty crop producers includes assisting American producers with unfair foreign competition, promoting American specialty crops in foreign markets and eliminating trade barriers that discriminate against American specialty crop exports.
- **Research and Innovation:** A sustained federal investment into research and innovation must be of a meaningful scale to catalyze opportunities for the industry, alleviate existing challenges and propel the U.S. specialty crop industry to a new level of global competitiveness.
- **Natural Resources and Climate:** Recognizing the diverse nature and unique challenges involved in specialty crop production enhances the ability of specialty crop producers to participate fully in all USDA conservation programs as well as any initiatives to address global climate change.

[1] *https://farmbillalliance.com/wp-content/uploads/2023/05/23-SCFBA-Steering-Committee-Recommendations-v2.pdf*

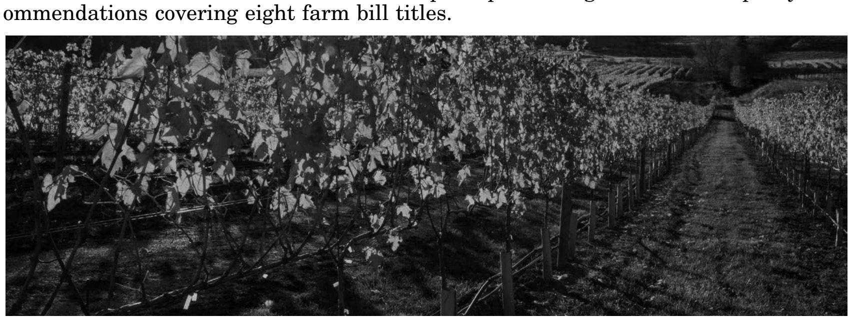
[REPORT]

SPECIALTY CROP FARM BILL ALLIANCE

2023 Farm Bill Final Policy Recommendations
January 30, 2023

Overview

The specialty crop industry is united to advocate for a common set of priorities in the 2023 Farm Bill. A broad coalition of specialty crop organizations, known as the Specialty Crop Farm Bill Alliance (SCFBA), representing U.S. growers and shippers, has been working to forge mutual objectives for the farm bill, to assure a common platform across regions, commodities and other interests. The SCFBA will work closely and collaboratively with allies in all specialty crops who share many of the following priorities, as well as other stakeholders across U.S. agriculture. Included in this document is our statement of principles along with detail policy recommendations covering eight farm bill titles.



SCFBA Statement of Principles for Consideration of the 2023 Farm Bill

Healthy Americans. Investments in the competitiveness and sustainability of the U.S. specialty crop industry will produce a strong return for all Americans, not just farmers. Expanding access and availability to safe, wholesome, healthy, and affordable foods, as well as trees, flowers, and plants, will encourage life-long healthy eating habits, mental and physical well-being, and help address national priorities such as obesity, heart disease, and food and nutrition insecurity.

Competitiveness and Sustainability. In recognition of its significance to American agriculture, the American food supply, and the communities it supports across the United States, a proportional share of farm bill resources and mandatory spending should be allocated to specialty crop priorities. To foster a better understanding of the specialty crop industry in the United States, Congress and USDA should invest in the human resources, expertise, and data collection and analytics necessary throughout the government to better serve this diverse and vital agricultural sector and its supply chains.

Trade and Foreign Competition. Preserving the critical supply chain for domestically sourced healthy foods in the United States should be a national priority. Establishing a competitive playing field for American specialty crop producers includes assisting American producers with unfair foreign competition, promoting American specialty crops in foreign markets, and eliminating trade barriers that discriminate against American specialty crop exports.

Research and Innovation. Scientific breakthroughs, technological innovation and data-enabled decision-making will continue to drive long-term sustainability and profitability of the specialty crop industry as it adapts to labor, climate and environmental challenges, pests and diseases, rising global competitiveness, shifting consumer preferences, supply chain disruptions, and other challenges. A sustained federal investment into research and innovation must be of a meaningful scale to catalyze opportunities for the industry, alleviate existing challenges, and propel the U.S. specialty crop industry to a new level of global competitiveness.

Natural Resources and Climate. The production methods and structure of certain specialty crop producers have historically inhibited their ability to participate in many USDA conservation programs. Recognizing the diverse nature and unique challenges involved in specialty crop production enhances the ability of specialty crop producers to participate fully in all USDA conservation programs as well as any initiatives to address global climate change.

Title I Commodity Program

Adjusted Gross Income (AGI) and Payment Limits

Specialty crop producers face unique challenges with the application of Adjusted Gross Income (AGI) limitations compared to other commodity crop producers for most farm bill programs. The current implementation of AGI limitations disproportionately prohibits specialty crop producers from participating in certain USDA programs in a meaningful way and potentially inhibits specialty crop producers from participating in disaster programs.

Although a means test may be appropriate for participation in many USDA programs, AGI is an ill-suited means test for specialty crop producers. USDA programs that require a means test for participation should be based on income derived from farming and be flexible enough to account for the structures, accounting methods and other special considerations for specialty crop producers, not just their AGI.

Policy Recommendations

- Conservation programs incentivize production practices to the broader benefit of society and should, therefore, not be subject to any AGI limitations.
- Congress should require USDA to conduct a rulemaking within 180 days of enactment to establish unique rules to means test specialty crop producers that would ensure a more equitable outcome for specialty crops while maintaining the original intent behind the AGI limitation. The rule should consider the following factors:

1. Attribution of Payments. Specialty crop producers structure their operations for a variety of reasons unrelated to USDA programs which inadvertently block their participation in many USDA programs.
2. Capital Expenditures. Many specialty crop producers face significant upfront capital expenditures at a time in their operations when their income is low. Therefore, their capital expenditures are not reflected consistently year-over-year in their AGI calculations.
3. Geography and cost of living in the communities where specialty crop producers operate tend to be disproportionately greater than other agricultural operations.
4. Such other considerations as determined by the Secretary.

- If AGI continues to be utilized as a means test for specialty crop producers, it should revert to the 2002 Farm Bill model, which was also used for the Coronavirus Food Assistance Program (CFAP). If 75% or 90% of income is derived from farming, then no AGI limitation should be applied.

Tree Assistance Program (TAP)

The Tree Assistance Program (TAP) provides financial assistance to eligible orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines lost by natural disasters. TAP is administered by the Farm Service Agency (FSA) of the U.S. Department of Agriculture (USDA). Eligible trees, bushes, and vines are those from which an annual crop is produced for commercial purposes. Nursery trees include ornamental, fruit, nut and Christmas trees produced for commercial sale. Trees used for pulp or timber are not eligible for TAP assistance.

The Bipartisan Budget Act of 2018 made several changes to TAP, including removing the per person and legal entity program year payment limitation ceiling of $125,000. It also increased the acreage cap, and growers are eligible to be partly reimbursed for losses on up to 1,000 acres per program year, double the previous acreage. The 2018 Farm Bill increased the reimbursement amount for applicants who meet the definition of a beginning or veteran farmer or rancher.

Policy Recommendations

- Eliminate the 15% mortality threshold for assistance and bring the program in line with the livestock indemnity program.
- Congress should require USDA to increase coverage levels in addition to covering rehabilitation.
- Congress should provide additional flexibility for completing TAP-funded rehabilitation by extending the period of time from the existing 12 months to 12 months or as soon thereafter as is indicated to avoid risk of reinfection in the case of plant diseases.
- Cumulative total quantity of acres that can receive TAP payments for eligible participants may not exceed 1,000 acres annually. Congress should provide USDA with the authority to modify or waive the annual acreage cap under exigent circumstances, such as a natural disaster.
- Eliminate the Adjusted Gross Income and Payment Attribution limitations.
- Reset high-density stand after loss. TAP only permits producers to reset to their original amount and not the updated high-density planting that they put in after the original planting that TAP is based on. Producers need the ability to update stand to high-density planting after loss.
- The definition of “eligible orchardists” should be amended to state, “a person who produces annual or biennial crops from trees [as defined in bill] for commercial purposes.”
- Rules should be adjusted to account for perennial crop plants with biennial production cycles, and reimbursable costs should be broadly defined to account for any costs incurred in the process of reestablishing, rehabilitating, and/or nurturing plants suffering from natural disasters back to a productive condition.

Title II Conservation

Soil Conservation

Congress created the Soil Conservation Service in 1935 to prevent soil erosion associated with the Dust Bowl of the 1930s. Recognizing an evolved and broadened scope, Congress changed the name to the Natural Resources Conservation Service in 1994. In practical terms, the purpose of this agency, then and now, is to prevent the next Dust Bowl. Climate change is here, and impacts the economic sustainability of farming, just as the Dust Bowl did in the thirties. It is the role of the NRCS to help U.S. agriculture adapt to climate change—to ensure the economic sustainability of farming in the US in a changing climate. Heat impacts of climate pose a major adaptation risk for growers.

Policy Recommendations

- NRCS should recognize "Climate Change Induced Risk" as a Resource Concern, and that NRCS Practices through EQIP (*e.g.,* 430, 436, 441, 442, 449, 533, 642) that help producers adapt to climate change should be implemented in such a way to help address that resource concern.
- NRCS Practices used to address the new "Climate Change Induced Risk" Resource Concern should be cost-shared at the maximum allowable rate to incentivize the participation of producers with limited capital.
- NRCS Standards and Specifications for sustainable irrigation practices should allow for flexibility in meeting the standard to mitigate producers' risk of having to pay 100% of the cost, for example, of an unsuccessful well-drilling project.
- Establish a pilot program to allocate $10 million per year to states to supplement NRCS sustainable irrigation funding, further reducing financial exposure to producers and encouraging climate change adaptation. (Note: Tennessee and California have State irrigation programs that work in concert with NRCS that should serve as a model for other states to utilize these funds for these climate-related purposes.)
- Due to the excessive cost of sustainable irrigation, any practices implemented to address the resource concern of "Climate Change Induced Risk" should not count towards EQIP's $450,000 producer cap per farm bill.
- NRCS sustainable irrigation practices implemented through AMA should be cost-shared at the maximum allowable rate to encourage climate change adaptation.
- NRCS should increase the annual per practice cap allowable through the AMA program from $50,000 to $100,000.

Note: NRCS irrigation practices implemented to address a "Climate Change Induced Risk" Resource Concern should not pose a significant risk of depletion to state and regional water resources.

NRCS Paperwork Burden

Producers find excessive paperwork a barrier to participation in NRCS programs. In addition, a significant amount of that time and effort is spent on filing and paying tax on NRCS cost-share amounts, which are taxable under current law. In the last two farm bills, efforts were made to reduce the paperwork burden on producers.

While physical paper seems to have been reduced, the paperwork has been replaced by numerous electronic screens.

Policy Recommendations

- NRCS cost-share payments should not be taxable, which would incentivize more engagement.
- Allow trade associations representing producers to undertake the paperwork functions (electronic screens) for their producers on a watershed or regional project basis.

EPA Pesticide Mitigation Plans and Specialty Crops

EPA has been repeatedly sued for not meeting its Endangered Species Act (ESA) obligations when registering pesticides under FIFRA. The Biological Evaluation (BE) and Biological Opinion (BiOp) process through EPA and the Services takes an exceptionally long time and are complex and the process does not appear to be keeping new and re-registrations. To strengthen their legal standing, EPA is pursuing an expedited species assessment called a "jeopardy or adverse modification" (JAM) to determine if and what mitigations will be necessary to use a registered pesticide while being protective species. It is likely this will be a preferred approach with all new and existing products that are being registered and reregistered.

EPA mitigations mirror many practices offered by USDA–NRCS through EQIP geographies with a higher concentration of endangered species and critical habitats that will have greater challenges in accessing tools and will disproportionally impact specialty crops.

Specialty Crops should anticipate mitigations to be a regular component of pesticide labels moving forward. In addition, endangered species are concentrated in regions of the United States where over half of all specialty crops are produced. Implementation of these mitigations could be expensive, but without them, growers could lose important pest management tools.

Policy Recommendations

- Allow EQIP, or similar programs like the Regional Conservation Partnership Program, the Conservation Stewardship Program, or the Agricultural Conservation Easement Program, to support specialty crop input management practices and mitigation methods without regard to AGI limitations and in concert with ESA obligations when registering pesticides under FIFRA.
- Create eligibility language that focuses on watersheds with the highest species concerns or limits the program to farmers who will have multiple species of concern impacted.
- Consider establishing a registrant/USDA cost-share program.

Climate Change in Conservation Programs

Policy Recommendations

- Conservation programs should remain voluntary, and climate change should not be used to mandate conservation production practices.
- Efforts to make conservation programs more climate-friendly should not limit programs to a sole focus on 'carbon' enhancing practices. Conservation programs should be multi-resource focused even if climate is the issue of concern.

Title III Agriculture Trade and Food Assistance Program

Increasing the competitiveness of the U.S. specialty crop industry is a founding principle of the SCFBA. U.S. specialty crop growers adhere to strict U.S. regulatory requirements and private standards designed to protect the environment, provide consumers nutritious and healthy food, and safeguard workers. Maintaining these high U.S. standards is extremely costly. In addition, U.S. specialty crop producers pay some of the highest agricultural labor costs in the world. However, these investments are undermined globally when our competitors do not have the same level of regulatory compliance costs along with significantly lower costs of production. Farm bill programs must recognize this imbalance and provide non-distorting support in the areas of market development, research, innovation, and technology. This support should assist specialty crop producers to maintain competitiveness, offset the cost of production advantages in other countries, and ensure the continued existence of domestic food production.

Market Access Program (MAP)

Through the Market Access Program (MAP), FAS partners with U.S. agricultural trade associations, cooperatives, state regional trade groups and small businesses to share the costs of overseas marketing and promotional activities that help build commercial export markets for U.S. agricultural products and commodities.

MAP reaches virtually every corner of the globe, helping build markets for a wide variety of U.S. farm and food products. FAS provides cost-share assistance to eligible U.S. organizations for activities such as consumer advertising, public relations, point-of-sale demonstrations, participation in trade fairs and exhibits, market research, and technical assistance. When MAP funds are used for generic marketing and promotion, participants must contribute a minimum ten percent match. For the promotion of branded products, a dollar-for-dollar match is required.

Members of the SCFBA receive 25–30% of MAP funding allocated by the U.S. Department of Agriculture, with the remaining 70–75% going to non-specialty crops. Each year, more than 37 specialty crop organizations from around the country receive more than $50 million of the $200 million currently from this oversubscribed market development program.

Policy Recommendation

- The SCFBA supports the doubling of funding for the Market Access Program (MAP) from $200 million to $400 million under the next farm bill. MAP has been at the same funding level since 2006, and since that time, fully ⅓ of MAP funding has been lost to sequestration and inflationary pressures. Compounding the problem is the loss of U.S. market share due to retaliatory tariffs, port congestion, and other supply chain dysfunction.

Technical Assistance for Specialty Crops (TASC)

The Technical Assistance for Specialty Crops (TASC) program funds projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops. Eligible activities include seminars and workshops, study tours, field surveys, pest and disease research, and pre-clearance programs. Eligible crops include all cultivated plants and their products produced in the United States except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco. Awards are for a maximum of $500,000 per year and for projects of up to five years.

The TASC program is intended to benefit an entire industry or commodity rather than a specific company or brand. U.S. nonprofit, for-profit, and government entities are eligible to apply. Proposals may target individual countries or reasonable regional groupings of countries.

Policy Recommendations

- The SCFBA supports the continuation of this program at $9 million annually. It is important, however, that the funds be used exclusively for specialty crops as they were originally defined in the Specialty Crop Competitiveness Act of 2004 and understood in the current authorizing language. Due to improvements in the program made in the 2018 Farm Bill and recommended by the SCFBA, TASC is now fully utilized. However, since that time, additional commodities have been granted access to TASC. Allowing non-specialty crops access to the program has a negative impact on actual specialty crop producers. The SCFBA maintains that non-specialty crops should not be eligible for TASC.

International Maximum Residue Limits (MRL) Database

The MRL database contains maximum acceptable levels of pesticides and veterinary drugs in food and agricultural products in the United States, as well as 70 other countries, the European Union and the Codex Alimentarius Commission. Specifically, the database includes more than 300 fruit, vegetable and nut commodities, as well as more than 270 pesticides approved for use on those commodities by the U.S. Environmental Protection Agency.

Policy Recommendation

- The MRL Database is critical to maintaining trade markets for all commodities and must have secure funding.

Specialty Crop Competitiveness

Exports play a critical role in maintaining the competitiveness of those specialty crop sectors that are fortunate to produce more than can be consumed in the U.S. For those export-dependent commodities, the USDA Foreign Agricultural Service (FAS) and the Animal and Plant Health Inspection Service (APHIS) are critical to advancing the foreign market competitiveness of U.S. growers, as is the Office of the U.S. Trade Representative. It is these government agencies and their professional staff that represent the interests of U.S. growers, open markets and defend that access internationally. It is critical that USDA and USTR prioritize the competitiveness of U.S. specialty crop growers and that Congress utilize its oversight role to reinforce that mandate.

Policy Recommendation

- Congress should require USDA and USTR to issue a report on the export competitiveness of specialty crops. In this report, special emphasis should be placed on those barriers to trade that limit the export competitiveness in specific markets and what steps USDA and USTR will take in cooperation with specialty crop producers to successfully remove those barriers to trade, including timelines for action. A special call for comment, both public and from the Agricultural Trade Advisory Committee for Trade in Fruits and Vegetables, should be a condition of the report.

Title IV Nutrition Programs

Nine in ten Americans do not consume fruits and vegetables in the amounts recommended by the *Dietary Guidelines for Americans* (DGA). Structuring farm bill nutrition programs to address the under-consumption of DGA recommendations can both support the nutrition needs of Americans and improve market opportunities for specialty crops.

Procurement Programs

USDA has a series of direct purchasing programs that aim to support market prices in and out of emergencies and provide domestically grown fruits and vegetables to food banks, schools and childcare centers, tribal governments, and other feeding sites. These programs include section 32, the Food Purchase and Distribution Program (FPDP), the USDA DOD Fresh Fruit and Vegetable Program and USDA Foods (which provides food to the Emergency Feeding Assistance Program (TEFAP), the Food Distribution Program for Indian Reservations (FDIPR), the Commodity Supplemental Food Program, and some schools and childcare centers). USDA also implemented the Farmers to Families Program from 2020–2021.

Policy Recommendations

- Because of the highly perishable nature of fresh fruits and vegetables, many existing USDA procurement programs are not inclusive of a wide range of fruits and vegetables. There are programs, like USDA DOD Fresh, which effectively utilize the commercial supply chain for distribution. This model, or one similar, should be considered as a tool to improve access to fresh fruits and vegetables in federal nutrition programs.
- In general, USDA purchasing programs should support grower resiliency, ensure recipients have access to a wide variety of specialty crops consistent with the *Dietary Guidelines for Americans* (DGA), and proactively address DGA shortfalls.
- For all of USDA's nutrition procurement programs, Congress should direct USDA to:

  1. Conduct Solicitations using factors other than lowest-cost bid in solicitations, including best value trade-off and cost-plus.
  2. Purchase a greater amount and wider variety of specialty crops to address the under-consumption of fruits, vegetables and tree nuts as recognized by the Center for Disease Control (CDC) and cited in the DGA.
  3. Streamline barriers for vendors including, but not limited to, inspection at shipping and accepting food safety certifications beyond USDA Good Agricultural Practices (GAP).
  4. Extend USDA food distribution programs to reputable nonprofits beyond the TEFAP system to ensure that hard-to-reach areas, including rural areas, have access to nutritious foods, including fruits, vegetables, and tree nuts.

5. USDA has broad authority to make purchases under Section 32, which has been underutilized, and USDA should conduct Section 32 purchases using all three original points of intent, consistent with current U.S. international trade policy: (1) encouraging the export of farm products through producer payments or other means; (2) encouraging the domestic consumption of farm products by diverting surpluses from normal channels or increasing their use by low-income groups; and (3) re-establishing farmers' purchasing power.

The Supplemental Nutrition Assistance Program (SNAP)

SNAP is the largest federal government program to address food and nutrition insecurity in our country and presents a significant opportunity to improve dietary quality for low-income Americans. USDA research shows that SNAP recipients must allocate 40 percent of their SNAP benefit to fruits and vegetables to meet DGA targets. Yet, American households allocate, on average, 26 percent of their food budget to fruits and vegetables, with levels significantly lower for low-income and SNAP households.

To date, the Gus Schumacher Nutrition Incentive Program (GusNIP) is the only dedicated program to increase SNAP participants' buying power of fruits and vegetables, including Produce Prescriptions. First included in the 2014 Farm Bill to test whether providing incentives to SNAP beneficiaries increased fruit and vegetable purchases and consumption, GusNIP has been successful in proving that when provided the dedicated resources, fruit and vegetable consumption does increase among low-income consumers.

Historically, low-income consumers have disproportionately been marketed foods of low dietary quality. Since the last farm bill, online grocery redemption has grown significantly, including within SNAP. This has positively impacted SNAP participation and presents an opportunity to better promote fruit and vegetable consumption and reduce the marketing of foods that are inconsistent with DGA recommendations.

The SCFBA believes all SNAP participants should have convenient access to a wide variety of fruits and vegetables consistent with the DGA recommendations.

Policy Recommendations

- Congress should continue to invest in the GusNIP program, which pilots strategies to improve access to and consumption of fruits and vegetables, including Produce Prescriptions. Further investments are needed to create a dedicated fruit and vegetable benefit for SNAP participants modeled after the successful cash value benefit (CVB) in the WIC program. Operating as a fixed dollar amount set by the National Academy of Sciences, participants can select the fruit and vegetable of their choice, proving to be a flexible option across diverse cultures, seasons, and supply chain disruptions.
- Congress should direct USDA to explore innovative ways to promote consumption of fruits, vegetables, and tree nuts through online retail, including the integration with existing programs like GusNIP and SNAP-Ed.

Buy American Requirements

Congress reauthorized the National School Lunch Act in 1968, defining the intent of the legislation as: "to safeguard the health and well-being of the Nation's children" **and** "to encourage the domestic consumption of nutritious agricultural commodities and other food." In 1988, as part of the William F. Goodling Child Nutrition Reauthorization Act, Congress reinforced its commitment to American agriculture by adding a provision requiring school food authorities (SFAs) to purchase domestic commodities or products.

USDA provides two limited exceptions to the Buy American requirement: (1) a product is not produced or manufactured in the U.S. in sufficient and reasonable available quantities of a satisfactory quality, or (2) competitive bids reveal the costs of a U.S. product are significantly higher than the foreign product.

Despite these Buy American requirements, non-compliant imported products still reach schools, with the most frequent violations occurring with processed foods. While we recognize that noncompliance at the school level is often unintentional, violations hurt American growers and more should be done by USDA to ensure that schools and distributors comply with the Buy American provision.

Policy Recommendations

- Congress should strengthen, and require USDA to enforce, the Buy American requirements in USDA school meals programs.
- Congress should specifically define that a U.S. product must be at least 25% greater in cost to qualify as having a "significantly higher cost" than a foreign product.

Fresh Fruit and Vegetable Program

The Fresh Fruit and Vegetable Program (FFVP) was originally piloted in the 2002 Farm Bill and quickly expanded to all states and territories due to its success and popularity. A USDA evaluation found that FFVP increases consumption among low-income students, helps reduce plate waste at school meals, and, most notably, can reduce obesity rates by three percent. The program is oversubscribed, with many more districts (all low-income) applying each year than funding made available.

Policy Recommendation

- Congress should make FFVP automatically available to any elementary school that currently qualifies as low-income under the Community Eligibility Provision (CEP).

Title VI Rural Development

Eligibility for Rural Programs

The nature of growing and handling perishable goods means a significant amount of specialty crop production and processing operations are in areas that exceed 'rural population' limits for communities eligible to access USDA programs. These urban, suburban, and ex-urban agriculture-based operations experience similar challenges to rural farms and facilities.

Policy Recommendation

- To ensure equitable access to USDA programs for all agricultural products and supporting businesses and services, specialty crop operations should be exempt from "rural population" caps.

Rural Business Programs

USDA's Rural Business Programs provide financial backing and technical assistance to stimulate business creation and growth. The programs work through partnerships with public and private community based organizations and financial institutions to provide financial assistance, business development, and technical assistance to rural businesses. These programs help to provide capital, equipment, space, job training, and entrepreneurial skills that can help to start and/or grow a business. As we look at these types of programs it is clear that specialty crop businesses contribute tremendous value to local agricultural economies.

Policy Recommendation

- Congress should reform Rural Business—Cooperative Service (RBCS) loan and grant programs to remove current barriers to specialty crop producer eligibility and fair access in such areas as population limitations and capitalization barriers.

Value-Added Agricultural Market Development Program Grants

The Value-Added Producer Grant (VAPG) Program is a competitive grants program administered by the Rural Business Cooperative Service at USDA to help producers move into value-added agricultural enterprises. The term "value-added" refers to an agricultural commodity or product that has changed physically or was produced, marketed or segregated in a manner that enhances its value or expands its customer base.

Policy Recommendation

- Congress should reauthorize and continue to fund the Value-Added Produce Grant Program.

Rural & Agricultural Housing Programs—Generally

USDA's Rural Housing Service offers a variety of programs to build or improve housing and essential community facilities in rural areas. They offer loans, grants and loan guarantees for single- and multifamily housing, childcare centers, fire and police stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, housing for farm laborers and much more.

Policy Recommendation

- USDA has several programs that producers can access to help pay for the construction or the rental of farm worker housing both on and off the farm as well as help farmworkers pay for rent. Congress should use the farm bill to enhance programs that help producers with costs with respect to the housing of agricultural workers.

Off-farm Labor Housing Loans and Grants

Construction, improvement, repair, and purchase of housing for domestic farm laborers is the primary objective of this program. H–2A workers are not eligible under the law as it states that tenant eligibility is limited to "domestic farm laborer," "retired domestic farm laborer" or a "disabled farm laborer" and the domestic farm laborer is defined to only include a citizen of the United States or a legal permanent resident residing in the US, Puerto Rico, or the Virgin Islands. Moreover, temporary workers must have their employer provide their housing, but they cannot add their name to a first-come, first-served list of potential tenants and hope there will be an opening when needed.

Policy Recommendation

- Congress should prioritize off-farm housing, including all work-authorized residents, including temporary workers (H–2A, *etc.*). Congress should direct the Rural Housing Service to change its policies on leasing to allow employers to reserve space for arriving workers (also known as block leasing).

On Farm Housing Labor Loans

This program provides low interest loans to eligible borrowers to develop or rehabilitate affordable rental housing for very-low-income domestic, migrant, and seasonal farm laborers. Borrowers must not otherwise be able to get commercial credit, but there is a waiver for housing domestic labor, and no local or state agency is willing to provide the housing.

Policy Recommendations

- Congress should increase funding for these programs.

- Expand eligibility for all Off-Farm Labor Housing Loans and Grants to "include persons who are legally admitted in this country and authorized to perform work in agriculture in the definition of domestic farm laborer. This revision applies even if the admittance to this country is temporary."

Multifamily Housing Rental Assistance

This program provides payments to owners of USDA-financed Rural Rental Housing or Farm Labor Housing projects on behalf of low-income tenants unable to pay their full rent.

Policy Recommendation

- Congress should increase funding to this program targeted toward farm worker tenants.

Rural Utilities and Community Facilities Programs

USDA grant and loan programs for community facilities and water treatment provide valuable resources to rural communities that often lack adequate water resources and facilities vital for the operation of specialty crop operations. Without access to these funds, which supplement local resources, it is often impossible for specialty crop operations to be viable in the communities which they call home.

Policy Recommendation

- Community projects that supply water essential to specialty crop operations in all areas of the country should be eligible for funds made available by USDA rural development and rural utilities programs.

Title VII Research

Advancing research and development activities to overcome existing and upcoming research challenges in specialty crop agriculture will require acceleration of novel, early-stage innovative agricultural research with promising technology applications and products. Below represents the SCFBA focus for research in the 2023 Farm Bill.

Specialty Crop Research Initiative (SCRI)

The Purpose of the Specialty Crop Research Initiative (SCRI) program is to address the critical needs of the specialty crop industry by awarding grants to support research and extension that address key challenges of national, regional, and multistate importance in sustaining all components of food and agriculture, including conventional and organic food production systems. Projects must address at least one of five focus areas:

1. Research in plant breeding, genetics, genomics, and other methods to improve crop characteristics.
2. Efforts to identify and address threats from pests and diseases, including threats to specialty crop pollinators.
3. Efforts to improve production efficiency, handling and processing, productivity, and profitability over the long term (including specialty crop policy and marketing).
4. New innovations and technology, including improved mechanization and technologies that delay or inhibit ripening.

5. Methods to prevent, detect, monitor, control, and respond to potential food safety hazards in the production efficiency, handling, and processing of specialty crops.

Policy Recommendations

- Congress should allocate an additional $50 million in annual mandatory spending to SCRI.
- Congress should maintain a flexible governance structure for SCRI, as specialty crop challenges 5 years from now could be much different than they are today.
- Congress should reinstate the Secretary's authority to waive the matching funds requirement.
- SCRI should prioritize the following types of research projects:

1. New innovations and technologies such as:
    - Advancing research into technology improvements that will address challenges relating to growing, crop forecasting, harvesting, handling, and packing of agricultural products. (Challenges of this nature are not likely to narrow in scope in the foreseeable future without major technological breakthroughs. It is therefore desired that appropriate amounts of dollars be ensured towards investment in projects that would accelerate the development and use of these advanced technologies in the production or processing of specialty crops across scales of production.)
    - Technologies that delay or inhibit ripening.
    - Remote Sensing technologies and decision support systems driven by phenology and environmental factors.
    - Pesticide application systems and certify drift-reduction technologies.
    - Systems, innovations, and management practices to extend storage life of specialty crops.
    - Combating threats that impact specialty crop pollinators.
2. Research into plant breeding, genetics, genomics, crop management, and other methods to improve crop characteristics across scales of production, such as:
    - Product, taste, quality, and appearance.
    - Size controlling rootstock systems and enhanced rhizome spread for perennial crops.
    - Mitigation of environmental risks and responses and tolerances to environmental conditions.
    - Nutrient management, including plant nutrient uptake efficiency.
    - Enhanced phytonutrient content.
    - Improved fruit set through advancements in plant health and pollination efficiency.
    - Pest resistant crops.
3. Efforts to identify and address threats from pests and diseases, such as:
    - Pest and disease management, including chemical resistance to pests and diseases that results in reduced pesticide applications and improved overall management strategies.
    - Emerging and invasive species.
    - More effective understanding and utilization of existing natural enemy complexes.
    - Improved monitoring systems for agricultural pests.
    - Effective systems for pre- and post-harvest management of quarantine pests.

Standalone Mechanization and Automation Research and Development Program

The availability and rising cost of labor are major limiting factors for specialty crop producers nationwide. Demographic shifts, where populations now are mainly located in urban area settings, has reduced the availability of agricultural labor, and caused an increase in the need for more mechanization and automation within specialty crop agriculture. Developing these new forms of technology is therefore increasingly important with respect to successfully growing, harvesting, and handling specialty crops.

Mechanization and automation research is currently funded through several program areas in National Institute on Food and Agriculture. Housing all specialty crop mechanization and automation research within one single program would reduce redundancies and provide specialty crop industries more opportunity to provide a level of oversight through relevancy reviews for projects seeking funding.

Policy Recommendations

- Congress should allocate $20 million in annual mandatory spending to establish a new, standalone program that prioritizes mechanization and automation for specialty crops and incorporate the following framework:

1. Eligible applicants should include Land-Grant Universities, Institutions of Higher Education and Technology, governmental agencies, for-profit agricultural and non-agricultural entities, commodity organizations.
2. The recipient of a mechanization/automation grant must provide funds, in-kind contributions, or a combination of both, from sources other than funds provided through the grant in an amount that is at least 15% of the amount awarded.
3. This proposed mechanization/automation program would be managed following an SCRI-like governance structure and relevance and evaluation process that is guided by industry input.
4. Annually, the portfolio of funded projects should include proposals that target small, medium, and large scales of specialty crop production, and the cost to producers of technologies must be cost-appropriate to the scale of production.
5. Project proposals must demonstrate strong support from the specialty crop sector they target.

The new program should include the following funding priorities:

1. Projects that increase the competitiveness of specialty crops.
2. Projects that create or improve cost-effective technologies to reduce a specialty crop grower's manual labor requirements and increase the efficiency of crop production, resource management, harvesting, processing, post-harvest technologies, and packaging through mechanization, automation, and other innovations and technologies.
3. Projects that increase adoption of mechanization and automation technologies by:
   - Emphasizing adoption drivers that could include but are not limited to connectivity, autonomy, reliability, durability, in-field validation, and cost-effectiveness.
   - Investing and developing human capital to increase the specialty crop sector's capacity to work with new technologies, and to manage a more tech-focused farm workforce. (Innovations resulting from projects will significantly increase the resilience, economic sustainability, and impact on State and local economies of a specialty crop sector or sectors.)
4. Projects that accelerate automation and mechanization through prototype development, in-field trial testing, ongoing industry engagement, and rapid commercialization.

IR–4 Project

The IR–4 Project serves a critically important role for agriculture by facilitating the availability of needed pest management solutions for specialty crops. The private crop protection industry often focuses its product development efforts and resources on large acreage, major row crops where potential sales are significant. As a result, specialty crops can be left with few tools for effectively managing pests and the tools that are made available to specialty crops can lag as to the latest advances in crop protection. The IR–4 project aims to combat these market inefficiencies by advancing crop protection product registrations for the specialty crop sector.

Specialty crops also have a great need for lower risk alternatives (biobased and reduced risk chemical pesticides) to replace crop protection products that have lost or are losing their registrations or having uses further restricted. Also driving the need for alternatives is the fact that certain products are no longer efficacious because of pest resistance issues. So, IR–4's workload continues to grow.

The specialty crop sector desires increased IR–4 funding because the need for the Project's services continues to increase while U.S. government funding has remained stagnant. Specifically, funding for IR–4 from government and non-government sources has remained relatively flat over the past 10+ years. The result has meant that over the past three years, the IR–4 Project has had to reduce its primary research efforts by almost 25 percent. IR–4 currently does not have the resources to adequately address pest management voids for specialty crops. At present, there are more than 200 existing pest management voids, and each year IR–4 receives an additional 100+ new research requests. Based on current funding, IR–4 can only address a total of approximately 50 such requests per year.

In addition to all the work IR–4 does on food crops, IR–4 also performs crop protection work on non-food environmental horticultural crops. This industry has no major support for crop protection activities from other sources and is fully dependent on IR–4 for all new approvals. This segment of IR–4 has been under-resourced long-term and is in desperate need of new funds to address pest management voids.

IR–4 also fills voids associated with efficacy study requirements, by performing crop safety, performance, and additional product research with chemicals including biobased and reduced risk chemical pesticides. These data are now required by some states and industry prior to registration approval.

Policy Recommendation

- Congress should increase federal mandatory funding for the IR–4 Project to $50 million annually.

Office of Pest Management Policy (OPMP)

OPMP has been invaluable as a reviewer of EPA-proposed and final regulations, guidance, *etc.,* as well as for Endangered Species Act (ESA) consultations with NOAA Fisheries and the Fish and Wildlife Service associated with pesticide use in the United States. The size of the office (~10 professionals) pales in comparison to the several hundreds of individuals employed in the EPA Office of Pesticide Programs. Yet OPMP has been involved in a very substantive way in almost all the significant EPA and ESA pesticide regulatory actions that may affect the agricultural community, including specialty crops. OPMP serves as an invaluable resource in addressing EPA actions before they are finalized. The specialty crop industry believes that this role needs to be supported and expanded to meet the challenges of future workloads.

Policy Recommendation

- Congress should allocate an additional $5 million annually in mandatory funds for the USDA's Office of Pest Management Policy.

Technical Assistance and Research Relating to the Food Safety Modernization Act (FSMA)

Since the passage and implementation of FSMA, the produce industry has faced a wide variety of hurdles in complying with this statute, the accompanying regulations, and the obligations that they create. Technical assistance for producers as well as additional research into helping producers comply with FSMA are still needed. Changing environmental conditions, stemming from less predictable and more severe weather, coupled with an increase in "mixed use" agriculture (where animals and crops are grown in close proximity to one another) impact how and where human pathogens survive in the environment which subsequently impacts fresh produce safety. The practices that may have been effective a decade ago may no longer be adequate, and producers need assistance understanding how changes in science, society, and economics may influence the changes they need to make to ensure produce continues to be produced safely.

Technical assistance needs to be based on sound science, and the Cooperative Extension Service is well positioned to provide technical assistance to producers to assist with their growing FSMA compliance obligations. Comparably, National Institute on Food and Agriculture (NIFA) should be given additional funding to conduct produce safety research focused on helping producers comply with FSMA.

Policy Recommendations

- The farm bill should include new mandatory funding for the Cooperative Extension Service, to provide technical assistance to specialty crop producers regarding their FSMA compliance.
- The farm bill should include new mandatory funding for NIFA, to conduct research into helping specialty crop producers comply with their FSMA obligations.

Emergency Citrus Disease Research and Development Trust Fund

The 2018 Farm Bill authorized the Emergency Citrus Disease Research and Development Trust Fund to provide mandatory funding to combat Huanglongbing (HLB). USDA–NIFA's Emergency Citrus Disease Research & Extension (ECDRE) program aims at bringing together the nation's top scientists to find scientifically sound solutions to HLB, in a financially sustainable way. The ECDRE program was preceded by the Citrus Disease Research and Extension Program.

Policy Recommendations

- Congress should continue to allocate $25 million annually for the Emergency Citrus Disease Research and Development Trust Fund ("Citrus Trust Fund"). The Citrus Trust Fund was established in the 2018 Farm Bill and builds upon the previous farm bill's novel investment in research to identify a cure for the deadly citrus disease, Huanglongbing, or HLB.

Title X Horticulture—Organics, AMS, APHIS

Specialty Crop Block Grant Program

The Specialty Crop Block Grant Program (SCBGP) was created to provide greater federal assistance to specialty crop producers by providing grants to state departments of agriculture to enhance the competitiveness of those crops. SCBGP funds can support a wide array of projects. SCBGP was first authorized in the 2004 Specialty Crops Competitiveness Act but did not receive any funding until 2006. The 2008 Farm Bill provided SCBGP with its first mandatory funds at $55 million per year. The 2014 Farm Bill subsequently increased the program's mandatory funding to $72.5 million per year through 2017, and then $85 million per year in perpetuity starting in 2018. The 2018 Farm Bill also made permanent the $5 million in annual mandatory funding for the Specialty Crop Multi-State subprogram (SCMP). Since 2006, USDA has invested more than $953 million through the SCBGP to fund

11,331 projects that have increased the long-term successes of producers and broadened the market for specialty crops in the U.S. and abroad.

Policy Recommendations

- The Specialty Crop Block Grant Program should be increased to a funding level of not less than $100 million annually. The set-aside of not less than $5 million for multi-state projects should also be maintained.
- USDA should require Block Grant administrators (*e.g.,* state department of agriculture) to conduct stakeholder outreach and engagement prior to the application process.
- Congress should reinforce that the Specialty Crop Block Grant Program's primary purpose is to enhance the competitiveness of specialty crop producers, by amending the statute with the following language:
  - "to enhance the competitiveness of specialty crops through priorities jointly identified by specialty crop producers, producer groups, and state program administrators, including . . . ."
- USDA should offer guidance to Block Grant administrators as to how best to conduct proposal reviews to ensure industry relevancy and consistency. This includes guidance on the selection and responsibilities of reviewers.
- USDA should improve its administration of the multi-state program to ensure better consistency and transparency for applicants.
- USDA should continue working with industry stakeholders and state program administrators to assess the current program metrics and results and to continually improve the quantification and measurement of success for the Specialty Crop Block Grant Program.

Organics

In 2019, 58% of organic sales came from crops, led by vegetables and fruits (including berries and tree nuts) and represents $9 billion in sales. With the growing importance of the organic production sector in specialty crops and increasing participation throughout the supply chain, the SCFBA has developed a series of policy recommendations aimed to support the continued growth and expansion of this important part of our members business operations.

Policy Recommendations

- The National Organic Program (NOP) should be required to consult with EPA and FDA on all regulatory decisions and include relevant agency information or feedback provided with all Federal Register notices (as accompanying reports). This should include the public health implications of eliminating any sanitizers from the National List of Allowed and Prohibited Substances.
- The number and makeup of National Organics Standards Board ([NOSB]) seats should be expanded, to include more scientific expertise, better account for differing commodity needs, and more effectively respond to the growing consumer demand for organic products.
- Congress should authorize the NOP to hire more staff, including technical experts, EPA and FDA liaisons, and economists, in order to improve the timely consideration of, and possible regulatory response to, NOSB recommendations. This would also provide the NOP with more resources to make better informed regulatory decisions.
- The NOSB should continue to require that a ⅔ vote be required for adoption of any proposed amendments to the National List of Allowed and Prohibited Substances.
- Employees of an owner or operator of an organic farming operation should continue to be an eligible NOSB member on behalf of their employer.

- The National Organic Certification Cost-Share Program should be reauthorized.
- USDA should continue efforts (in cooperation with Customs and Border Protection) to ensure the integrity of organic imports into the United States. This includes the maintenance and improvement of tracking, data collection, and investigation of organic produce imports.
- USDA should continue its organic production and market data initiatives.

Agricultural Marketing Service (AMS) Domestic Promotion Program

Most specialty crop sectors (*e.g.,* pears, potatoes, asparagus, flowers) are primarily composed of small and medium size producers who individually do not have enough volume nor marketplace clout to create demand for the commodity as a whole. While individual producers may be successful at moving their product into the marketplace, creating the dynamic that expands the marketplace and encourages consumer commodity consumption is difficult given the fragmented nature of specialty crop production. In addition, many domestic specialty crop products increasingly face competition from both less expensive imports and branded, highly refined manufactured products that can serve as "like" substitutes. USDA does not currently have clear authority to create and operate a domestic promotion program to address these challenges.

Policy Recommendation

- Grant USDA explicit authority to establish a domestic generic promotion program exclusively for specialty crop producers and direct USDA Agricultural Marketing Service (AMS) to develop the activity as a competitive grant program purposed to create U.S. consumer demand for domestically produced specialty crops.

1. Congress should direct USDA–AMS to establish a reimbursement-based cost-share market promotion and development program for specialty crops modeled conceptually on the Market Access Program operated by the Foreign Agricultural Service.
2. Said program is intended to provide participants opportunity to conduct certain marketing and promotion activities aimed at developing, maintaining, or expanding commercial markets for U.S. specialty crops within the United States.
3. The program should provide broad authority for participants to develop multi-faceted generic promotion campaigns that are designed to motivate the trade (*e.g.,* retailers, wholesalers, foodservice operators) to stock and promote, and consumers to buy specialty crop products. Providing specialty crop producers with a year-over-year opportunity to build demand-enhancing marketing campaigns, while building expertise and capacity at AMS, will help create a more positive environment into which specialty crop producers can sell their products, thereby enhancing their viability, supporting U.S. jobs, and bolstering the economies of rural communities across the country.
4. Eligible participants would include U.S. nonprofit agricultural trade organizations, U.S. agricultural cooperatives, organization operating under federal marketing orders, state agencies or state commodity boards, state regional trade groups. An entity receiving a grant under this program shall provide non-Federal matching funds, including in-kind contributions, equal to not less than 25% the amount of the grant. The amount of participant contribution should be determined by participants and considered as part of the grant evaluation process.
5. Congress should fund the new program at $75 million annually, with a percentage of authorized funding can be used by AMS for building and maintaining capacity.

Mechanization and Automation Technology Deployment Program

Dependence on manual and hand labor in the specialty crop sector continues to be the predominate method to plant, monitor, and harvest specialty crops. In fact, of the 20 most widely consumed fruits and vegetables in the United States, 17 still require hand harvesting. In almost all cases, hand harvesting results in higher grower production costs resulting in higher food prices for consumers compared to other food categories. In addition, domestic labor is increasingly limited due to an aging work.

Mechanized and/or automated solutions are arriving in the marketplace but are often not adopted quickly as industry best practices because they are expensive and unproven and require significant grower investment.

Policy Recommendation

- Congress should establish a reimbursement-based cost share program within the Agricultural Marketing Service (AMS) exclusively for specialty crop producers who are seeking to increase efficiency by investing in mechanized and automated agri-tools.

1. Payments to producer operations under the program should be formulated to provide a significant offset to their investment.
2. Examples of Automated or Mechanized Technologies include:
   a. Remote, mobile, or drone sensing sensors for field level monitoring of environmental variables for use in farm production and/or processing management decision making;
   b. Enhanced precision irrigation, pest and disease detection, nutrient analysis, and crop load assessment;
   c. Crop monitoring and analytics;
   d. Potential and predictive near-infrared crop damaged assessments;
   e. Robotic/semi-autonomous/autonomous or mechanized systems or other tools;
   f. Seeding;
   g. Weeding;
   h. Harvesting;
   i. Packing (field and in-house);
   j. Pruning;
   k. Spraying;
   l. Transporting;
   m. Climate Protection (*e.g.,* shade cloth, light manipulation);
   n. Cultural Practices; and
   o. Other automated or mechanized systems or tools that increase efficiency as determined by the Secretary.
3. Producers should be permitted to use a percentage of funding received under this program for team member training or technical assistance for learning new machinery, infrastructure maintenance, *etc.*

Specialty Crop Market News

For 100 years, USDA's Agricultural Marketing Service (AMS) has provided free, unbiased price and sales information to assist in the marketing and distribution of farm commodities. Each year, *Market News* issues thousands of reports, providing the industry with key wholesale, retail and shipping data. The reports give farmers, producers and other agricultural businesses the information they need to evaluate market conditions, identify trends, make purchasing decisions, monitor price patterns, evaluate transportation equipment needs and accurately assess movement.

Today, *Specialty Crops Market News* disseminates detailed information on marketing conditions for hundreds of agricultural commodities at major domestic and international wholesale markets, production areas, and ports of entry. Using direct contacts with salespersons, suppliers, brokers, and buyers, *Market News* reporters collect, validate, analyze, and organize unbiased data on price, volume, quality and condition, making it available within hours of collection at no cost to you.

Policy Recommendation

- Congress should reauthorize the *Specialty Crop Market News.*

Plant Pest and Disease Management and Disaster Prevention Program (PPDMDPP)

The APHIS PPA 7721 program, initially established through the farm bill's horticulture title, is currently funded at $75 million per year. The funds support a wide array of plant pest-related projects under six broad goal areas. The program provides 1 year funding, though some projects are funded in successive years. There is an annual call for project suggestions, which are vetted by goal-specific review teams, which draft recommendations that comprise a spending plan which is subject to final USDA review and approval. Industry representatives are welcomed to participate in these review teams, with up to two per team accommodated. SCFBA helps to coordinate industry volunteers, and the continued robust stakeholder engagement is a critical component of the process.

The program is working well and serving a variety of current and emerging specialty crop industry needs. The passage of time and effects of annual inflation have eroded the value of the program's investments in pest and disease prevention and mitigation.

Policy Recommendation

- The SCFBA recommends that the Plant Protection Act Sec. 7721 be funded at $90 million per year.

National Clean Plant Network (NCPN)

NCPN supports a network of clean plant centers which provide plant pathogen diagnostics and therapy and maintain collections of high-value vegetatively propagated specialty crops with high-consequence pathogen threats, notably viruses and viroids. Crops covered by the network include apples, pears, stone fruit, citrus, grapes, berries, hops, roses, and sweet potatoes.

NCPN is funded as a sub-component of PPA 7721. The law currently specifies that NCPN be funded at "not less than $5 million annually." In recent years, APHIS has funded NCPN at $7.5 million annually. Center directors have recently expressed concerns that funding is consistently falling short of meeting current and expected needs in the face of rising material and personnel costs. Unlike the PPDMDPP, which provides 1 year funding of selected projects, NCPN represents an ongoing investment in specialty crop "support infrastructure" and shortfalls have long-term operational and staffing consequences.

Policy Recommendation

- The SCFBA recommends that NCPN should be funded at not less than $8 million per year.

Title XI Crop Insurance

Permanent Disaster Program

USDA offers a variety of programs to help farmers, ranchers, communities, and businesses that have been hard hit by natural disaster events. Traditionally, specialty crops have utilized the Tree Assistance Program (TAP) and Noninsured Crop Disaster Assistance Program (NAP). More recently the Wildfire, Hurricane Indemnity Program has been utilized for those specialty crops growers in the South.

Policy Recommendation

- Although a standing workable permanent disaster program for all agricultural commodities would be welcomed, it would be difficult to define in a way that enhances the safety net for the specialty crop community. Other enhancements to the farm bill should be prioritized, including an improved crop insurance option. Creating a known permanent structure and set of procedures for making payments under any future *ad hoc* disaster programs would be useful, and specialty crop producers should be involved in creating such a statutory structure.

General Crop Insurance Improvements

Crop insurance is viewed differently by varying crops within the specialty crop industry. There are crops that have workable insurance policies, and for those crops the issue is how to make improvements to what is already a solid safety net. For the rest of the industry, which is a majority, there are no crop insurance policies available, or the crop insurance policies that exist are primitive or only available on a limited basis.

Policy Recommendation

- To secure a better safety net, exploration is needed to develop effective applicable products for all uncovered specialty crop producers as well as making it more attractive and easier to deploy individual policies for current safety net users.

Noninsured Crop Disaster Assistance Program (NAP)

NAP provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters. Since specialty crops continue to limited access to risk management tools NAP has been a stop-gap for many in our industry to have some type of coverage when disasters may occur.

Policy Recommendations

- Move NAP from the Farm Service Agency to Risk Management Agency, thereby removing the Adjusted Gross Income (AGI) limitations and improving the marketing of the program to growers through crop insurance agents.
- Establish additional NAP coverage options addressing shallower losses, as well as optional units.
- As an alternative: If NAP remains under FSA, a uniform exemption if 75% of AGI derived from farming would be recommended.

Whole Farm Revenue Insurance Program

The program has limited utility for farming operations that need support covering losses for a singular crop. This applies to single crop and diversified farming operations.

Policy Recommendations

- Expand Whole Farm crop insurance to include higher coverage for single crop farms. (Currently producers can purchase a lower level of coverage under Whole Farm but are not eligible for the higher coverage without planting an extra crop.)
- Remove the $8.5 million income cap to increase participation.
- Increase the 30% growth in covered acreage year to year. This limits how much growers can insure when they want to increase their production.

Data Collection

The Specialty crop industry is concerned about RMA's data collection needs. Under disaster programs the data that USDA collects before a pay-out are done all under self-certification. Congress can indicate to the FCIC board that to stimulate and increase the speed of policy development, initial data collection needs be loosened. This will allow improved access to expand existing policies into new states. This is particularly the case as climate change impacts production.

Policy Recommendation

- Expanded use of the T-yields calculation beyond the cap of three years when determining a growers 10 year average when data is missing. [T-yields were used in the calculation of the prior 10 year average if three or fewer years of actual yields were missing. To determine eligibility for exclusion, the year evaluated must have actual yields (crop insurance yield or NASS yield) for at least 7 of the 10 previous years, with T-yields making up the rest.]

*Pricing **vs.** Benefit*

Many specialty crop producers have experience crop insurance policies with high premium costs with coverage levels and corresponding payouts that are too low. As coverage levels increase so too do premium rates, at some point producers decide to self-insure. Pricing accuracy needs to be improved, and varietal development needs to be accelerated. There are also concerns about whether policies reflect specialty crop needs—such as covering the impacts of quarantine or food safety outbreaks.

Policy Recommendations

- Allow for Optional Units to section out fields and account for different weather events in different field locations.
- Remove harvest costs from the payment, which should help lower premium costs. (As an example, while the Strawberry Production and Revenue History program is not perfect, one useful feature to replicate elsewhere is that harvest costs are removed.)
- Prices should be county-specific for RMA programs to account for the differences in seasons and marketing windows.
- Higher levels of buy-up coverage for existing products are needed as well as encouraging RMA to be quicker to price policies for emerging varieties.

Risk Management Agency Outreach to Specialty Crop Growers

RMA was mandated in the 2018 Farm Bill to engage in greater outreach to specialty crop growers to develop a greater number of policies covering specialty crop production. Outreach efforts have been uneven and insufficient resulting in no meaningful increased availability of crop insurance policies to specialty crop producers. RMA relies on crop insurance agents to "sell" crop insurance policies and engage with growers, but this model only works if there are crop insurance policies to sell.

Policy Recommendation

- RMA should apply an equitable outreach program in all States engaging specialty crop producers, so producers understand how to currently access and use new and existing programs.

Miscellaneous—Climate Change

Climate Change General Principles

Since the enactment of the Agriculture Improvement Act of 2018, many new initiatives on climate change affecting agricultural production have been proposed, debated, and even some have been piloted. The specialty crop industry produces hundreds of diverse crops in all regions of the country, each with their own unique production methods, structures, and markets. The diversity of specialty crop production in the United States presents many challenges when formulating workable policies to combat global climate change. Likewise, specialty crop growers need additional tools to help them adapt to the changing climate and develop greater resiliency in their operations.

As Congress inevitably considers adopting new farm bill initiative on climate change, in addition to the policy recommendations outlined below, Congress should consider the following principles with respect to how those initiatives could affect specialty crops:

1. Congress and USDA should support and encourage public and private research initiatives to better understand the intersection of potential climate change initiatives and the diverse production.
2. Any new programs should be voluntary in nature and consider the diversified regional production of specialty crops.
3. Funding for a voluntary program should not divert resources from current farm bill programs.
4. Federal climate change policies should consider mitigation and resilience and adaptation.
5. Climate related programs need to be supported and accompanied by outreach to all producers regardless of farm size, location, or commodity. (Larger operations are often early-adopters and critical to the success of new programs. Initiatives should not directly or indirectly discriminate against large operations.)
6. Climate related efforts need to be designed for the wide variety of specialty crops and their unique production systems across all programs. (For example, orchard-based and perennial commodities vary significantly from root crops and greenhouse production.)
7. Congress and USDA should consult with the specialty crop industry prior to implementing any new climate initiative affecting specialty crop producers.

Climate-friendly Production Methods and Consumer Labeling

It would be difficult to implement a single nationwide "Climate-Smart" consumer labeling program for specialty crops. Therefore, the following recommendations should be considered.

Policy Recommendations

- Any "Climate-Smart" consumer labeling program should be voluntary.
- "Climate-Smart" consumer labeling program should consider the unique needs and diverse suite of production systems among specialty crops.
- Congress and USDA should consult extensively with the specialty crop industry prior to implementing any "Climate-Smart" consumer labeling program affecting specialty crops to ensure that any such standards are fair, accessible, and practical for specialty crop producers.

Carbon Markets and Other Climate Benefits Exchanges

Policy Recommendation—The SCFBA supports efforts to establish consistent standards and other criteria for voluntary carbon markets and other climate benefit exchanges to enhance consumer protections, reduce barriers to entry, and maximize benefits for specialty crop producers.

Policy Recommendations

- The SCFBA supports conducting feasibility studies of carbon markets and other climate benefit exchanges for specialty crops, including:
  1. Recognize the climate benefits of all specialty crop production systems regardless of farm size, location, or commodity.
  2. Recognize the diversity of production practices associated with specialty crops and provide credits for practice improvement based on regionality and crop needs.
  3. Directly engage the specialty crop industry in the process to help ensure standards are fair, accessible, and practical for specialty crop producers (for example, orchard-based and perennial commodities vary significantly from root crops and greenhouse production).
- Require climate benefit models to integrate broad ecosystem services credits for specialty crops and their inputs and recyclable byproducts, both CEA and land-based.

Credits for Inherent Climate Benefits for Specialty Crops

Policy Recommendations

- Support the development of a pilot project to develop a Climate Score based on the climate/nutrient delivery per climate benefit unit of production provided it does not disrupt the marketplace.
- Require climate benefit models to integrate broad ecosystem service credits for specialty crops and their inputs and recyclable byproducts, both controlled environment (CEA) and land-based.
- Define intentionally applied ecosystem services and climate benefit for early adoption of such practices with set retroactive timeline.
- Expand and adapt the COMET-Farm tool so that it works for the specialty crop industry by investing in soil science research and updates to the NRCS SSURGO database, which provides site-specific climate data and results that include major specialty crop industries from each state.
- Provide funding for the COMET-Farm tool to improve systems integration with existing data sources and models and to improve the overall diversity of crops. Benchmarks for inclusion of at least 100 crops into the COMET tool within 5 years should be put in place. Benchmarked crops should include major specialty crop industries from each state.

Miscellaneous—Data

The Department of Agriculture's collection and generation of timely data on the specialty crop industry is generally less accurate and comprehensive when compared to other agricultural commodities. During the formulation and implementation of both the Market Facilitation Program (MFP) and the Coronavirus Food Assistance Program (CFAP), the complications and consequences of having insufficient data at USDA became clear to organizations representing specialty crops, Members of Congress, and even many within USDA itself.

The specialty crop industry produces hundreds of diverse crops in all regions of the country, each with their own unique business models, markets, and pricing. Although it is understandably more challenging to gather data on specialty crops than other commodity sectors, it is critically important for the health of the future competitiveness of specialty crop producers that such data be collected and understood within USDA.

Policy Recommendations

- The Office of the Chief Economist should include regular economic assessments of the specialty crop industry in the United States whenever the health of the agricultural economy is being evaluated, particularly when providing such reports to the Secretary or USDA leadership. Sufficient indicators and analysis on the specialty crop industry should be included in any bulletins, reports, or journal articles, such as the *World Agricultural Supply and Demand Estimates* report, in which analysis or forecasting of multiple agricultural sectors is being prepared by agencies of USDA including the Office of the Chief Economist.
- USDA should devise, report to Congress, and implement a strategy to establish or improve specialty crop expertise within each of its subagencies, including the Office of the Chief Economist.
- The Office of the Chief of Economist should be required, when appropriate, to account for regional variations and aggregations of specialty crops.
- Congress should ensure that NASS, AMS, and related agencies have sufficient resources to fulfill their mission and maintain robust data collection and reporting capabilities across the specialty crop industry in the United States.
- USDA should review its current data collection processes, protocols, and sources and propose ways to expand its outreach to, and collaboration with, industry, as well as identify barriers that challenge industry participation and identify opportunities to increase industry participation.
- USDA should work with stakeholders to ensure the data protection and privacy needs of the U.S. specialty crop industry are being effectively addressed.

Miscellaneous—General Statements of Policy

The Definition of Specialty Crops for All USDA Programs

The Specialty Crop Competitiveness Act of 2004 established new programs at USDA to meet the unique needs of specialty crops in critical areas such as research, trade, and regional market development and expansion. Subsequent farm bills have continued to improve and refine these programs to meet the unique needs of specialty crops, such as in 2008 when Congress allocated mandatory funding for the Specialty Crop Block Grant Program, included the first-ever farm bill title dedicated to horticulture, and established a new pest and disease program; again in 2014 when Congress fully funded the Specialty Crop Research Initiative and allocated additional resources to specialty crop programs; and most recently in 2018 when Congress created the AGARDA advanced research program, expanded permanent baseline funding for the Specialty Crop Research Initiative, and modernized the Technical Assistance for Specialty Crops international trade program.

These initiatives are chronically under-funded and oversubscribed.

Policy Recommendation

- The SCFBA opposes any attempt to expand the definition of specialty crops beyond the commonly understood meaning set forth in the 2004 Act. The Specialty Crop Competitiveness Act of 2004 defines specialty crop as fruits, vegetables, tree nuts, dried fruits, and nursery crops (including floriculture).

Labor and Immigration Reform

Access to a legal, reliable workforce is a top priority for Alliance members. Although the farm bill historically has not been a vehicle for addressing labor issues, the long overdue lack of reform of our nation's agricultural immigration system dramatically undermines the farm bill's investments in the specialty crop industry.

Policy Recommendation

- The SCFBA continues to support critically needed modernization of the immigration system and specific changes to the underlying statutes, including:
  - Providing for earned legal status for farm workers under appropriate conditions; and
  - Reforming the current guestworker programs to meet the needs of all agricultural sectors and ensuring that the programs do not place undue burden on producers.

Potential Risk Management/Safety Net Program Exclusively for Specialty Crops

Since the enactment of the Agriculture Improvement Act of 2018, specialty crop producers have confronted new and increasing economic challenges. Drought, hurricane, fire, and other natural disasters; disruptions to the supply chain by a global pandemic; rising competition from low-cost seasonal and perishable imports; tariff disputes between the United States and significant export markets; significant food safety outbreaks; and labor shortages are among the many challenges impacting the economic viability of specialty crop producers in the United States.

During this period, Congress and USDA have implemented several *ad hoc* programs in an attempt to assist producers with these unprecedented challenges. Although these programs underscored the reality that specialty crop producers do in fact need a robust, flexible, and affordable safety net to enhance their competitiveness, these programs also demonstrated that existing tools are inadequate to provide meaningful protection for specialty crop growers who produce hundreds of diverse crops in all regions of the country, each with their own unique business models, markets, and pricing.

Policy Recommendation

- The SCFBA has formed a high-level working group to evaluate the feasibility of proposing that Congress establish an affordable and effective risk management program exclusively for specialty crop growers. Such a program would provide meaningful compensation from a wide range of naturally occurring and other economic perils that impede the competitiveness of specialty crop growers in the United States.

[Unique Challenges Confronting Seasonal and Perishable Producers]

SCFBA recognizes that some U.S.-grown and domestically marketed seasonal and perishable fruit and vegetable producers face market challenges from imports. Because of the short window during which seasonal and perishable produce is harvested and marketed, imports of a product immediately before or during a domestic grower's marketing window may negatively affect demand and price for some U.S.-grown products, particularly if the import prices are significantly lower.

Steering Committee

SCFBA Leadership

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Maitland, FL

KAM QUARLES (*Co-Chairman*)
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Executive Director
Washington State Potato Commission
Moses Lake, WA

The CHAIRMAN. Mr. Talley, thank you very much.

Now Mr. Weinzierl, you are recognized. Please begin when you are ready.

STATEMENT OF RODNEY M. WEINZIERL, OWNER, WEINZIERL FARMS; EXECUTIVE DIRECTOR, ILLINOIS CORN GROWERS ASSOCIATION; EXECUTIVE DIRECTOR, ILLINOIS CORN MARKETING BOARD, STANFORD, IL

Mr. WEINZIERL. Chairman Thompson, Ranking Member Craig, Members of the Committee, thank you for the opportunity to testify today in front of the House Agriculture Committee. I am Rodney Weinzierl. I serve as Executive Director of the Illinois Corn Growers and the Illinois Corn Marketing Board, but I also grow corn and soybeans in rural Stanford, Illinois, and I am here today as a farmer.

I have farmed for the last 26 years, following my father, my grandfather on the same plot of land, farming for the same landlord family since 1912. My wife and I began transitioning our farm to our oldest daughter, Gracie, and this process has highlighted the challenges facing the next generation of family farmers.

Today, the farm economy is struggling. I believe two fundamental issues are driving the downturn: lack of demand and rising input costs. Regarding demand, an Illinois farmer's first priority is to derive profit from the market, not from the government. To that end, we consistently invest in and advocate U.S. Government invest in the development of three major markets: livestock, ethanol, and exports. Last year's House Committee farm bill included an increase in funding for Foreign Market Development and the Market Access Programs, targeting demand, growth from international buyers. Investment here could be very impactful to the ag economy as we face the fifth consecutive annual trade deficit in 7 years. Export markets generate demand and profitability.

Given more time, I would love to dive into the opportunities available for family farmers if the U.S. built a vibrant, high-octane cleaner burning fuel standard, which would allow the sale of more corn-based ethanol. Growing demand here would drastically impact the profitability proposition for the U.S. corn farmer.

The second issue, input costs, rose during a period of high commodity prices and have not yet returned to levels to allow family farmers to be profitable. My financials over the past 26 years reflect on two opportunities for the Committee, crop insurance and transparency in input costs, particularly fertilizer costs. I struggle to understand how nitrogen costs have risen dramatically over the past years, despite the relatively stable price of the primary feedstock, natural gas. I understand that we operate in a global market and that the Russian invasion of Ukraine has created supply challenges. However, throughout my career, the fertilizer industry has twice had the opportunity to expand production to meet market demands, yet has not done so. Increasing market transparency and/or creating risk management tools like futures contracts on the Chicago Mercantile Exchange could help farmers manage input costs more effectively.

Regarding crop insurance, this program is designed to operate at a loss ratio of 1.0, meaning for every dollar premium paid in, $1 is paid out as an indemnity payment. Over 26 years, my farm has only received 20 percent of what I should have received as a loss ratio of 1.0. Most farms in Illinois are in similar predicaments. If crop insurance rates were reevaluated, particularly in the Midwest, we could generate hundreds of millions of dollars in savings. I would encourage those savings to be used to improve crop insurance and support other farm bill titles.

Because of my own farm experience using conservation practices on our farm, I see trends worth exploring for further risk reduction, potentially generating even more savings for crop insurance. I believe our conservation practices, no-till, and cover crops primarily have reduced risk on our farm, making our soil more resilient to drought and excess rainfall. This, in turn, has led to fewer crop insurance indemnity payments and lower loss ratios for our policies.

Important to note, our conservation adoption has been implemented without the aid of NRCS programs. This is due, in part, to their practice standards being too rigid, reducing my ability to innovate and often being too risky for my productivity and success. NRCS could lead farmers by providing direly needed technical support regardless of farm families program signup status.

As I wrap up, I would like to mention my wife and her 4–H club run the local food pantry in our small town. I have seen firsthand the value and necessity of food assistance programs in our rural community. The nutrition program in the farm bill is so important to communities like mine in food deserts where there is significant need.

Thank you very much for your time and consideration, Mr. Chairman.

[The prepared statement of Mr. Weinzierl follows:]

PREPARED STATEMENT OF RODNEY M. WEINZIERL, OWNER, WEINZIERL FARMS; EXECUTIVE DIRECTOR, ILLINOIS CORN GROWERS ASSOCIATION; EXECUTIVE DIRECTOR, ILLINOIS CORN MARKETING BOARD, STANFORD, IL

Chairman Thompson and Ranking Member Craig, thank you for the opportunity to testify today in front of the House Agriculture Committee.

I serve as the Executive Director of the IL Corn Growers Association and IL Corn Marketing Board. But I also grow corn and soybeans in rural Stanford, Illinois and I'm here today as a farmer. I have farmed for 26 years, following my father and my grandfather on the same plot of land, farming with the same landlord family since 1912. My wife and I have begun transitioning the farm to my oldest daughter, Gracie. This process has highlighted the challenges facing the next generation of family farmers.

The reality of the next generation of family farmer looks slightly different than the likely picture in your mind. Beginning farmers today are likely to be in their mid-30s-40s and in many cases have been working off the farm. Many of them need to continue working off the farm even when the opportunity presents itself to come back to the farm. My daughter fits this demographic exactly. USDA's research shows that 86 percent of total farms fall into the category of "small farm" based on annual gross farm income. This research also confirms that the total income for households in that category includes off-farm contributions of nearly 50 percent.[1]

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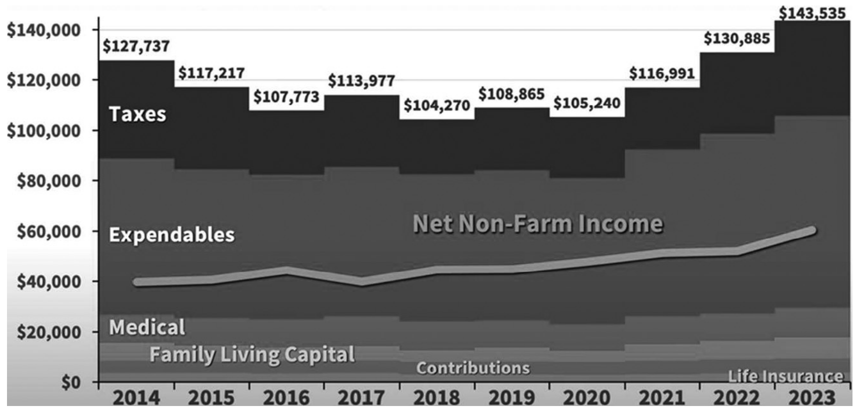
[1] *https://www.ers.usda.gov/data-products/chart-gallery/chart-detail?chartId=58426.*

2023 Family Living *All*—Total with Taxes



The same inflation problems impacting general consumer households also impact the households of farm families; costs of groceries, utilities, and expendables are all increasing. Health insurance is also often supported by off-farm employment. Though medical costs are also increasing, the data reflects an average of marketplace-procured health care and employer-provided health care, mitigating the reflection of the increase.[2]

Again, thinking about my daughter's experience with traditional programs like FSA beginning farmer loan programs, she has found that they are not realistic. They do not accurately factor liquidity and the probability of cash flow to inflated land values. One proposed solution is creating a pathway for the next generation to be more competitive in securing land. While many of the next generation of farmers are working off-farm contributing to traditional retirement portfolios ([401(k)], IRA), historically farmers invested in land as their retirement. A proposal for consideration could be to allow a farmer to make a withdrawal from her retirement account without the ten percent penalty to use towards a land purchase if she will be the principal operator of that land. This would give young farmers more buying power and access to capital for a down payment.

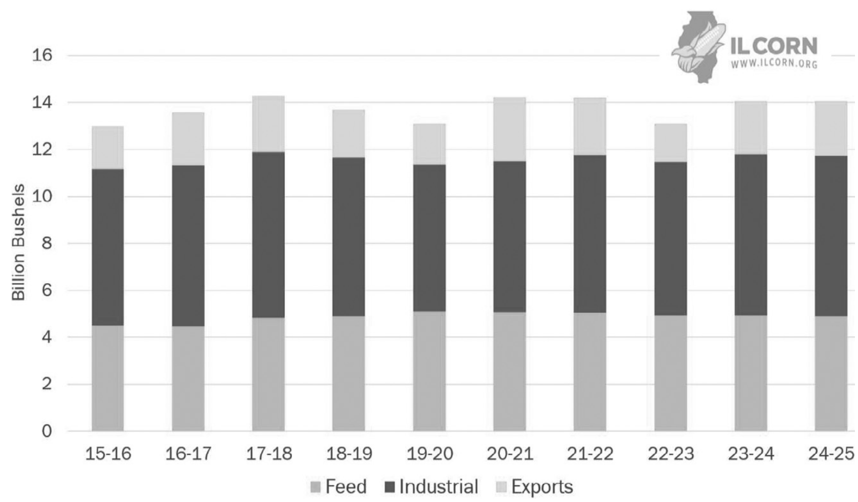
Creating opportunities for the next generation will take innovative solutions like this one, but the foundational problem is that we cannot offer a financially stable ag economy for them to return to. Young people want to come back to the family farm when the farm economy is vibrant, and the opportunity is clear. Today, the farm economy is struggling, and I believe two fundamental issues are driving the downturn: lack of demand and rising input costs.

Corn Demand Concerns

Regarding demand, an Illinois corn farmer's first priority is to derive profit from the market, not from the government. To that end, we consistently invest in and advocate that the U.S. Government invest in the development of three major markets: livestock, ethanol, and exports. Farmers are concerned that these three markets over time reflect a flat demand proposition. In this environment, the only opportunity for a corn farmer to boost his or her corn price is to experience a widespread crop failure that significantly impacts supply.

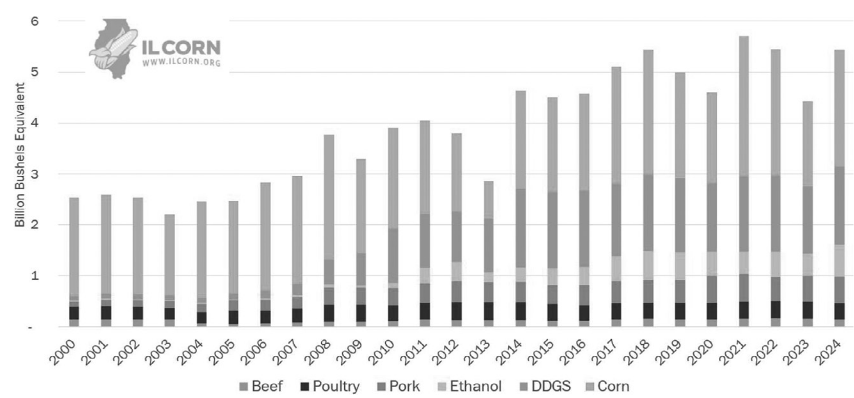
[2] *https://farmdocdaily.illinois.edu/2024/11/when-creating-2025-crop-budgets-keep-in-mind-family-living-costs.html.*

U.S. Corn Utilization



Last year's House Committee farm bill included an increase in funding for Foreign Market Development and Market Access Programs, targeting demand growth from international buyers. Investment here could be very impactful to the ag economy, as we face the fifth consecutive annual trade deficit in 7 years and a 2025 ag trade deficit forecasted to reach a record $42.5 billion. Export markets generate demand and profitability. This graph demonstrates that significant opportunities exist for exports of corn "in all forms;" grain exports are one opportunity, but also high-quality processed products like ethanol and corn-fed meats and poultry produced in the U.S.

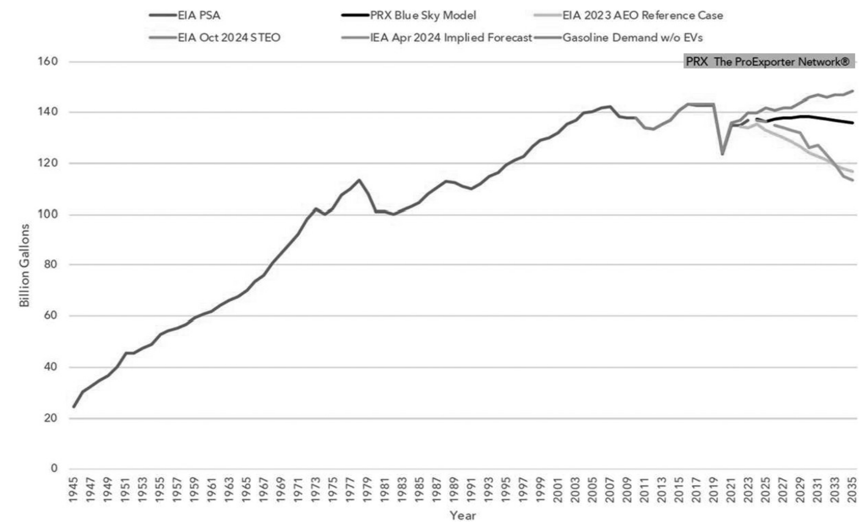
U.S. "Corn-in-All-Forms" Exports



The future of U.S. corn ethanol demand is uncertain at best. Domestic ethanol consumption peaked in 2019, and the current fuel policy will contribute to further erosion of the market. Congress could pass legislation to adopt a high-octane, clean-burning fuel standard that will ensure the longevity of internal combustion engines and the future of U.S. ethanol demand, but to date, this has not happened. Growing demand for ethanol would drastically impact the profitability proposition of U.S. corn farmers. Due to competition for the acres, it could potentially benefit all row crop farmers. Currently, the proposition for ethanol demand is bleak based on regulatory barriers placed on growth in this market and regulations that push electric vehicles over internal combustion engine vehicles.

U.S. Motor Gasoline Consumption Forecasts

PRX Calculations



Notes: Energy Information Administration (EIA), Petroleum Supply Annual (PSA), Annual Energy Outlook (AEO), Short-Term Energy Outlook (STEO), International Energy Agency (IEA), and Electric Vehicles (EVs).

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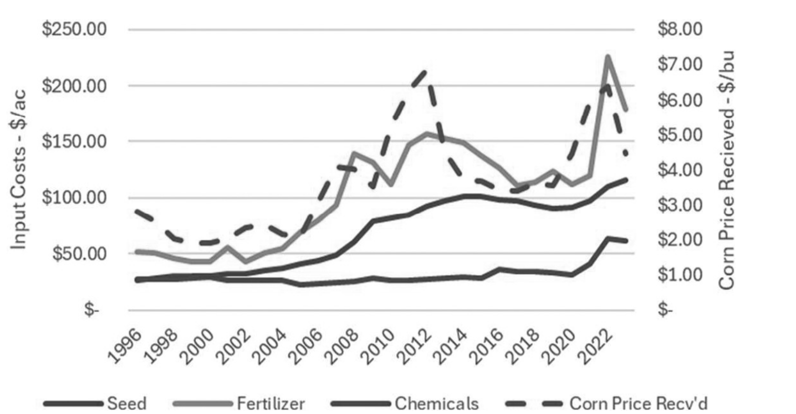
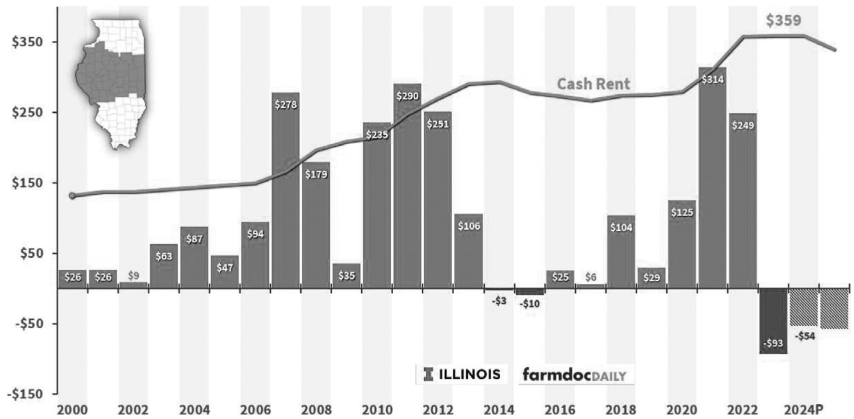
Input Cost Concerns

Input Costs *vs.* Corn Price Received



Input costs rose during a period of higher commodity prices and have not returned to levels that allow family farmers to be profitable. Input costs can be classified as seed costs, fertilizer costs, machinery and labor costs, and cash rent. This chart demonstrates how fertilizer costs in particular are tied to corn prices (and how much manufacturers can extract from the farmer) and are not associated with the cost of producing fertilizers. From Ag Economists at farmdoc, the problem will not be solved by passing additional dollars out to farmers to keep them afloat; additional dollars only prolong the problem and do not place any downward pressure on the exorbitant input costs that are half of the problem.

Figure 1. Returns to a 50% Corn—50% Soybean Rotation in $ Per Acre on *Central Illinois*, Cash Rented Farmland (Includes Estimated EA Payments for 2024)



Source: Illinois FBFM and *farmdoc* projections.

According to the farmdoc team at the University of Illinois, 2025 will be the third year of negative returns for Illinois corn and soybean farms. The magnitude of the downturn is yet to be determined but has the potential to be on par with the 1980s farm financial crisis. Please consider the following two tables, prepared by farmdoc, that detail each cost an average farmer will incur to plant a crop in 2025, as well as the return and break-even commodity prices. The losses are significant for both corn and soybeans with no projected upturn in the market ahead.

Table 1. 2025 Corn and Soybean Budgets for Northern, Central, and Southern Illinois

	Northern		Central-High		Central-Low		Southern	
	Corn	Beans	Corn	Beans	Corn	Beans	Corn	Beans
Yield per acre	228	69	236	75	223	68	195	61
Price per bu	$4.30	$10.20	$4.30	$10.20	$4.30	$10.20	$4.30	$10.20
Crop revenue	$980	$704	$1,015	$765	$959	$694	$839	$622
ARC/PLC	10	10	10	10	9	9	9	9
Ad hoc Federal payments	0	0	0	0	0	0	0	0
Crop insurance proceeds	0	0	0	0	0	0	0	0
Gross revenue	**$990**	**$714**	**$1,025**	**$775**	**$968**	**$703**	**$848**	**$631**
Fertilizers	165	58	165	65	160	62	160	72
Pesticides	101	65	122	74	119	75	113	75
Seed	126	78	127	81	133	71	119	79
Drying	22	0	22	0	20	1	11	0
Storage	9	4	10	5	9	3	4	3
Crop insurance	19	10	19	8	19	9	23	12
Total direct costs	**$442**	**$215**	**$465**	**$233**	**$460**	**$221**	**$430**	**$241**
Machine hire/lease	31	26	21	22	24	24	24	22
Utilities	8	6	6	5	8	7	8	7
Machine repair	45	36	39	37	45	43	45	40
Fuel and oil	22	16	20	17	19	17	23	23
Light vehicle	2	2	2	2	2	2	2	2
Mach. depreciation	76	65	83	73	80	81	84	81
Total power costs	**$184**	**$151**	**$171**	**$156**	**$178**	**$174**	**$186**	**$175**
Hired labor	34	30	27	24	28	26	27	26
Building repair and rent	14	7	10	9	8	6	6	6
Building depreciation	18	9	17	13	19	12	12	12
Insurance	13	9	15	15	17	17	17	17
Misc.	13	13	12	12	13	13	13	13
Interest (non-land)	39	31	30	28	26	21	23	21
Total overhead costs	**$131**	**$99**	**$111**	**$101**	**$111**	**$95**	**$98**	**$95**

Table 1. 2025 Corn and Soybean Budgets for Northern, Central, and Southern Illinois—Continued

	Northern		Central-High		Central-Low		Southern	
	Corn	Beans	Corn	Beans	Corn	Beans	Corn	Beans
Total non-land costs	**$757**	**$465**	**$747**	**$490**	**$749**	**$490**	**$714**	**$511**
Operator and land return	**$233**	**$249**	**$278**	**$285**	**$219**	**$213**	**$134**	**$120**
Land costs (cash rent)	295	295	339	339	275	275	194	194
Farmer return	**−$62**	**−$46**	**−$61**	**−$54**	**−$56**	**−$62**	**−$61**	**−$74**
Break-even price to cover:								
Non-land costs	$3.32	$6.74	$3.17	$6.53	$3.36	$7.21	$3.66	$8.38
Total costs [1]	$4.61	$11.01	$4.60	$11.05	$4.59	$11.25	$4.66	$11.56
Corn minus Soybean Return	−$15		−$7		$6		$13	

[1] Equals non-land costs plus land costs.

Table 2. Corn and Soybean Returns, Central Illinois with High-Productivity Farmland

	Corn			Soybeans		
	2023	2024P	2025P	2023	2024P	2025P
Yield per acre	232	239	236	75	77	75
Price per bu	$4.50	$4.25	$4.30	$11.30	$10.20	$10.20
LDP per bu						
	$/acre	$/acre	$/acre	$/acre	$/acre	$/acre
Crop revenue	$1,044	$1,016	$1,015	$848	$785	$765
ARC/PLC	0	5	10	0	5	10
Ad hoc Federal payments	0	43	0	0	30	0
Crop insurance proceeds	22	5	0	5	5	0
Gross revenue	**$1,066**	**$1,068**	**$1,025**	**$853**	**$825**	**$775**
Fertilizers	289	180	165	87	73	65
Pesticides	124	124	122	75	75	74
Seed	129	129	127	83	82	81
Drying	24	24	22	0	0	0
Storage	11	11	10	6	6	5
Crop insurance	24	20	19	10	8	8
Total direct costs	**$601**	**$488**	**$465**	**$261**	**$244**	**$233**
Machine hire/lease	19	21	21	19	21	22
Utilities	5	6	6	5	6	5
Machine repair	35	37	39	35	37	37
Fuel and oil	23	21	20	23	25	17
Light vehicle	2	2	2	2	2	2
Mach. depreciation	85	85	83	74	74	73
Total power costs	**$169**	**$172**	**$171**	**$158**	**$165**	**$156**
Hired labor	24	26	27	23	24	24
Building repair and rent	10	11	10	9	10	9
Building depreciation	15	17	17	12	13	13
Insurance	14	15	15	14	15	15
Misc.	11	12	12	11	12	12
Interest (non-land)	27	31	30	27	29	28
Total overhead costs	**$101**	**$112**	**$111**	**$96**	**$103**	**$101**
Total non-land costs	**$871**	**$772**	**$747**	**$515**	**$512**	**$490**
Operator and land return	**$195**	**$296**	**$278**	**$338**	**$313**	**$285**
Land costs (cash rent)	359	359	339	359	359	339
Farmer return	**−$164**	**−$63**	**−$61**	**−$22**	**−$46**	**−$54**
Break-even price to cover	$/bu	$/bu	$/bu	$/bu	$/bu	$/bu
Non-land costs	**$3.75**	**$3.23**	**$3.17**	**$6.87**	**$6.65**	**$6.53**
Total costs [1]	**$5.30**	**$4.73**	**$4.60**	**$11.65**	**$11.31**	**$11.05**

[1] Equals non-land costs plus land costs (average cash rent for the region).

My financials over the past 26 years reflect two opportunities for the Committee regarding input costs for family farmers: crop insurance and transparency in input costs, particularly fertilizer costs. I struggle to understand how nitrogen costs have risen so dramatically over the past years despite the relatively stable price of its primary feedstock, natural gas. I understand that we operate in a global market and that the Russian invasion of Ukraine has created supply challenges. However, throughout my career, the fertilizer industry has twice had the opportunity to expand production to meet market demands, yet it has not done so. Increasing market transparency and/or creating risk management tools like futures contracts on the Chicago Mercantile Exchange could help farmers manage input costs more effectively. Similarly, investigating crop insurance as detailed below could equal out the system and save hundreds of millions of dollars or more.

Crop Insurance and Title [I] Program Concerns

The current structure of farm programs creates advantages for some U.S. farmers over others. Title [I] programs were always intended to support farmers experiencing longer-term declines in the farm economy. Payments under these programs are pegged to "base acres" that were established in the early 1980s. This was intentional—there was concern that these programs could encourage farmers to "plant for the program" rather than "planting for the market". Therefore, payments were purposely decoupled from recent plantings. The result is that farmers today may benefit from or be hurt by planting decisions made decades ago.

Some have called for a voluntary update to base acres, but this will only further entrench the problematic aspects of the program. Depending on the value of the base acre (some crops like have higher per acre values than others), farmers will make the rational economic decision to maintain or switch to the highest value base possible—even if that farmer does not plan to grow the crop in the future. A mandatory base acre update is one way to address this systemic problem within the commodity programs.

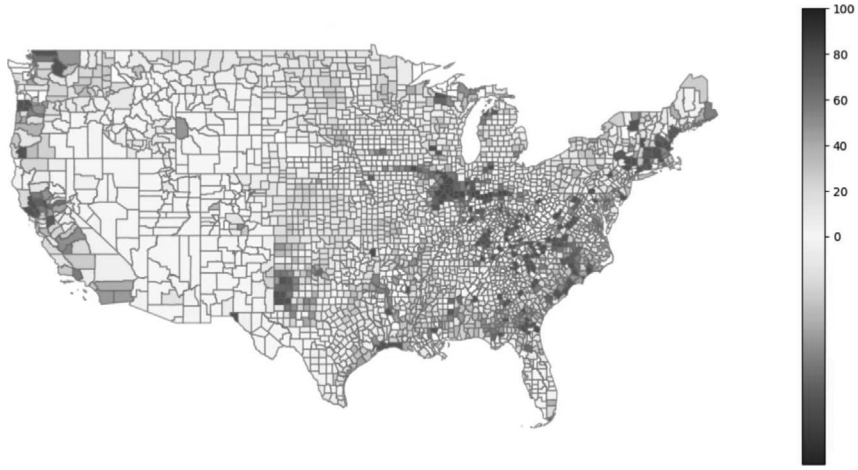
This is a particular concern for Midwestern farmers like me who have traditionally grown and will continue to grow corn and soybeans. Over time, the market has driven higher demand and prices for corn (mainly via the development and expansion of the ethanol market) and soybeans (primarily increased export demand from China). This has encouraged corn and soybean planting across the nation and in regions that were traditionally not corn and soybean areas. We welcome additional production and industry engagement from non-traditional areas, but those areas may have the added benefit of holding higher-value base acres. In this scenario, a farmer can plant what the market tells her to while also receiving government payments simply for being lucky that her grandfather planted another crop with a higher-value base acre 40+ years ago.

Crop insurance is particularly unequal among regions of the United States due to the lack of actuary updates to the program. This program is supposed to operate at a loss ratio of 1.0, meaning for every $1 paid in, $1 is returned to the farmer on average. Over 26 years, my farm has only received 20 percent of what I should have received at a loss ratio of 1.0. Most farmers in Illinois are in similar predicaments.

Other regions of the country have very different experiences with crop insurance. Some areas receive crop insurance payments in excess of premium and subsidy contributions. This means that farmers in lower-risk regions subsidize their neighbors in higher-risk areas. If Congress does not act to reform this program, it will encourage "low-risk" farmers to exit the program and severely skew the overall risk pool.

Congress required the Risk Management Agency to investigate and potentially rerate the crop insurance program in the 2014 Farm Bill. Based on current loss ratios the changes were either insufficient to resolve the problem or have not been kept up to date as we are experiencing the same inequities all over again. If crop insurance rates were reevaluated and reduced—particularly in the Midwest—we could generate hundreds of millions of dollars or even billions in savings. I would encourage the savings to be used to improve crop insurance and support other farm bill titles.

Net Payments Per Acre



I would like to see the Committee consider more regional equity relative to the current Titles I and XI. If this is not possible due to the cost or the disruption in the farm community, then Congress must make adjustments to the Crop Insurance Title that properly rates policies for “low-risk” farmers so that they do not choose to “self-insure” affecting the entire program’s future.

I’ve referenced four articles from the University of Illinois’ farmdoc Team of Agricultural Economists:

Base Acres, Planted Acres, and Ad Hoc Payments, https://farmdocdaily.illinois.edu/2020/09/a-farm-policy-dilemma-base-acres-planted-acres-and-ad-hoc-payments.html

Planted Acres and Additional Pieces of the Base Acres Puzzle, https://farmdocdaily.illinois.edu/2023/08/farm-bill-2023-planted-acres-and-additional-pieces-of-the-base-acres-puzzle.html

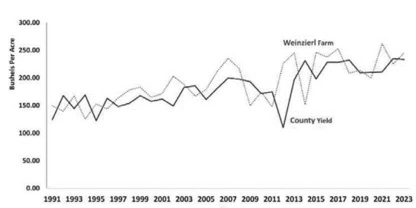
Payment Impacts of Commodity Title for House Bill, https://farmdocdaily.illinois.edu/2024/05/spending-impacts-of-house-proposal-for-commodity-title-changes.html

Loss Ratios—Midwest and Other States, https://farmdocdaily.illinois.edu/2024/07/crop-insurance-loss-performance-in-illinois-and-the-midwest.html

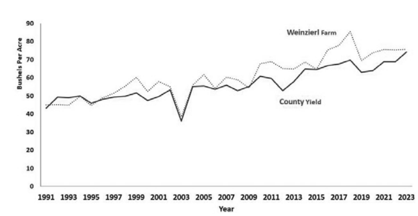
Conservation Concerns

Because of my on-farm experience using conservation practices on our farm, I see trends worth exploring for further crop insurance cost savings and improvement. I believe our conservation practices—no-till and cover crops primarily—have reduced risk on our farm by making our soil more resilient to both drought and excess rainfall. This, in turn, has led to fewer crop insurance indemnity payments and lower loss ratios for our policies. Additionally, implementing these conservation measures has not negatively impacted productivity gains in both corn and soybeans. We are producing more year-over-year while protecting and improving resources for the future.

Corn Yields, McLean County and Weinzierl Farm, 1991 to 2023



Soybean Yields, McLean County and Weinzierl Farm, 1991 to 2023



County yields are from Risk Management Agency.

2019 was a historic year across the country when unprecedented heavy spring rainfalls led to a record number of acres that went unplanted (prevent plant). An analysis in 2022 investigated six key row crop states to determine the impact of two conservation practices: cover crops and no-till. When these two practices were used, the result was a 24 percent reduction in the odds ratio.[3] This type of research and recognition should continue and be broadly shared to not only positively impact the profitability and success of the farmers who employ these practices, but also reduce indemnities, reduce disaster claims, and save taxpayers money.

In another study completed in 2023, the University of Illinois farmdoc team looked at 6 years of fields with and without a history of cover crops. They found that in corn, ". . . the use of cover crops did not increase yield risk. In fact, the use of cover crops increased yields in the lowest 5% of yields. Overall, these results suggest that the use of cover crops in corn reduced downside yield risk."[4]

Important to note: our conservation adoption has been implemented without the aid of traditional Natural Resources Conservation Service (NRCS) programs. This is due in part to their practice standards being too rigid, reducing my ability to innovate and often being too risky for my productivity and success. NRCS could lead farmers by providing direly needed technical support regardless of the farm family's program sign-up status.

Historically NRCS played a key role in information dissemination and technical expertise. Recently, that role has focused more on prioritizing farmers signing up for programs than before. Many farmers are willing to make conservation investments with their own financial resources but lack technical guidance and expertise. NRCS stepped away from this role and has left a gaping hole.

Likewise, NRCS programs have state-level practice standards that can overlook the vast differences in geographic and resource concerns in certain states. Illinois for example is 390 miles long and has over 600 soil types but has one single practice standard for implementing cover crops. In addition, the successful management of cover crops ahead of corn is very different from the management ahead of soybeans and these differences aren't reflected. I would like to see NRCS re-prioritize its role as a technical expert and aid and encourage farmer innovation, flexibility, and on-farm creativity to find conservation success and sustainable competitiveness.

As I wrap up, I would like to mention that my wife and her 4–H club run the local food pantry in our small town. I have seen firsthand the value and necessity of food assistance programs in our rural community. The nutrition program of the farm bill is so important to communities like mine, in food deserts, or with significant needs. Thank you very much for your time and consideration.

Thank you, Chairman Thompson and Ranking Member Craig for allowing me the honor of appearing before the Committee.

The CHAIRMAN. Well, thank you, Mr. Weinzierl. My apologies for butchering your name when I first introduced you. Thank you to all our witnesses. They set a great example for our Members, well under 5 minutes. Yes. Just keep that in mind, gentlemen and gentleladies.

At this time, Members will be recognized for questions in order of seniority, alternating between Majority and Minority Members, and in order of arrival for those who joined us after the hearing convened. You will be recognized for 5 minutes each in order to allow us to get to as many questions as possible.

I recognize myself for 5 minutes.

Dr. Newton, you did an excellent job of laying out the current state of the farm economy, and as you pointed out, farmers face all kinds of risk, from prices to weather, and everything in between. With those risks in mind, why do we need both crop insurance and Title I programs?

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[3] *https://foodandagpolicy.org/homepage/focus-areas/agriculture-data/conservation-and-crop-insurance-research-pilot/.*

[4] *https://farmdocdaily.illinois.edu/2023/10/yield-and-yield-risks-of-cover-crops-in-east-central-illinois.html.*

Dr. NEWTON. Thank you for the question, Mr. Chairman, and that is, I think it is important for folks to understand that with crop insurance, farmers have very large deductibles that they take. Oftentimes, in excess of 15 or 20 percent of deductible crop insurance. So, at times, farmers are taking very, very deep losses before crop insurance ever triggers an indemnity to the grower. And so, Title I programs have always laid on top of crop insurance and offered a cushion in the event of a low price or low revenue environment, like we find ourselves in today. And so, I think it is important for farmers to have options for risk management tools: more tools in the toolbox so they can customize the risk management strategies that they need.

The CHAIRMAN. Well, thank you for that.

Throughout my travels across the country, farmers have been asking me for meaningful and robust support for Title I. Can you explain why there has been such a focus on Title I in particular?

Dr. NEWTON. Thank you again.

I think it is pretty clear from the witnesses here that input costs have gone through the roof. Farm production expenses hit a record $462 billion in 2022, but the support levels that we have in the farm bill, the reference prices are based on information, Mr. Chairman, that is over a decade old. And so, when you travel around the country, farmers want to see increased reference prices, higher levels of support to match the environment that they are dealing with today with very, very high input costs.

The CHAIRMAN. Well, thank you.

Ms. Schwertner, I appreciate you being here today, and your willingness to share the story of your family. It is obvious the dedication you and your husband have to the future of your operation.

Within your testimony, you shared with us that you are constantly looking for ways to diversify your income, but ultimately have still had very tough conversations with your lender. Are there others farming around you who are experiencing the same hardships, and what will be the impact on your community of there isn't a change in the direction the farm economy is headed?

Ms. SCHWERTNER. Thank you for your question.

Yes, as new and beginning farmers, my husband and I have had some very challenging conversations with our banker, and especially over the last 3 years as we have had consecutively challenging years. We certainly are not alone. I think I saw that roughly 20 percent of farmers and ranchers are having the same conversations with the bankers across the country. So, it certainly is a significant challenge that we face, and it is important to note that the farm bill is not just for farmers and ranchers. It is a rural farm bill. It is for all rural communities, and agriculture supports rural communities. We provide hundreds of jobs, millions of jobs to those in our local communities. We support local businesses, the cotton gins, the grain facilities, grocery stores, local meat processors, you name it. We support all of those local businesses, so the farm bill and getting across a modernized farm bill means not just supporting farmers and ranchers, but it means supporting the rural communities across America.

The CHAIRMAN. Well, thank you very much for that.

Mr. Talley, thank you for testifying before the Committee today.

During my travels across—well, aside from the broader farm economy, I have constantly heard that agriculture labor is the number one issue affecting our producers, and that is why we—during the last Congress—established a bipartisan Agriculture Labor Working Group.

Mr. Talley, what has your experience with the H–2A program been, and from your perspective, what reforms or improvements would you consider to be a top priority?

Mr. TALLEY. Thank you, Mr. Chairman.

I actually had a meeting with then Secretary of Labor Chu and had this exact conversation, and basically, I started out by telling her in 2016, quite honestly, the H–2A program saved our family farm. We didn't have labor. We couldn't find it anywhere. And so, we signed up and we became part of the H–2A program. But since then, fast forward 7 or 8 years, the cost has gone up 30 or 40 percent. And as I explained to her, in 2024, we did some numbers. We crunched some numbers at our family farm, and each dollar that is added to the AEWR, which is the H–2A wage, it is a million dollars expense just in labor costs to our farm, just instantly taken off the bottom line of our farm. I started out saying that that likely saved our farm, but now, that could possibly spell the demise of our farm due to escalating wages.

The CHAIRMAN. Yes. Mr. Talley, I look forward to, offline, having more conversations with you on that because it is a high priority.

Mr. TALLEY. Thank you.

The CHAIRMAN. I now recognize the gentlelady from Minnesota, the Ranking Member, for 5 minutes.

Ms. CRAIG. I am going to talk fast before we get to snowmageddon here in Washington, D.C.

Thank you so much for your testimony just illustrating how important it is that we get to a farm bill here in this session of Congress.

I want to talk about that, but for a minute, I want to talk about the threat of tariffs. I would think that many of you, as well as other farmers, would right now be trying to lock in your import-dependent input costs ahead of time in case those tariffs come into effect a month from now. That urgent demand in and of itself could cause input prices to rise even before the tariffs come into place.

At the Senate hearing last week, we heard that suppliers of fertilizer and other goods are not only increasing their prices now for things farmers need, but also limiting sales for delivery of products past specific dates because of the threat of tariffs.

Can I ask the farmers on the panel just to raise your hand, how many of you are taking such steps to try to avoid costs later? Are you hearing from other farmers who are doing the same?

Mr. Weinzierl, you are shaking your head, so if you want to go ahead and tell me a little bit more about what is happening out there, that would be great.

Mr. WEINZIERL. Thank you, Congresswoman Craig.

So, in our case being where we are in Illinois, a lot of the fertilizer has gone down already this fall or this past fall. There will be some applied this spring, especially in southern Illinois, particularly concerned with potassium imports from our neighbors to our North. We import about 90 percent of our potassium fertilizer, which is one of the three macro nutrients that row crops need. I think there is a lot of concern this summer. Hopefully some of the uncertainty around trade we work through by the time ag retailers begin stocking up for this fall and we begin locking in contracts for this coming season.

Ms. CRAIG. Thank you so much.

Let me just turn to, I guess, the question of the conservation title and some of the money that we put into the Inflation Reduction Act (Pub. L. 117–169) for great programs like EQIP that farmers have access to.

We are hearing now—and it is not often they get so many farmers on the front page of the *Washington Post* or other newspapers across the country—but we are hearing now obviously that some of the freezes that are going into effect with the new Administration have to do with stopping REAP funding, stopping funding for good programs like EQIP, at least putting a pause on them.

I would just like to ask the farmers here if you sign a contract with USDA, do you expect USDA to honor that contract? Ms. Schwertner?

Ms. SCHWERTNER. Yes, we do. Yes. We are currently—I am aware of the article that you are referencing, and I have seen that and it is certainly concerning, and for myself as a producer, we are in the middle of EQIP contracts where we have $100,000 of outstanding funds with projects. However, we have never not been paid, and I am confident that President Trump—he has said that he would take care of farmers and ranchers, and he has held true to that promise in the past. I am certain that we will get paid, regardless of the current freeze that might be in place. But given the currently tight margins, it is urgent that we figure out a path forward soon.

Ms. CRAIG. That is great. I am looking forward to Secretary Rollins being confirmed so we can all have that conversation.

Anyone else have any outstanding frozen funds or know of folks who have?

Mr. TALLEY. Not specifically to that, but I would like to address the AGI limitations in the specialty crops, we are unique where we have extremely high value crops, and so, a lot of us can't meet that criteria.

And so, the 75 percent of income derived from agriculture, that fits much more into the specialty crop industry and then we are able to take advantage of these programs.

Ms. CRAIG. Thank you for that.

Mr. Weinzierl, I will just end—you mentioned about food deserts. You mentioned about the need for a strong Supplemental Nutrition Assistance Program here in the Congress. Would you say a little bit more about how the SNAP Program impacts both your community, and also your farm income?

Mr. WEINZIERL. Well, I can definitely respond about the need of food deserts. I am not as familiar with the SNAP Program, but my wife and her 4–H club just had our food pantry this past weekend, and they served about 25 families, which would equate with 70 individuals in a small town of 700, a population of 700. So, she has seen numbers go up.

Ms. CRAIG. Thank you so much. I just got gaveled on my first set of questions, so I will yield back to the Chairman.

The CHAIRMAN. I am going to gavel 5 minutes. I think everybody is going to get gaveled.

Ms. CRAIG. You gaveled yourself, Mr. Chairman.

The CHAIRMAN. You bet.

I now recognize the gentleman from Oklahoma, Mr. Lucas, for 5 minutes.

Mr. LUCAS. Thank you, Mr. Chairman, and thank you to our witnesses for testifying here today.

We will spend a lot of time in this room talking about the negative effects of rising input costs on farmers, and our witnesses today represent different commodity groups, different regions of the country. But each witness listed rising input costs as a significant problem in their testimony, whether labor, fuel, equipment, land rent. Our farmers everywhere are feeling the strains. So, I want to begin today by examining the real-world impact of these costs on producers.

Ms. Schwertner, can you share with the Committee the specific input costs that are affecting your family farm, and while you are thinking about that, what sacrifices, if any, you have to make to keep your farm operational?

Ms. SCHWERTNER. Certainly. Thank you for the question.

For perspective, in 2022, we were selling cotton for roughly $1.20, and input costs reflected that increase in commodity prices, and since 2022, those commodity prices have been cut in half. As I referenced in my testimony, just a few weeks ago we got quoted 58¢. Input prices have not come down in the same manner. They have maybe come down roughly 20 percent, but they certainly are still high, and over the course of years and years, they have increased 300 percent, 600 percent. So, machinery costs, seed costs is a huge one for us. Those are all up, and commodity prices and the farm safety net don't recognize or they don't reflect current market conditions. And so, at the risk of accommodating those rising input costs, we are looking at ways that we can cut back in our operation, and generally sustainability is important for us. Conservation practices are important for us, but in no-till situation, we rely on chemical products to suppress weeds in our field, as an example, and so, we are looking at ways to reduce that input cost, and chemicals are sometimes one of the things that will reduce, and at the risk of that, we are going in and we are doing tillage instead of the no-till situation, which then contradicts the conservation practices that we have tried so hard to implement.

Mr. LUCAS. And I assume it also means you are restricting your capital investment programs? No new tractors no new barns.

Ms. SCHWERTNER. Correct. Yes, it is hard to invest.

Mr. LUCAS. It affects the family lifestyle, maybe no vacation this summer. You got to stay home. Those are challenges we all face.

By the way, would anyone else on the panel wish to address that question? Since you are different regions, different commodity groups.

Mr. WEINZIERL. So, in our case, Congressman, in central Illinois, we are pretty much in a corn soybean rotation. So, our cost to put a crop in is probably around $700 variable costs, $300 would be fixed costs. And so, fertilizer is about $300 on an acre of corn, so about 40+ percent is our cost. Beans are less, 15 percent. Nitrogen is the bulk of that $300.

What I see happening in the last several years is we are able to build phosphorus and potassium levels in the soil, and so, we have a little bit of a soil bank there that we can use and so, we can back off the rates of those two types of fertilizers. However, once you pull that nutrient out, you want to put it back in, and anybody that saves money, it is a lot easier to spend money than it is to save it back in the soil. So, it is difficult and we will need good times to rebuild those soil fertility rates.

Mr. LUCAS. Mr. Talley?

Mr. TALLEY. We have experienced that specifically to the fertilizer, our carton costs, our fuel. In the years 2022 and 2023, it went up anywhere from 35 to 55 percent, and the mystery with those numbers is they really haven't gone down. So, they go up awfully quick, and even though things have settled down and inflation supposedly at bay, we haven't seen a decrease. And so, we continue to pay elevated input costs.

In the years that I have been farming, which is 30+ years, I have never seen basically across the board all of our input expenses go up by a minimum of 35 percent. I think our highest was around 60 percent.

Mr. LUCAS. Dr. Newton, in my remaining moments, do you ever see prices ever go down in your studies or in your life? It is a fair question, when you are buying a tractor.

Dr. NEWTON. I think when you look across the farm economy, you see, again, machinery prices are up, land prices are up, labor prices are up. Every single input category is up across the board, and I think we have seen some land values come down a little bit because of where we are in the farm economy. But I think we have entered a new level of where farm input costs are going to be from here on out.

Mr. LUCAS. As I have told the Chairman before, one of my great observations driving back and forth to the airport coming to D.C. from the farm is watching how much equipment is on equipment dealer's lots.

I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from California, Mr. Costa, for 5 minutes.

Mr. COSTA. Thank you very much, Mr. Chairman and the Ranking Member, for this hearing that is very timely today, because farmers, ranchers, dairymen and -women across the country are hurting as a result of input costs that has been testified here already, inflation, and other factors. And as a third-generation farmer, I like to say here in this Committee almost at every hearing that it is important that we remember that food is a national security issue. It is a national security issue. It is an international security issue as we see most recently with the proposed cuts from USAID which is an important part of America's smart foreign policy. That is another issue.

But I want to focus, Mr. Talley, with you because you represent California and the specialty crop industry. I am a third-generation farmer, and frankly, the $59 billion last year that was at the farmgate in California, obviously the largest agricultural state in the nation, which we are very proud of, and your testimony I think reflected a number of the challenges. You have a very good Representative in Congressman Carbajal, we hope he will at some point be a Member of this Committee sooner than later.

Having said that, I am not a big fan, generally speaking, of tariffs. California farmers, as we know, are concerned about a whole host of issues, but among the highest on the priority list is obviously water, a reliable supply of water, reliable supply of labor, and a fair and level playing field. And I think the potential for tariffs with Canada and Mexico is very problematic, not to mention other markets.

Mr. Talley, what is your concern with regards to the general effect with our nearest neighbors? I mean, Canada is the largest purchaser of California wines. Mexico is a large market of California milk. The potential impacts, if we have a full out tariff war, to California agriculture?

Mr. TALLEY. Obviously, thank you very much for that question.

In a specialty crop industry, we deal with highly perishable commodities. Some aren't so much, but I would say the vast majority are, from maybe a shelf life of around 10 days. And so, getting into a tariff and trade war could possibly decimate our agriculture community specifically in California with fresh foods.

Mr. COSTA. We saw the impacts the last efforts of tariffs as leverage. Every country has that leverage, by the way, and that is why I generally don't think that trade wars amount to the intent of the goal ultimately of providing that level playing field that we seek, right?

Mr. TALLEY. Correct.

Mr. COSTA. And so, let's go on, because we know the last time we went down that road, the Commodity Credit Corporation really ended up providing a subsidy, a floor for a lot of ag production, especially in the Midwest. Specialty crops, though, did not benefit from that, is that correct?

Mr. TALLEY. Once again, the AGI seems to always be the issue for us, and that is why that 75 percent of income derived from farming income is imperative.

Mr. COSTA. Well, and also when you look at it, and you noted it and others did in their testimony, the cost of crop insurance—and of course, we haven't set the production costs since 2010. We hope to rectify them in the farm bill—and by the way, I hope there is bipartisan support on the reauthorization of the farm bill. We all need it throughout the farm bill, would you not agree?

Mr. TALLEY. Yes.

Mr. COSTA. So, how do we make the crop insurance effort more user-friendly to the specialty crop industry, which by the way, is not just California, but is spread around the country?

Mr. TALLEY. Absolutely, in all 50 states.

Like I said, the specialty crop industry is so unique, specifically in its insurance needs. Right now, we are not really able to utilize that, in my mind, to its fullest because we do need to revamp that, and the specialty crop industry would be more than happy to sit down and discuss this with the USDA, and unfortunately, I don't think we have time right now to go through it item by item, but it is something that we feel that can be utilized as a safety net, not only for us personally. We use it in our lemons and avocados.

Mr. COSTA. Mr. Talley, I couldn't agree with you more, and as a third-generation farmer, I think we need to do a better job in educating specialty crops after all, are the food that we all love to eat, right?

Mr. TALLEY. Correct.

Mr. COSTA. Fruits and vegetables and the protein. I mean, we say they are special, but they are the common food that Americans have on their dinner table every night that farm workers and farmers do to make it happen.

Mr. TALLEY. Correct.

Mr. COSTA. Thank you. My time has expired. Mr. Chairman, more to be continued.

The CHAIRMAN. All right, I thank the gentleman.

I now recognize the Vice Chair of the full Committee, the gentleman from Georgia, Mr. Austin Scott, for 5 minutes.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman, and we, too, wanted to get a broad bipartisan farm bill done. I will tell you, I do think that we have to put the farm back in the farm bill, and I think that production agriculture should receive more than ten percent of total farm bill spending. And I think until we get to that point, just rural America's economy is going to continue to suffer until we have adequate support.

That said, on just over a year ago, Secretary Vilsack testified before this Committee, claiming that the previous 3 years of net cash income were the best 3 years in 50 years. And I am quoting him there, "The best years for net cash income ever." He simply glossed over the 2023 number at the time, which we already had. Now, we have 2024 and we have estimates for 2025.

So, Dr. Newton, the USDA's latest farm income report shows a sharp increase in net farm income for 2025. Are you familiar with this report?

Dr. NEWTON. Yes, sir.

Mr. AUSTIN SCOTT of Georgia. It is largely driven by economic and disaster assistance is where the increase in income comes from, is that correct?

Dr. NEWTON. That is correct.

Mr. AUSTIN SCOTT of Georgia. And if you follow the numbers, $42.4 billion, or 23.6 percent, of net farm income is expected to come from disaster or assistance payments. Is that correct?

Dr. NEWTON. Yes, sir.

Mr. AUSTIN SCOTT of Georgia. And so, for America, the reason that number is so high—and this is what I am so concerned about, and I will just read this from the Farm Bureau report.[1] "This anticipated increase in ARC and PLC payments is primarily due to projected declines in commodity prices. For example, USDA projects the 2025 marketing year average price for corn to be $3.90 per bushel, which is below the effective reference price of $4.26 per

[1] **Editor's note:** the *Market Intel* article entitled, *Disaster Assistance Fuels 2025's Farm Income Rebound,* is located on p. 131.

bushel." And it goes on to name some other commodities in there as well.

So, we have tough years ahead of us. We had a tough year in 2024. We had a tough year in 2023. Can you just speak to what you think we would have seen if Congress had not acted to provide the economic and natural disaster assistance to farmers the last month of 2024?

Dr. NEWTON. Thank you very much for the question. I mean, we have seen tight margins now in farm country for 3 straight years in a row, and the *ad hoc* support that you mentioned unfortunately is not going to make anyone whole, even with that support, even with the support from ARC and PLC. We are still looking at farms that it is going to be a tough time to break-even. So, I think this is helpful assistance as we have heard from the Committee, but we need a new 5 year farm bill. We need a modernized farm bill so that farmers have the tools that they need in the toolbox to manage risk in today's farm economy.

And I have said all the time when I travel the country, our farm safety net is broken. It does not work the way it needs to work, and that is why we have had to rely so heavily on *ad hoc* support. By my estimates, over the last 6 years we have had about $130 billion in *ad hoc* support that has gone out the door. ARC and PLC, those programs that you mentioned, have come in at about $20 billion. So, we are a 6:1 ratio between *ad hoc* support and the support we get from farm bill programs. That is why the safety net needs to get modernized.

I appreciate the question.

Mr. AUSTIN SCOTT of Georgia. The reference prices no longer reflect the cost of production for America's farmers.

Dr. NEWTON. Absolutely not.

Mr. AUSTIN SCOTT of Georgia. And I will tell you, I am concerned that they are moving so fast that I truly think after this farm bill we probably need to get to a 3 year cycle and not a 5 year cycle on the farm bill, because of the speed at which things are changing.

Dr. Newton, I will just stick with you since I am down to 1 second. I am from south Georgia. Can you just talk about what a downturn in the overall ag economy means for all of the businesses and rural America in general?

Dr. NEWTON. We heard it from the witnesses. The farm economy supports the rural economy. It supports rural main street, and when farmers are not making money, there are no turn-back dollars that go back into the economy. You lose jobs. You lose schools. You lose health care. So, the farm economy is the backbone of the rural economy.

Mr. AUSTIN SCOTT of Georgia. I only have about 20 seconds left, Mr. Chairman, but in most of the counties that I represent, the farmers are the ones that are paying the taxes that support the local government, the school system, police departments. If the local farmers can't make their ends meet, then nobody else is making their ends meet either in rural America. So, we too want to get a good farm bill done, but it has got to be more than ten percent for production ag.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from Massachusetts, Mr. McGovern, for 5 minutes.

Mr. MCGOVERN. Thank you, Mr. Chairman.

My farmers tell me that uncertainty complicates and frustrates their livelihoods, and we are living in a time of great uncertainty. Just for the record, I don't think we can pretend like the last 3 weeks haven't even happened. We can't ignore what this Administration is saying and doing.

Mr. Chairman, the state of the rural economy in this country is declining by the minute because Donald Trump has decided to let Elon Musk put billionaires first and America last. I mean, come on. Tariffs against our closest allies and ag trading partners, gutting science programs while bird flu rips through poultry and livestock, freezing money that has been promised to farmers for ongoing projects. Do my colleagues really think these are good for rural America? Trying to illegally purge the career staff at USDA, who we all know try to help rural communities, demagoguing programs that provide a legal immigrant workforce for our farmers, destroying global food aid programs that our farmers rely on every day to sell what they grow and produce. These things are not America first. These are policies of people who do not care about rural America at all. So, let me just say this as clearly as I can, Mr. Chairman. The rural economy of this country is in big trouble, unless things change.

Now, let me make this as simple as I can for people. USAID purchases $2 billion—that is billion, with a B—worth of U.S. commodities every year grown by who? Grown by American farmers. That is soybeans, rice, wheat, sorghum, the vast majority of which are grown not in my district, but in your district, in red states, in many of your districts. And then some weirdo named Elon, who has probably never set foot on a farm in his life, just decided to end it all, to eliminate entire markets for our commodity growers while prices are already low. And spare me the rebuttal of *food aid* was exempted from Elon's shutdown. That is BS. We are hearing from people on the front lines that that is BS. Even the USAID Office of the Inspector General just said yesterday, and I quote,[2] "[U]ncertainty about the scope of foreign assistance waivers and permissible communications with implementers, has degraded USAID's ability to distribute and safeguard taxpayer-funded humanitarian assistance." So, more than 475,000 metric tons of American food commodities valued at $450 million that were scheduled or in transit are now at risk of being wasted, and more than 29,000 metric tons of food commodities valued at $39 million are sitting on the floor of USAID warehouses in Houston. And I am hearing reports of the so-called waiver of food aid is not helpful because these waivers are impossible to obtain. The freeze is already having dramatic consequences on rural communities. Companies that buy massive amounts of soy and peanuts to treat childhood malnutrition are shutting down, and these shutdowns are going to hit rural America like a ton of bricks.

[2] **Editor's note:** the USAID OIG Advisory Notice entitled, *Oversight of USAID-Funded Humanitarian Assistance Programming Impacted by Staffing Reductions and Pause on Foreign Assistance,* is located on p. 139.

So, I am just saying to my Republican colleagues, is this what America First means to you, sticking it to your own farmers by ripping the rug out from under them? Great job. I am sure you will go on TV talking about how great Trump is while he totally screws over the people we represent.

So, with that, I have a question for Mr. Weinzierl that I hope you can answer quickly, a simple yes or no is fine. If USAID is successfully dismantled and stops buying commodities for global food aid at over $2 billion, would that have a ripple effect on the farm economy, and do you think it would create uncertainty for our farmers?

Mr. WEINZIERL. I do. I am not an expert in this area. There are a couple programs in USAID that I do see of value which you mentioned one, the commodities, soy and there is actually a corn/soy mix. I don't know if the amount there would be effective of the price, but I think that is important.

Mr. MCGOVERN. Right, but I mean, common sense tells you if $2 billion is taken off the table which is used to purchase farm commodities, who makes up that market?

Let me just say one other thing, Mr. Chairman. We have 47 million people who are hungry in this country, and I had hoped that America First meant that we were going to try to feed them, but I guess I was wrong because I hear that the Republican leadership is still pursuing $150 billion in cuts to SNAP to give more handouts to billionaires. I would like to point out that some of the poorest counties in the country are in rural America, and among the largest number of eligible SNAP beneficiaries live in rural America, and the majority of them, by the way, they work. And I didn't come to Congress to increase hunger in this country. I came to Congress to end it.

I think I am out of time, but we can't ignore what is happening in our country as we speak. There are some really bad things, some bad decisions that are being made that we have to speak out against.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from Arkansas, Mr. Crawford, for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman.

I want to talk about something I have actually worked on for several years, and it may come as a surprise to you that you are hearing about this for the first time. But with much of the farm economy in crisis from natural disasters to economic disasters, I believe we ought to be looking at different options that allow producers to exert more control over their own operations. That is why several Congresses ago, and again in this Congress, I introduced the Farm Risk Abatement and Mitigation Election Act, or FRAME Act.[3]

In my bill, FRAME accounts would be like HSA for farmers in that producers could make tax-deductible contributions up to $50,000 per year to basically save for a rainy day, such as now when they could draw from their account and not have to wait on government payments that may or may not come in time.

[3] **Editor's note:** as of the publishing of this hearing the bill referenced has not been introduced during the 119th Congress. Prior introductions: 113th Congress, H.R. 1614; 114th Congress, H.R. 6167; 115th Congress, H.R. 1400.

Dr. Newton, just hearing about the idea of an HSA for farmers along this—I am just throwing this at you. You might have heard about this before. Do you think this is beneficial to farmers across the country?

Dr. NEWTON. Thank you for the question, Mr. Crawford, and I recall fondly the time that we spent with the Arkansas Ag Council when I was with Senator Bozeman's office. It is nice to see you again.

This is a topic that we explored when I was at Farm Bureau many, many years ago, and I think that the challenge that we face with this is farmers have to have money before they can put it in an HSA-type account. And where we are with the farm economy today, the downturn that we are in there is not a lot of money to put into that type of account. But there is value to that concept that you can tuck away some money during good times to help offset the downturns in the farm economy that we face.

Mr. CRAWFORD. Well, and to your point, look, a disaster in certain parts of my district may never be declared, but it is no less a disaster for those farmers. It could be that maybe another farmer sprayed something off label and did damage to their crops, and they have to have some support for that. That is kind of at the micro level. I mean, it is not just a macro type of approach to this.

And you said we got to have funding to be able to fund those accounts. I get it, but every farmer that I have talked to in my district about this has, without exception, said, "Yes, where do I sign?" The other upside of this is that banks actually get to administer these accounts, and so, that is putting money in banks and so on.

But to your point, I get it. The current state of the farm economy, this isn't a situation that everybody is going to be rushing out saying, "Yes, let me put $50,000 into my FRAME account." Had we had the foresight 10 years ago to do this, now those FRAME accounts would probably be beneficial.

So, it is always the situation where we are fixing the roof while it is raining, and I think we need to take that into consideration that yes, we are not going to fund these accounts today, but we should see this as an opportunity to recognize that this won't be the last time this ever happens, and so, we should be thinking long-term about what we do to empower farmers to help control their own destiny as it applies to their ability to mitigate a potential disaster while they are waiting for either a crop insurance adjustment or a disaster declaration and the associated funding. So, I hope that you will consider that and lend your support to the effort, although it is too little too late today. But I am worried about the next one, and it is not if, but when, and how bad, and most people in agriculture will tell you that as you well know, and I am concerned that we are going to lose an awful lot of farmers in Arkansas's 1st Congressional District in this cycle, and maybe this could have helped prevent that and maybe it can help prevent the next round as it applies to that.

So, I appreciate you all being here today. I won't belabor the point, but just to say that we need to get past the standard reactionary posture and start thinking a little more proactively about what we do for the next one.

I appreciate it, and I yield back.

The CHAIRMAN. The gentleman yields back.

I now recognize the gentlelady from Ohio, Ms. Brown, for 5 minutes.

Ms. BROWN. Thank you, Chairman Thompson and Ranking Member Craig, and thank you to our panelists today. Your comments have been very insightful.

I am glad that all of us on this Committee agreed that we are living through very uncertain times, from reckless tariff threats and sudden USDA funding freezes that disrupt vital farm programs, to looming cuts to critical nutrition benefits. The current Administration is keeping the entire food and farm supply chain in a constant state of uncertainty.

From farm-gate to the dinner plate, these policies are destabilizing the very systems that farmers, families, and communities rely on, and we have seen this story before. Four years ago, Trump's tariffs and trade battles, particularly with China, left many U.S. farmers struggling to sell their crops, leading to record high farm bankruptcies and closures. While bailout payments were issued to offset some of the damage, they failed to provide a sustainable solution or address long-term losses in market share.

This is why passing a farm bill is so important. Last Congress, I was Ranking Member of the General Farm Commodities, Risk Management, and Credit Subcommittee, and the number one thing I heard from farmers was the desire for a strong, up-front investment in our farm bill risk management and Market Access Programs. And let me clear. Investing in agriculture doesn't just mean pouring resources into the largest, most traditional commodities. It means ensuring stability and opportunity for all farmers, including small-scale producers, specialty crop growers, urban farmers, and those using innovative, non-traditional methods. A strong farm economy requires certainty for every farmer, not just the biggest players.

Mr. Talley, you are a specialty crop grower and it is my understanding that specialty crops do not qualify for Title I programs, and that most specialty crops don't have access to crop insurance today. So, I would like to get a better understanding of what improving the safety net would mean for growers like you. What are some of the changes that should be made to crop insurance programs to encourage access, improve coverage, and ultimately make the industry more resilient?

Mr. TALLEY. Thank you.

Yes, and I alluded to that answer a little bit before with Congressman Costa where it is a situation where, especially where the crops are so diverse and our needs are so unique, that we need to revamp the insurance program, the crop insurance program. And we are willing to sit down with the USDA and go over some of the improvements that may need to occur.

I know like I stated, we currently have crop insurance on our lemons and avocados, and that seems to work in that regard, but when you talk kind of across the U.S. with specialty crop growers, right now the system is a little clunky and it is difficult to use, and there is a lot of uncertainty as to limits and that sort of thing. And I just think going in, revamping, clarifying, and perhaps explaining things a little bit better would make it more user friendly and allow people to be part of this safety net, which is invaluable.

Ms. BROWN. Thank you.

I also want to make a point that when we talk about the uncertainty of the farm economy, we often talk about it in a global sense. But the reality is, this instability doesn't just impact farmers, it affects every American consumer, especially those who rely on programs like SNAP to put food on the table. When grocery prices at the store are driven up, it makes it harder for working families, like the almost one in four SNAP households in my district, to afford fresh, nutritious food.

Mr. Weinzierl, how does economic uncertainty in the farm sector, whether from volatile input costs, supply chain disruptions, or policy changes, directly impact food prices and access for low-income consumers, particularly relying on SNAP?

Mr. WEINZIERL. So, again, I am not a SNAP expert, but anytime you have uncertainty, you have much more volatility on prices, commodities, and the food products that are made from those commodities. So, yes, that uncertainty a lot of times will drive higher prices.

Ms. BROWN. Dr. Newton, perhaps you can add something to that?

Dr. NEWTON. Absolutely. I mean, I think if you look at what is driving the inflation in grocery prices, I mean, a lot of it is labor which is a big cost of grocery prices. Obviously we are dealing with a historic outbreak of avian influenza that is driving egg prices higher. So, absolutely inflation in food prices impacts the ability for Americans to purchase food.

Ms. BROWN. Thank you very much. I look forward to working with my colleagues on this Committee to write a farm bill that offers farmers and families the certainty they need to keep our food supply chain strong and resilient.

And with that, Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentlelady.

I now recognize the gentleman from North Carolina, Mr. Rouzer, for 5 minutes.

Mr. ROUZER. Thank you, Mr. Chairman.

The question of food aid and USAID came up a few minutes ago. I just want to say, it has always been my position that food aid should be under USDA, not USAID. So, that is all I am going to say about that for right now.

Dr. Newton, your testimony references a 28 percent decline in net cash farm income for hog producers since 2022. Can you speak to the impact of California's Prop 12 and what effect that has had in the regard?

Dr. NEWTON. Certainly, and I believe that USDA's Office of the Chief Economist has published an excellent report on the impact of Prop 12. But it has certainly driven up and we just talked about the impact of grocery prices for Americans. It has driven up pork product prices in California. But when you talk about the decline in hog farm income, it has been one of the toughest times for hog producers in this country. They are slightly recovering now, but over the last few years, it has been pretty devastating.

Mr. ROUZER. Switching gears slightly, in the Southeast in particular with specialty crops, labor-intensive crops, what percentage of input cost is labor?

Dr. NEWTON. I can't speak to the exact percentage of what input costs are. Maybe Mr. Talley can, but I can tell you that labor costs have increased probably about 50 or 60 percent since the last time we did a farm bill.

Mr. ROUZER. Mr. Talley?

Mr. TALLEY. Yes, and labor costs anywhere from 46 to 50 percent of the expenses related to growing specialty crops.

Mr. ROUZER. Mr. Weinzierl, last Congress you opposed this Committee's farm bill from the position that it advantaged southern producers over others. Is that an accurate portrayal?

Mr. WEINZIERL. I think what we were hoping for is some improvement in Title I. As I look at the projections of the bill, we have lost about $200 per acre, corn bean acre. Corn is around $288 over the last 3 years. Beans are around $140+, and the changes that were being talked about would have been probably around $20 an acre in change, and we were just trying to look for ways to better improve the program, and especially we were focused on Title XI.

Mr. ROUZER. So, many of my producers in North Carolina are unable to access low premium crop insurance coverage, and have very different risks associated with growing their crops. And of course, the farm safety net and farm programs protect their ability to feed and clothe the world.

As I understand it, and correct me if I am wrong, what percent of the corn market is due directly to the RFS? Forty percent? Is that about right?

Mr. WEINZIERL. So, from a net standpoint 27 percent, but 40 percent of the corn goes into ethanol and then DDGS is sold not only in the U.S. as a co-product, but also throughout the world.

I would say the ethanol market we believe is in decline right now, and that is one reason why we are advocating for another generation of biofuels policy around a high-octane fuel standard.

Mr. ROUZER. What would the industry look like without the RFS?

Mr. WEINZIERL. I think the industry demand, from a corn and bean standpoint, is everything. I believe that when the RFS passed, it not only impacted corn, soybean farmers, really affected all row crops just because of the demand for acres around biofuels.

So, anything we can do that will turn that around from a corn standpoint will actually help, we believe, all row crops.

Mr. ROUZER. Dr. Newton, if you did not have the RFS, what would the price of corn be today, just a general estimate, if you can?

Dr. NEWTON. That is probably tough to calculate on the fly. I would be happy to get back and answer that question.

But, you chew up 30 percent of the corn crop as a demand point, it certainly helps to support the prices.

Mr. ROUZER. Yes. Well, the broader point here—and I will just give an example. My integrators, they don't like ethanol at all. They utilize corn and other crops, obviously, for feed, and the broader point I want to make is, there is not enough of us to be opposed to each other. We all have to pull together. We have to get a farm bill done, get it done this year, and we all need to be united in that effort in its totality.

With that, Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentlelady from Oregon, Ms. Salinas, for 5 minutes.

Ms. SALINAS. Thank you to Chairman Thompson and Ranking Member Craig, and thank you to all of our witnesses today.

I think a lot of folks in this room know that Oregon farmers produce over 220 recognized commodities. We are home to diversified nurseries, berries of all kinds, and grapes and hops that make some of the country's finest wine and beer. We even produce about 99 percent of America's hazelnuts, so clearly, specialty crops are foundational to Oregon's agricultural economy.

My district is home, as I just mentioned, to some of the finest wine grapes in the world, and Canada is by far the biggest export market for Oregon. In the wake of President Trump's tariff announcement, Canadian leaders took a variety of retaliatory actions immediately, starting on last Monday, including pulling American alcohol beverages like Oregon wine, off of shelves across their country. And wineries in my district immediately heard that prescheduled orders were being canceled, that their products would no longer be prioritized, and that their Canadian partners could no longer trust that they could rely on a stable trade partnership with U.S. exporters.

Whether the impacts are on end products like wines, or commodities themselves, a trade war with Canada and our other largest trading partners would have severe consequences for U.S. producers and clearly for those of us in Oregon.

So, for Mr. Talley and Dr. Newton specifically, how badly would retaliatory tariffs from our trading partners harm farmers' bottom lines? And then further, how difficult is it to regain access to a market following a trade war if another competitor has already stepped in and entered that marketplace to meet that demand?

Mr. TALLEY. I will tell you, it is difficult to determine basically what would happen if tariffs—and then retaliatory and we go back and forth. But as I had stated before, it is a concern because retaliatory tariffs typically affect specialty crop industry, and unfortunately, we don't have the shelf life, we don't have the legs to withstand something like that.

And so, I recall last time that USDA came up with some funding to help farmers, specialty crops, for instance, and that is something that we may be looking to the USDA to implement if need be. But it is a concern, and there is no doubt about that. And it is something that we are watching closely.

Ms. SALINAS. Thank you. Dr. Newton, would you like to respond?

Dr. NEWTON. I agree entirely.

Ms. SALINAS. Okay, thank you.

So, one last question before my time expires. We have heard a lot this morning about labor costs, and I am hearing it from my growers as well. What would happen—and I recognize that we don't have a lot jurisdiction here in this Committee—but what would happen if 11 million undocumented workers across the nation were removed as President Trump has alluded to? What would happen to the cost of labor in agriculture in the United States? Dr. Newton?

Dr. NEWTON. I mean, with 42 percent of crop farmworkers undocumented, I think it would be very disruptive to the ag sector if they were to all of a sudden be removed. Hopefully it doesn't come to that, and I think that is where our perspective in the analysis is just evaluating these things as they occur, and that hasn't happened yet.

Ms. SALINAS. Would anyone else like to respond?

Mr. TALLEY. I agree with Mr. Newton, and also, that really emphasizes the portion of the farm bill that specialty crops really rely on, and that is the mechanization and automatization of our crops any sort of labor-saving device that we can create, not necessarily replacing labor, because we are not going to replace them all together, because there is no silver bullet. But to make consistent improvements through mechanization to help save our labor force, it is imperative.

California spent over $16 billion last year in labor. Two-thirds of that was just in harvesting. Harvesting is one of the most difficult factors in row crops, specifically specialty crops, and it is a concern that obviously impacts agriculture tremendously.

Ms. SALINAS. Thank you. I yield back.

The CHAIRMAN. I thank the gentlelady, and I now recognize the gentleman from Illinois, Mr. Bost, for 5 minutes.

Mr. BOST. Thank you, Mr. Chairman. So, I want to thank everybody for being here today.

Over the last few years, American farmers have faced a number of challenges. We have seen end costs rise, inflation double, and crop prices drop. A few of you have noticed and noted in your testimony that this job isn't really cheap. There is a lot of investment that goes on into this career, and our new and beginning farmers often rely heavily on loans. However, access to credit loan limits can be a roadblock to these farmers. By expanding the FSA loan limits, we can provide new and beginning farmers with the ability of one, get into agriculture, and two, remain competitive in the market.

I was happy to see the provisions included in the 2024 Farm Bill and was proud to support it.

Dr. Newton, can you speak to the importance of expanding and streamlining credit programs for producers who struggle with access to credit?

Dr. NEWTON. It is the next generation to come to the farm. I mean, anything to make farming easier, access to credit, improved risk management tools, the list is long to help those come back to the farm.

Mr. BOST. And as we think about the farm economy, the impact on farm income, I would be remiss if I didn't mention that an issue from California called Prop 12. While primary impact on this is in the hog industry, it has far-reaching implications for ag economy for the—over the whole situation in our ag economy.

Mr. Weinzierl, in May of last year, 900 ag organizations, including the Illinois Corn Growers, committed to support the preemption of Prop 12 to be included in the House farm bill. As you know, Prop

12 threatens to consolidate the pork industry and raise prices for consumers. Why would the corn growers be concerned about this?

Mr. WEINZIERL. Thank you, Congressman.

Of course, I had mentioned that livestock is a very important market for us. They are actually our largest market. The pork industry is—Illinois produces number four in pork production, and we already heard on the impact of what Prop 12 could do. So, anything that helps our livestock customers is very important to us.

Mr. BOST. So, those are the questions that I had written out before. Now, we are going to go into something else.

Let me ask something of each one of you. Now, let me get this right. I know, Rodney, you are—and Ms. Schwertner—I want to say it correctly.

Ms. SCHWERTNER. Schwertner.

Mr. BOST. Schwertner. You are actually farming yourself. The other two, you are farming yourself, both of you?

Mr. TALLEY. Yes, I am farming.

Mr. BOST. Doctor? Okay. Then I will ask the three of you. Have you felt secure in the last 4 years in the ag industry?

Ms. SCHWERTNER. No.

Mr. TALLEY. I would say in California, since 2017 to 2022, we have lost over 7,000 farms and that amounts to about 300,000 acres that have gone fallow. That pretty much answers my question.

Mr. WEINZIERL. From a financial standpoint as we look at the three demand sectors in corn, none of those sectors are very healthy. If there is one bright spot, however small, it would be ethanol exports, actually, to Canada, as our largest customer.

Mr. BOST. Still, from the USMCA deal that was done during the last Trump Administration.

I have watched my colleagues on the other side of the aisle over this morning, many of them try to bring up the fact that they are concerned over the last 3 weeks. Now, we just heard they have been concerned over the last 4 years.

Now, if we really want to talk about the problems that exist in agriculture, it is not based on these last 3 weeks. It is based on the fact that, one, we need to get a farm bill passed—there is no doubt—and give you that security. But the reality of ag is that what we have been doing for years—and a lot of our trade has basically hurt our farmers, and our worst-case scenario, if you really study this issue, has been China, who actually plays games with the industry, offers a price on beans, says they are going to take it for that amount, and then comes back and overloads the market where their prices drop where many farmers are broke. So, obviously our trade deals have not been really, really, really good.

I came from a background in ag business, and I came from a background also in politics that I was opposed to trade agreements. But the reality is we have been failing, and if we are willing to step forward—and if you are just going to complain about the last 3 weeks, we have a lot to look at. I would hope that this Committee would back away from the partisanship and actually come together, pass this farm bill, and realize that trade—we should hold accountable those countries we are dealing with and get our trade deals right, and hold their feet to the fire.

And with that, I yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentlelady from Illinois, Ms. Budzinski, for 5 minutes.

Ms. BUDZINSKI. Yes, thank you, Mr. Chairman. Thank you, Ranking Member.

I have prepared remarks, but I do want to just pick up on my colleague, Mr. Bost, in talking about trade, and just ask a quick question of the panelists before I talk a little bit about my district.

President Trump has proposed ten percent tariffs on Canada, specifically on energy imports, and I know potash, I hear a lot about input prices, and he has paused that for 30 days. But I would like to ask each of the panelists if that ended up being imposed, this ten percent tariff on Canada for energy imports, would that help create more certainty and help our farmers? Yes or no, and I would like to go—starting with Dr. Newton and answer a yes or no question to that. Answer.

Dr. NEWTON. No.

Ms. SCHWERTNER. No.

Mr. TALLEY. No.

Mr. WEINZIERL. No.

Ms. BUDZINSKI. Okay, thank you.

To all of our witnesses, I want to say thank you for being here today. Illinois's 13th Congressional District is the home to some of the most fertile soil in the world, and it is home to over 900,000 acres of corn and soybeans alone. The thing I hear most from the hardworking farmers in my district is that in order to manage their operations during these hard economic times, what they really need is a strong safety net. Many of my farmers enroll in Title I programs like ARC and PLC, but neither is a reliable form of risk management for them. Farmers in Illinois's 13th rely on crop insurance as their primary risk management tool, but there are serious concerns about whether or not the Federal Crop Insurance Program is serving my farmers as well as it can be.

In fact, from 2018 to 2022, Illinois farmers paid over $500 million more into the program than they received from it. Meaning they are negative net beneficiaries of the program. In a time of rising uncertainty for farmers with tariffs being levied, tariffs being threatened, grant rescissions, and other extreme power grabs by the Administration, we need these programs to work now more than ever. Especially since prices are low and costs are high. I want to focus on how we can curb the uncertainty through the farm safety net.

Mr. Weinzierl, based on your testimony, I understand that crop insurance is your primary risk management tool. For your operation, is crop insurance functioning at the 1.0 level?

Mr. WEINZIERL. No, it is not.

Ms. BUDZINSKI. Do you believe that crop insurance is a sustainable investment for your operation?

Mr. WEINZIERL. I believe with changes that I think are needed, it is a very important part for our operation and also for many of the producers throughout Illinois.

Ms. BUDZINSKI. And my final question, Mr. Weinzierl, is regarding the economic assistance that was passed by Congress at the end of last year. With significant bipartisan support, these payments are being made on planted acres. Crop insurance operates on planted acres, as you know, but Title I payments pay out on base acres, leading to the potential for payments on acres for commodities not even grown. Do you believe that payments on planted acres is a more thoughtful approach to commodity assistance?

Mr. WEINZIERL. So, I think we had some apprehension relative to that program, but on reflection, planted acres really aligns well with addressing the input costs that are affecting us on the crops that we are growing right now, and with the payment structure being moved up, the payment is going to hit when it needs to hit, not a year after our marketing year.

So, I think it is worth the Committee considering trying to figure out how to reset, align Title I to be more responsive.

Ms. BUDZINSKI. Okay, and my last question is do Title I payments sustain your operations?

Mr. WEINZIERL. We, over time, have received very little Title I. We probably won't get anything in 2024. Possibly in 2025 there might be a Title I payment, but it is not in our budgets from a cash-flow standpoint and our lender wouldn't expect it or wouldn't want it to be in our cash-flow statements.

Ms. BUDZINSKI. Thank you, and I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentlelady.

I now recognize the gentleman from South Dakota, Mr. Johnson, for 5 minutes.

Mr. JOHNSON. Thank you, Mr. Chairman.

I am going to pick up, Mr. Weinzierl, where my colleague, Ms. Budzinski, left off.

Illinois has a lot of planted acres that are not eligible for the Title I program she was talking about, but Illinois certainly is not alone on that front. I think you all are in the top five, but there are a lot of states similarly situated.

So, kind of peel back some of the onion. Give the Members of the Committee some sense of why is it a problem when you have this discrepancy between how Title I covers the countryside in Illinois and it is not connected to recent history of planted acres.

Mr. WEINZIERL. So, original acres used for Title I was from 1980 to 1983, so my dad was farming. I was helping with that. There has been a couple of opportunities to update those acres. We actually updated ours back in 2014 to reflect our recently planted acres of both corn and soybeans. But in some cases, my daughter, she is going to have to live with what my decision was in 2014. There are many farms that are living with the decisions made by their grandparents.

Looking at the very important *ad hoc* that you guys helped support and move last fall, using recently planted acres really helps the producers deal with the costs that they are getting involved with and dealing with, because it is currently what they are dealing with from a cost standpoint on the crops they are growing.

Mr. JOHNSON. And I know you are an expert on growing stuff in Illinois and not necessarily growing stuff in South Dakota, but I mean, clearly the corn belt has pushed pretty substantially west in the years since your father would have made those selections.

Is this an issue that is exacerbated as you move closer to the middle of the country?

Mr. WEINZIERL. So, from our region, we have probably—well, it has actually affected us on our crop insurance ratings. We have probably lost about 2 million acres to beans, which if you are familiar with corn/bean rotation, there is tremendous synergy in the two crops alternating every year from an agronomic standpoint, from a yield standpoint. And so, again, those bases don't reflect that update.

Mr. JOHNSON. Yes, and I would only observe that, again, we have seen quite a transformation in the middle of the country as corn and beans, that kind of rotation has purchased acres. The Missouri River cuts South Dakota in the middle. It used to be you would just never imagine having a large corn or bean fields in that middle part of the state, and now you really do.

And so, similar to the kind of problem you have in Illinois, in South Dakota you have an even bigger problem, in that you have selections, elections, data, decisions made by somebody's dad or grandpa that have no real connection to the decisions they are making today about what grow. And it does mean that Title I is really out of alignment with what we need.

Now, you had mentioned you had some apprehension at the beginning of the policy formation process. I think you said those concerns have been alleviated. Did I hear that right?

Mr. WEINZIERL. Yes, and my concerns relate to in a downturn, it is really—when farmers don't have money, they can't pay for the input costs, and input costs tend to be very sticky. And it takes a downturn to force those input costs down. And our apprehension is if absentee landlords who, a lot of times, live in metropolitan areas, see that money is flowing back, they are not as quick to lower the cash rent payments that they are asking for from their tenants. But the need was there, and that kind of overcomes that. But we are going to be carrying higher costs into the next year because that downturn is not pushing input costs down.

Mr. JOHNSON. Well, there are lots of differences between growing stuff in your neck of the woods, Ms. Budzinski's neck of the woods, and my neck of the woods. You all get yields that it is just unbelievable. You get it easy. I know it doesn't really seem easy to you, but you get yields sometimes twice what we get.

But one serious area of commonality, of agreement, is that we should be using good data to drive policy decisions and Title I coverage.

With that, Mr. Chairman, I would yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentlelady from Connecticut, Mrs. Hayes, for 5 minutes.

Mrs. HAYES. Thank you. Good afternoon, and thank you to our witnesses for being here today.

Connecticut farmers have faced prolonged droughts, late season frosts, hailstorms, tornadoes. Even this summer we had a weather phenomenon called a *wet microburst.* Unpredictable and damaging experiences that I am sure the farmers on the panel have likely shared.

Fortunately, we got critical disaster relief for farmers in the continuing resolution passed by Congress in December. The CR established the Farm Recovery and Support Block Grant Program to ensure that small- and medium-sized farmers, like the ones I represent in my district, farmers who are often overlooked by farm safety net programs, receive some sort of assistance. This program will provide critical resources for states to distribute to producers. The Connecticut Department of Agriculture is working tirelessly to use this program to help as many producers as possible.

Mr. Talley, as you know, *ad hoc* assistance has been provided for specialty crop producers to address the gaps in the farm safety net program. However, because this type of support relies on the prevailing political climate, *ad hoc* assistance is never guaranteed. Can you talk to the Committee a little bit about how this type of *ad hoc* assistance distribution impacts your operations when determining contracts, input purchases, and other investments, and in your view, should Congress develop an alternative to providing assistance in a more predictable way for producers?

Mr. TALLEY. Thank you, Congresswoman.

As I had stated before, the assistance is kind of intermittent, and it is not necessarily consistent. And the difficulty that we face in the specialty crop industry is that the AGI limits, a lot of times we are not able to really utilize these programs through the USDA, and so, that can be problematic for our industry. And using that 75 percent income derived from agriculture is imperative in these programs where we can apply for them and be able to utilize those to the fullest extent.

Mrs. HAYES. Thank you.

Switching gears a little. The funding freezes that have been proposed in the last month by the current Administration are sparking widespread confusion. Yesterday, *The Washington Post* reported that farmers are missing millions of dollars in funding they were promised by USDA, despite assurances from the Trump Administration that funds to individuals would not be impacted during the Federal freeze.

Mr. Weinzierl, can you describe how USDA factors into the planning for your farm each year, and if USDA were to freeze funds that you expected to receive, how would that impact your current operations?

Mr. WEINZIERL. So, we are not using any funds that have been freezed, but we have a lot of neighbors, and just reading media reports of other farmers, I can see where that is very impactful to them. Especially with EQIP, there are many different types of practices within EQIP. A lot of farmers in Illinois maybe use it to start cover crops or something like that where the variable costs are not as high. But in other practices where you have purchased equipment or perhaps did major dirt work around waterways where you could easily have $100,000 or more, it would be very devastating if that is not followed through.

Mrs. HAYES. Thank you.

Well, I have heard from farmers in my district who have made necessary improvements so that they could qualify for these types of programs, and they made those investments on the front-end with the assurance from USDA that if they brought their farm up to code on many of these different things, whether it was fencing or irrigation or solar panels or whatever, that they would then qualify for these programs. And now to see those funds dry up or be at risk creates a dramatic impact on them.

Also, I mean, under that same vein, I have traveled and visited many USAID sites throughout the world, and one thing that stood out for me is those tiny peanut butter packets that address children with malnutrition around the world. Those packets that had the American flag on them and were saving the lives of so many children that were produced by farmers right here in America in Georgia. I am sure they are impacted by these cuts.

That is all I have, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentlelady.

I now recognize the gentlelady from Illinois, Mrs. Miller, for 5 minutes.

Mrs. MILLER. Thank you all for being here today. I greatly appreciate your insights on the farm economy, and I am happy to see my fellow Illinoisan and corn grower, Mr. Rod Weinzierl, here today.

Mr. Weinzierl, you mentioned in your testimony that you believe premium rates in Illinois for corn are too high. What can we do as Congress to help ensure the Risk Management Agency is able to balance the calls from producers to make insurance cheaper while still maintaining enough premium in the risk pool to help cover losses from catastrophic events like the drought in 2012 that drove the loss ratio for corn in Illinois to over $6?

Mr. WEINZIERL. Thank you, Congresswoman.

So, we have made adjustments trying to lower our risk, and you mentioned, what I would say was, an 80 year drought in 2012. What we noticed on our farm, and we had substantial losses on the corn, is our corn following soybeans, we had no loss. Our continuous corn, we did. So, over the 3 years after that, we actually changed our crop rotation, trying to insulate ourselves and lower our risk. Now, whether that will help to the degree of another drought of that magnitude, we won't know. And if it is an 80 year drought, I won't be there.

But, we look at ways to reduce that. We had a lot of rain back in 2019, and I would have thought a drought would be worse than rain. Well, in this case it wasn't. Too much water was worse than not enough. And so, we began moving towards cover crops because we increased the organic matter in the soil. So, we are building more resilient soil to have more water holding capacity, but also, the soil we are noticing, especially at planting, is more resilient and can take water faster because we are having bigger rain events.

So, we are doing everything we can to mitigate risk and not use the program. All we are asking is if we are making these practices, if we are becoming less risky, somehow reflecting that in the rates that we pay.

Mrs. MILLER. Thank you, and I want to thank the Illinois Corn for advocating for the development of livestock, ethanol, and export markets. Very important, and I can say as a farmer myself, that having a strong safety net is very important. Strong trade policy, very important, and then also tamping down inflation and our borrowing costs.

Another big item on Congress's plate this year will be tax policy and debating the future of various expiring provisions from the Tax Cut and Jobs Act (Pub. L. 115–97), which could have huge impacts on farmers and businesses all over our country.

For anyone who wants to jump in, are there any specific provisions that you all are tracking or have opinions on when it comes to tax policy?

Ms. SCHWERTNER. When I think seeing extensions to all these provisions, any savings that we have on taxes is something that we can add back into investments in our operation. I would say, specifically, expanded tax brackets and the estate tax, those are two areas in which we are significantly impacted on, on our operation, particularly the estate tax. When passing our operations from one generation to the next, that is probably one of the single most reason that operations fail to continue on from one generation to the next. So, continuing to see those expanded brackets and the estate tax extended would be great.

Mrs. MILLER. I agree. I also agree with you on the importance of an unlimited stepped-up basis for farm and ranch businesses, as well as permanently eliminating the estate tax.

And I do want to say that President Trump cares deeply about our farmers, and I think he has always taken care of us and he will continue to do so.

Thank you, and I yield back.

The CHAIRMAN. The gentlelady yields back.

Sticking with that Illinois theme, I recognize the gentleman from Illinois, Mr. Sorensen, for 5 minutes.

Mr. SORENSEN. Thank you, Mr. Chairman. I am honored to return to the House Agriculture Committee to represent the farmers, the rural communities, our smaller hometowns that often get overlooked.

My focus remains the same. We must move quickly to pass a 5 year bipartisan farm bill that supports fair premiums for our farmers, prioritizes smart farming practices, protects SNAP, opens up new global markets, and expands and boosts our crop insurance. Farming is built on hard work and determination, and the ability to plan for our future. But right now, that future is looking more uncertain that it has ever been.

As you have heard today, many farmers are finding it difficult to yield their way out of the current economic environment. Instead of driving down the cost of living, this new Administration is imposing reckless tariffs that will force the American people to pay the price.

We have seen this playbook before from President Trump. The trade wars that he started in his first term cost American families and businesses billions of dollars. Just last week, I received a call in my office from a farmer named Dave Gillen in rural Monmouth, Illinois. He told me he is deeply disturbed about the future of this industry and this country. He is in his 70s. He knows a lot about farming. He is worried about these tariffs which will hurt his business. And he said, "Eric, I am still paying for the tariffs of 2017. You got to help me out." Despite owning his land outright, he is making less money today than ever due to the high input costs and our key trading partners like China, Canada, and Mexico being pushed away from America. He experienced firsthand how Trump's tariffs have disrupted markets, and he doesn't want to see it happen again.

We have spent decades building relationships and securing markets for our crops, only to see them dismantled by reckless policies, and this isn't just about soybeans and corn or wheat. It is about the future of rural America. When farmers struggle, entire communities suffer. Equipment dealers like John Deere and Deere and Company, which is headquartered in my district, seed suppliers like Wiffle's Hybrids in Henry County, Illinois, and small businesses in our smaller hometowns, they all suffer.

Tariffs don't hit corporate executives. They hit Americans' pockets and negatively impact the men and women who get up earliest in the morning to feed and fuel our country. So, we must support our producers and rural communities by passing a modernized, bipartisan farm bill as soon as humanly possible. One that will advance our common-sense solutions that will actually lower the costs for people and preserve our competitive edge.

So, I want to turn to Mr. Weinzierl first. It is good to see you, friend. It is good to see a fellow Illinois farmer, and also, I would be remiss if I didn't tell you, I couldn't find my Illinois corn pen, but the Illinois Soybean Association will have to do.

Financial tools like crop insurance, they are integral to helping farmers keep food on the table and endure economic uncertainty. And I have heard from many producers in our district and around the country that this program needs adjustments. So, could you discuss a little bit about your experience with crop insurance and what it means for the financial viability of your farm?

Mr. WEINZIERL. Again, thank you, Congressman.

Crop insurance is the risk management tool that we rely on. Farmers in your district have a very similar loss ratio as our farm, so a lot of the things that they have been doing lowering their risk is also reflecting their rates as well. And so, anything we can do to help make those rates more competitive and lower their costs for those policies are very important.

Mr. SORENSEN. So, quite simply, we are really good at producing these crops in our part of the world and we pay a lot in, but we are not getting a lot out. What do you think needs to be done here in this Committee to change that, and forgive the pun, level the playing field?

Mr. WEINZIERL. So, again, the practices they are adopting are actually lowering their risk, and corn and soybean yields are both going up. One of the negative things—and I will try to be quick. When we went to a crop rotation, our average production history is based on 10 years of production. So, we just doubled that. Now, we have to look at building an APH over a 20 year period instead of 10.

But, that would be one of the things of trying to re-look at those rules.

Mr. SORENSEN. Thank you for your diligence. We appreciate you.

Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from Kansas, Mr. Mann, for 5 minutes.

Mr. MANN. Thank you, Mr. Chairman, and thank you for hosting the hearing today.

I represent the 1st District of Kansas. We raise a lot of wheat, a lot of sorghum, a lot of corn, a lot of soybeans. The word I would use as I travel the district and talk to producers when we talk about farm country, the word I would use is two words, *concerning* and *worsening* when you really look at conditions. And, this is the time of year that our ag producers are figuring out the books from last year, trying to figure out their operating loans for this coming year. Those that can get financing, which are most of them, certainly we are eating into operating capital, working capital as we all know.

So, we need a farm bill, and I think it is important that this Committee remembers and we all remember why are we even having a conversation about a farm bill? Why aren't these permanent? And the reason they are 5 years, in my view, 5 years is long enough to provide some certainty, but short enough to adjust and change with the times. And the biggest change between now for production agriculture and 2018 is where input costs are. You can't dramatically increase input costs and think that the farm safety net also doesn't need to be looked at and adjusted.

So, my top priority as we think about the farm bill this year—and it is not going to certainly solve all of our producers' problems—but we have to get a 5 year farm bill, in my view, that strengthens crop insurance, which I would argue is the most cost-effective public-private partnership in history. We have never managed not to devise a better way to deliver a robust, steady, safe food supply than crop insurance, and we need to strengthen it and protect it and make it better.

So, question for you, Mr. Newton. Please, if you would, Dr. Newton, highlight the challenges that our ag lenders are facing when working with producers given these current times, and specifically, what does this do to the lender when you look at *ad hoc* disaster assistance *versus* working with producers on more certain, long-term programs like crop insurance?

Dr. NEWTON. Thank you so much for the question.

I can tell you that Farm Credit is there with the producer, with the farmer in the good times and the bad times. I recently last week spent time with many of our staff across our partnering Farm Credit associations to help them understand how ARC and PLC are going to work for the 2025 crop year. We are starting to incorporate the expected returns that they may receive from those farm program payments into their outlooks. They are incorporating the American Relief Act *ad hoc* assistance payments into their outlooks. So, we are constantly working with our customers again in the good and bad times to help them understand how all of these risk management tools work. And we work with them very closely on crop insurance. Our partnering Farm Credit associations have developed a crop insurance tool called Optimum that helps the farmer make the most informed crop insurance decision for their operation. So, when you combine the crop insurance, the *ad hoc* support, and the Title I programs, our partnering Farm Credits are working with the producers to put together a comprehensive plan for them as they consider the challenges they are facing this growing season.

Mr. MANN. Thank you.

Next question is for you, Ms. Schwertner. As the situation with the farm economy worsens, which we have been talking about this morning, it will obviously have impacts not just for your farm, but for the community as well. What does the downturn in overall ag economy mean for the business and local communities in the areas that you live there in Miles, Texas?

Ms. SCHWERTNER. Sure. Thank you for your question.

I mentioned previously, agriculture and farmers and ranchers are really the backbone of our communities. Without farmers and ranchers, plenty of our local businesses can't stay in business. We provide hundreds of jobs for local community members. We also support those local businesses, the cotton gins, the grain facilities, local beef processing facilities, the schools. So, so many of those businesses in our local communities are supported by farmers and ranchers.

So, the farm bill truly is not just for farmers and ranchers, it is to impact all rural communities across America. So, it is vitally important that we get a modernized farm bill that supports farmers and ranchers so that our local rural communities continue to be supported as well.

Mr. MANN. I agree, and I think we got to keep in context as we talk about the farm bill. It is our ag producers, but is the banks in town, it is the hardware store, the grocery store. We got to keep our rural communities going where the basic values that make America, America are still alive and well, and it is incumbent upon this Committee to make sure that we strengthen the ag sector to make sure that rural America doesn't just survive, but grows and thrives.

So, thank you for having this hearing, Mr. Chairman, and with that, I yield back.

The CHAIRMAN. The gentleman yields back.

I now recognize the gentleman from Virginia, Mr. Vindman, for 5 minutes.

Mr. VINDMAN. Thank you, Mr. Chairman, thank you, Ranking Member, and thank you to the witnesses for coming here today.

I would like to start by saying, I am excited to join the House Agriculture Committee, not only because this Committee has a long history of bipartisanship, but also because Virginia's 7th District includes significant rural counties and contributes over 66,000 jobs and $9.7 billion to economic output in Virginia. As the only Member from Virginia on the Agriculture Committee, I am excited to represent farmers and ranchers across the Commonwealth.

Two weeks ago, I met with producers from around the district in Culpepper for a roundtable. We covered a lot of ground. Challenging economic pressures and weather events, extending the Dairy Margin Coverage Program past 2025, crop insurance programs, and updating our market development programs to grow existing markets and reach new ones for farmers to sell their crops beyond traditional trade partners and conservation programs, animal health in light of avian flu, and so much more. I am excited to tackle these challenges head-on with my colleagues on this Committee, and to help producers back in my district.

But if I had to pick a single unifying factor in my conversations with farmers to bring here today, it is lack of certainty. Farmers face enough challenges each day without their government making them guess what tomorrow will bring. Will we pass a farm bill that updates practices and payment rates that are becoming more and more out of date, as input costs rise? Will government tackle labor shortages or let another year go by while costs go up? Will there or won't there be a trade war with our northern and southern neighbors, our biggest trading partners, that makes it harder for farmers to find markets to sell their crops?

The way I see it, the Committee has three key responsibilities: ensure that American families don't go hungry; American consumers are able to access high-quality food at reasonable prices; and that family farmers and ranchers across America have stable economies so they can succeed.

Without question, food security is national security.

Yesterday, my local paper, *The Washington Post,* published an article outlining how farmers across the country are facing significant budget gaps after USDA froze payments on a range of programs.

Mr. Chairman, I ask for unanimous consent to enter the following *Washington Post* article into the record.

Mr. AUSTIN SCOTT of Georgia [presiding]. Without objection.

[The article referred to is located on p. 146.]

Mr. VINDMAN. One of the President's first Executive Orders was to freeze Congressionally appropriated funds from the Inflation Reduction Act. However, when farmers sign up for programs, they often are required to front a percentage of the costs. A few examples. A flower farmer in Maryland signed a contract for USDA to cover half of a $72,900 solar panel installation. She is already on the hook for a loan she took out to cover the other half. A cattle farmer in eastern Missouri signed a $240,000 contract in December under the Environmental Quality Incentives Program, pronounced EQIP, and had already spent $80,000 on fencing and a well that he expected to be partly paid back by USDA.

Mr. Weinzierl, in your testimony you outlined the input costs are rising while commodity prices remain break-even at best. With farmers already operating on tight margins, what do you think will happen to farmers or when farmers who budgeted carefully, who made deals with the U.S. Government, and who spent their own money to keep their end of the bargain, what will happen to these farmers if the U.S. Government reneges on that deal by freezing their funds? Do the banks care if USDA has frozen funding, or are farmers still liable?

Mr. WEINZIERL. Well, if farmers have signed a contract or have already expensed the money, they are on the hook for that spending. So, hopefully, the uncertainty goes away and we move forward on reimbursement. It really will depend on how, using the term *wounded,* that farm family is relative to what they have been losing after the last couple years relative to what the extent of the impact is going to be.

Mr. VINDMAN. And just briefly, do you anticipate even if the freeze is lifted in 90 days that there are still bills to pay during that period of time or projects that are put on hold. Is that going to have an effect on farmers?

Mr. WEINZIERL. I would expect most of them to have good lenders backing them. Those relationships have probably been long-term and I would expect most of them to be able to maintain their current equity position on those projects.

Mr. VINDMAN. Thank you, Mr. Weinzierl. It is clear that current policies are only increasing uncertainty and making it harder for farmers to make ends meet.

With that, I yield back.

Mr. AUSTIN SCOTT of Georgia. Mr. Wied from Wisconsin.

Mr. WIED. I think we can all agree that many conversations we have as Americans in recent years is how can we become healthier as a country? Becoming more healthy citizens needs to start with having access to the most highly nutritious, high-quality American grown food. Ensuring the American farm economy is strong will help ensure that we are raising healthier families and protecting national security. We cannot make America great again without making sure those feeding America are supported in their mission.

As a former business owner, I know firsthand that uncertainty that costly inputs and uncertainty elsewhere can cause strain and stress. Not knowing if you will be able to continue operating a business that has lasted generations, let alone passing it down to the next generation, is not a position I envy. I look forward to beginning my work on this Committee and learning how we can provide our American farmers and ranchers more certainty in a rough agriculture economy so that they can plant the seeds for us to make the healthiest decisions for our Americans and families, and ultimately make American agriculture great again.

I would like to thank the Chairman for putting on this hearing today, and all the witnesses for sharing more about your operations today.

So, quick question, Dr. Newton. Just tell me about exports. Is that something that—are we in a deficit, surplus? What is the state of exports as it relates to Canada, Mexico, China, and otherwise?

Dr. NEWTON. Absolutely, and fantastic question.

Number one, Mexico is our top agricultural export market. Canada is number two, China is number three. You round out the top six with Japan, South Korea, and the European Union. But agricultural exports have fallen sharply over the last few years. We are now in a situation where for Fiscal Year 2025, we are projected to have an agricultural trade deficit of nearly $46 billion. That is the largest trade deficit in agriculture's history. But we have record agricultural exports in 2022, largely on the back of record purchases by the Chinese under the Phase 1 agreement. USMCA that was renegotiated, and the renegotiated agreement with Japan all contributed to very, very strong agriculture exports several years ago.

Mr. WIED. So, what has happened in these last 2 years?

Dr. NEWTON. Well, the value of our agricultural products as we are in this current downturn in the farm economy with lower corn prices, lower cotton prices, that has contributed to a lower value of our agricultural exports. At the same time, agricultural imports continue to set new records every single year. We are importing spirits, imported beers, horticultural products. Americans want year-round access to fruits and vegetables. So, our agricultural imports, I believe—I don't have the exact number—but I think are exceeding $200 billion this fiscal year.

Mr. WIED. Okay. So, do you think we can do better in negotiating free and fair trade as it relates to agriculture around the world?

Dr. NEWTON. Absolutely, absolutely.

Mr. WIED. I just see that on—this is—I am very excited to be on this Committee. I do see, though, that the partisan-ness of coming in and talking about this current Administration for only several weeks in making all of these things that have happened, that I think this has been something and the issues we are dealing with today have happened has been far longer, right? These aren't things that have happened in 2 weeks.

Mr. Talley, I agree with your thoughts that we should be investing more in specialty crops, and that we have a unique opportunity to grow in this sector. You mentioned that you grow both conventional and organic. With concern for the farm economy, can you paint the picture as to how your family decided to move into this organic sphere?

Mr. TALLEY. Yes. Well, originally, we were completely conventional, and so, it was a decision that we made to step into the organic arena when we started our CSA Program, which is a direct to consumer, like a harvest box program, subscription-based program where it is a weekly delivery. And we found that through extensive research that people were looking forward to your point, more organic oriented and in that cost sector where they wanted organic produce. And so, we serve the needs of our clientele. And it has been a wonderful operation. Now we are in partnership with SNAP where we are able to really open up that new market for people who couldn't necessarily afford fruits and vegetables in the organic nature. So, now they are able to enjoy the fresh fruits and vegetables, and like the statistic reads, nine out of ten Americans, they don't eat enough fruits and vegetables. And so, to serve the less-served population, if you will, with our box program and organic programs has been a tremendous benefit to us, and hopefully our clients.

Mr. WIED. Thank you for all you do in feeding America, and I yield back.

The CHAIRMAN [presiding.] I thank the gentleman.

I now recognize the gentlelady from Michigan, Ms. McDonald Rivet, for 5 minutes.

Ms. MCDONALD RIVET. Thank you, Mr. Chairman.

This question is directed to Mr. Weinzierl. My apologies on the name butchering. So, I am from Michigan and live in the heart of sugarbeet country. My grandfather was a farmer, and so much of our economy in Michigan depends on our farms.

But in Michigan, with Canada being only a bridge trip away, many of our farmers rely heavily on the accessibility of trade for things like potash and other fertilizers. With planting for many of our farmers right around the corner—we have heard a lot about that today—they are navigating a field of uncertainty when making business decisions for the future.

Can you share with me and the Committee how the uncertainty of what tariffs are going to go into effect will place impacts on those decisions for you as well, and other farmers, and what impacts have you seen with trading partners?

Thank you.

Mr. WEINZIERL. Yes, thank you, Congresswoman.

So, Canada, again, we import 90 percent of our potassium fertilizer, or potash, from Canada. I believe the impending tariff is for 25 percent. A soybean or corn farm is probably putting on around $100 to $125 worth of potassium per crop, and so, right there, that would be $25 an acre impact. Mentioned earlier, over—from 2023 to 2024 and projected 2025, we are estimating that we will lose about $288 per corn acre across those 3 years, $140+ on a bean acre. That $25 across all those acres in one sense doesn't seem a lot, but farmers make their money on a margin, and we already have a negative margin and that negative margin will get larger.

So, it is—it could be—it is very worrisome. Hopefully things get worked out before we are all putting a lot more fertilizer on our expected crops in the future. But it does add a lot of uncertainty to our profitability.

Ms. MCDONALD RIVET. So, we are in the middle of February. When does planting season start?

Mr. WEINZIERL. So, from our standpoint, we will start planting beans in early to mid-April. We will follow with corn. We have already put down our potash or potassium last fall. There are probably some operators that are probably going to put some on in the spring, but it is probably already booked. Our concern would be as our ag retailers begin to replace their stocks of fertilizer here as we go into the summer, that they will be building in those higher prices for us this coming fall.

Ms. MCDONALD RIVET. Thank you.

In Michigan, 60 percent of our jobs pay less than $50,000 a year, and I say that because of the context of what families have to spend on food, not to mention the income that our family farmers are—actually need with their crop production. So, I am very concerned about the uncertainty and the instability, as well as the very real potential of putting some of our family farmers out of business with these rising costs with the tariffs.

Thank you so much for being here today. I yield back.

The CHAIRMAN. The gentlelady yields back.

I now recognize the gentleman from Indiana, Mr. Messmer, for 5 minutes. Mr. Messmer, I don't think your microphone is on.

Mr. MESSMER. There we go. I got it.

Thank you, Mr. Chairman, and thank you all for your insight and sharing your time with the Committee. I am also happy to be here with a fellow alumnus from Purdue.

As I talk to my Hoosiers back home, I hear time and time again the problems family farmers face who are looking to pass down the generational farm in an effort to keep the farm in the family, the fight against barriers to succession that main street business owners may never encounter.

Ms. Schwertner, you mentioned that your boys are your driving reason for your efforts to preserve your operation. Would you explain how the policies that promote farm succession like those seen in the Farm, Food, and National Security Act would help ensure the future of your family farm?

Ms. SCHWERTNER. Certainly. Thank you for the question, and of course, Boiler rep.

If they so choose it, our boys would be fourth generation farmers for our operation that was started by my husband's grandfather and his father, and now him. And so, if they choose it, we certainly want to do everything that we can to provide them the opportunity to be able to continue the farming operation as is today. And so, to answer your question, there is so much that goes into that, right? There is the estate tax that I mentioned previously. That is a huge, huge deal for farmers and ranchers because of the capital that goes into farming operations and the expenses that we have, and essentially the assets that we acquire over time. And so, handing that down or passing that down from one generation to the next becomes problematic with things like the estate tax if it is not appropriately positioned to address farmers and ranchers and the assets that we do have.

Additionally, there are so many other things that go into it as well. I mentioned in my testimony we are currently having challenging conversations with our banker to acquire credit or to lock in credit for the upcoming farming and ranching season. Something that is not easy to do, and it is very humbling to be having that conversation and to be in this situation, but it is so important that in those conversations, we have programs that we can reference, such as a modernized farm bill with ensuring that crop insurance programs are set in place for us. Certainly *ad hoc* payments are helpful, but they don't necessarily provide the certainty in those conversations with our lenders.

So, again, modernized farm bill that reflects current market situation is certainly helpful when we have those conversations with our lender in hopes of maintaining an operation that we can pass down to the next generation.

Mr. MESSMER. Thank you.

I want to shift to input costs that you all spoke so much about. The USDA estimates that in 2023, fertilizer costs occupied the fifth largest expense line on the average farm budget, falling just behind labor costs. In the Midwest, less than ⅓ of ammonia demand is supplied by producers within the region. Instead, farmers depend on, in my district, pay high costs to import fertilizers from foreign producers, or transport ammonia from domestic producers outside the Midwest. While nitrogen-based fertilizer is critical to American agriculture, holes in our domestic supply chain leave farmers in my district vulnerable to market volatility, input scarcity, and price hikes for which the family farm budget really has no room.

For the farmers here today, would you share how much of your input costs are devoted to fertilizer expense, and to what extent your operation would benefit from greater availability of American-made fertilizer within our region?

Mr. WEINZIERL. So, from a corn acre standpoint, probably about 42 percent of our input costs are fertilizer. Soybeans is around 15 percent. But the largest share of that 42 percent would be nitrogen fertilizer.

Mr. MESSMER. Okay, thank you.

Mr. TALLEY. My numbers would be similar. Specifically in California where we grow specialty crops, I would say our costs would probably be around that 35 percent and basically nitrogen-based as well.

Ms. SCHWERTNER. Echoing much of what has already been said for cotton, I would say that fertilizer input cost is roughly 20 to 30 percent of our overall input costs for fertilizer in particular. And so, very similar to what has been stated already.

Mr. MESSMER. Thank you.

All right, and for any witnesses here today, if Congress fails to pass the Committee's farm bill and merely enacts another extension in September, what would that mean for your operation?

Ms. SCHWERTNER. Failure to pass a modernized farm bill provides so much uncertainty for us—and I realize we are running out of time here, but it is imperative. So much has changed since 2018. 2018 was a good farm bill, but I—it is so urgent during this time with commodity prices where they are at and input prices where they are that we receive some relief through a farm bill that provides certainty. Thank you.

Mr. MESSMER. Thank you, Mr. Chairman. I am excited to get to work on a farm bill, and I yield back my time.

The CHAIRMAN. Very good. The gentleman's time has expired.

Now we are going to go to the State of New York, Mr. Mannion.

Mr. MANNION. Thank you, Mr. Chairman, and thank you, Ranking Member, for holding this important meeting. I would be remiss if I didn't mention that I left the room briefly and when I returned, I came in with the distinct smell of fertilizer as I entered. So, I am not blaming anybody, but it was clear.

As a Representative of a very large agriculture community and a Member of the Agriculture Committee on the state legislature, and coming from a family of farmers, I understand the essential role that agriculture plays in our economy and our communities. Our farmers work tirelessly to make sure there is food on our tables, that rural jobs are provided, and that we drive innovation for sustainable agriculture.

I was also an AP biology and chemistry teacher for almost 30 years. I taught botany, life cycles, ecosystems, anatomy and physiology, ecology, evolution, nitrogen fixing. So, I will say this. There is no better scientist than a farmer. Micro, macro scale. You understand the scientific method. You understand the impact of variables. You understand that stable systems are essential for your success and the overall agricultural success.

What we have seen over the past several weeks is an input of multiple variables at the same time, which create disruption to systems. Those variables include unpredictable labor markets, tariffs, changes in workforce, commitments that are not going to be potentially followed through on.

So, I am going to start with workforce. Upwards of ⅓ of the workforce are individuals that are undocumented, under documented, or have overstayed their visa. Dr. Newton, in the past few weeks, do we have any data regarding absences of members of the agricultural workforce, or anecdotes related to that?

Dr. NEWTON. I am not aware of any, no, sir.

Mr. MANNION. Would any other members of the panel share any details that you might have regarding absences in the workforce as a result of new Executive Orders?

Mr. TALLEY. Certainly. So, I had an experience with our crews. After Trump got elected, I went around and basically kind of highlighted what his policy was in that he was going to deport criminals, felons, that sort of thing. I personally visited along with our harvesting supervisor and went around to each crew, gave them the message, and the message was actually well-received. They actually supported the fact that we wanted to get rid of felons and criminals and the bad actors sort of thing. And in all honestly, we haven't missed a day in any of our crews, even, I believe it was a week or 2 ago, there was kind of a strike, if you will, in our area. A life in the day without an immigrant worker where all crews were encouraged to stay home and we had 100 percent attendance that day.

Mr. MANNION. Well, I will say in my district whether it is dairy farmers or onion farmers, there are great relationships that exist between the farmers and their employees.

In that vein, you mentioned the H–2A Program, and the increasing costs related to it. What adjustments—in my conversations with my local farmers, there seems to be like some logical adjustments that would enhance that program. Do you have any ideas, Mr. Talley, for the H–2A Program and how adjustments could be changed to make it more favorable for both the farmers and the workers?

Mr. TALLEY. Yes. I think, as I started to state earlier today, about a meeting I had with then Labor Secretary Chu, and the conversation that we had—and basically my opinion was, listen, we need to tap the brakes on the AEWR, it is becoming economically unviable. I mentioned the fact that each dollar rise in the AEWR, for us personally on our farm is $1 million in labor costs additionally off our bottom line. So, I would definitely be a proponent of freezing that, because as you recall, we are also in charge of the housing as well as the transportation, and dependent on who you talk to, that adds an additional $5 to $10 an hour on top of the AEWR.

Mr. MANNION. Thank you all so much. I appreciate it.

The CHAIRMAN. I thank the gentleman.

I now will go to the gentleman from North Carolina, Mr. Harris, for 5 minutes.

Mr. HARRIS. Thank you, Mr. Chairman, and thank each of you on the panel that have come to share with us today.

I must say, as a freshman Member, it has been eye-opening to witness how this branch of government often neglects to do its job year after year. We failed to conduct proper oversight and authorize programs which leads to where we are today, and producers are only seeing a rise in income because of Federal disaster spending and the accumulation of *ad hoc* spending far exceeded any estimates of the farm bill programs. And even now, we are 2 years behind on the farm bill.

I just want to ask one of our producer witnesses, Ms. Schwertner, I will go to you. Would timely reauthorization of the farm bill actually improve your ability to do your job, and if so, how so?

Ms. SCHWERTNER. Thank you for your question.

Certainly, timely reauthorization would help. Times change so quickly in the world that we live in. It has been roughly, what, 6, 7 years since we have seen an update to the farm bill. The 2018 Farm Bill was good; however, reference prices are outdated. Programs that were included in that farm bill are outdated, and so, some of the things that have been included in the Farm, Food, and National Security Act are certainly going to be helpful. So, some of the proposals we certainly appreciate the increase in reference prices, the increase in expanded Market Access Program and FMD are certainly helpful. But reevaluating those more frequently gives us an opportunity to better reflect current market conditions, which is always helpful for us.

Mr. HARRIS. Great.

Mr. Talley or Mr. Weinzierl, would you offer any thoughts to add to that?

Mr. TALLEY. Absolutely. For us, it is the automization and the mechanization. Labor has been often discussed here. It is a real issue for us when close to 50 percent of our costs have to do specifically with labor, and just that consistent flow, that consistent investment into specialty crops is imperative to us.

I always say consistency always beats intermittent intensity. It is that consistent drip of I was going to say spending, but actually spending, no. It would be—because when I spend something, I don't expect a return. But when I invest something, I expect a return. And so, it would to your point an investment because it is needed in agriculture.

Mr. HARRIS. Exactly.

Mr. Weinzierl?

Mr. WEINZIERL. The only thing is I would put emphasis, as was already mentioned, on expanded funding for Foreign Market Development and Market Access Programs. We all see exports are really in the news right now, and having those resources to maintain those customer relationships and to build new customers are ultimately important to market demand.

Mr. HARRIS. I got you. Well, thank you.

Dr. Newton, another top priority for me is making sure that we respect taxpayer dollars and spend responsibly. So, let me ask you, do you think that timely reauthorization of the farm bill would help control Federal spending on agriculture, and lessen the need for extra *ad hoc,* disaster, or emergency spending?

Dr. NEWTON. Thank you for the question.

I think that timely reauthorization is one element of it. The second element of it is, is it enhanced? The farm bill is a 5 year contract with agriculture and rural America. As we have heard, the programs and support levels are extremely outdated. The support that we have for MAP and FMD funding has been stagnant for years. So, just a regular old farm bill is not going to cut it. It has to be an enhanced farm bill. That is what agriculture needs.

Mr. HARRIS. And if the farm bill is supposed to provide a safety net, can we really say that our safety net is working if we are spending twice as much on supplemental aid?

Dr. NEWTON. Absolutely not. In my previous role in the Senate, we had a producer tell us that our safety net is about 2″ above concrete. That is where we are today, so we need to make those enhancements to the farm bill.

Mr. HARRIS. Very good. One final question.

Mr. Talley, I want to come to you. Thanks for being here today and sharing the challenges that your farm is currently facing. Can you just, please, in the last few seconds we have paint us a picture of how much capital you put at risk year after year, and how the impact of even a small change in your profit margins can affect your ability to secure an operating loan?

Mr. TALLEY. That is a great question.

It is—as you all know, agriculture is a very capital-intensive industry, and the land costs, all of our input costs, the way they have escalated over the past 4, 5 years has been nothing like I have ever seen before. And it really hamstrings our ability of financing to get loans when everything is just costing 30 to 60 percent more. The available funds are no longer available.

Mr. HARRIS. Got you. Thank you, sir.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentleman.

I am now pleased to recognize Ms. Adams from North Carolina for 5 minutes.

Ms. ADAMS. Thank you, Mr. Chairman and Ranking Member, for organizing this hearing, and thank you to each of our witnesses for your testimonies.

First of all, I do want to shout out to Dr. Newton, as I also earned my Ph.D. from the Ohio State University, which is especially relevant now that I am on the Research Subcommittee. It would be nice to see some more 1890s graduates up here, but I don't think I am allowed to say that anymore.

But let me just say that the economic crisis in farm country spans the food, fuel, and fiber supply chains, even in my most urban district. Like many here today, I have received hundreds of calls over the past 2 weeks in response to the Trump Administration's memo from OMB announcing a pause in all Federal funding. Press coverage has focused on the lawsuits filed to stop this nonsense and how this memo was rescinded. But funding pauses at the time of this hearing remain in effect, including at USDA. And so, I fear that these pauses are really just cuts by another name. For example, a food hub in my district has not been able to get its awarded funding under programs like the Local Food Promotion Program which operates on a reimbursement basis.

So, even with signed contracts, organizations are in the red for spending money USDA was on the hook for to cover, and it is affecting the crucial services that they provide to hundreds of small-scale diversified farmers in the Carolinas. And it has been nearly impossible to get answers from USDA, adding more uncertainty to the crisis.

If it is all right with the Chairman, I want to enter this letter from Fresh List Food Hub in Charlotte in my district into the record.

[The letter referred to is located on p. 138.]

Ms. ADAMS. But let me ask my first question to Mr. Talley. Thank you for your testimony and expressing support for Title X horticulture programs, and as I just shared, President Trump's funding freeze has impacted participants in programs like LFPP, who are expanding regional food economies, building new markets, and improving food safety. And so, I understand that your farm does not export produce internationally. As a representative of the Specialty Crop Farm Bill Alliance, can you tell me a little bit more about the importance of domestic market access for your operation?

Mr. TALLEY. That is of utmost importance. Obviously we do. In specialty crops, we—basically the majority of our product stays within the United States, and it is imperative that we continue to harbor that and really have clear access channels for all of our farmers in the U.S. to have access to these markets, and to be able to continue to flourish within the United States.

Ms. ADAMS. Well, thank you.

My next question. Mr. Weinzierl, thank you for your testimony.

Cuts to staffing concern me in addition to cuts to funding and President Trump, in collaboration with Elon Musk, has been intent on reducing the Federal service with so-called buyouts and mass layoffs.

As someone active on access to ag credit and conservation programs, I want to know, could you speak to staffing levels at the USDA offices like FSA or NRCS that you interact with, and are they adequate?

Mr. WEINZIERL. So, yes, thank you, Congresswoman. We do interact quite a bit with FSA personnel at the county level. I would say that we have not noticed any difference yet in service, but we are aware of the communications that you are referring to.

I would also say that our FSA office, and I think a lot of FSA offices, have become very efficient over the last 4 or 5 years in communicating and being able to work out contracts with farmers and it will be important to maintain them at adequate staffing levels.

Ms. ADAMS. So, do you think a hiring freeze or mass buyout would exacerbate what you have observed?

Mr. WEINZIERL. I have not noticed anything yet, Congresswoman, but I think there is still evaluation going on within the state FSA office and—relative to what the implications are.

Ms. ADAMS. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentlelady.

I now recognize the gentleman from Ohio, Mr. Taylor, for 5 minutes.

Mr. TAYLOR. Thank you, Chairman Thompson, Ranking Member Craig, for holding this hearing today, and my thanks go to our witnesses for their time and insight as well.

I am looking forward to working with you and President Trump and the rest of my colleagues to pass a full 5 year farm bill this Congress, a farm bill that promotes crop insurance, expands trade into new markets, and invests in the next generation of farmers. Coming from Ohio, a state with nearly 76,000 farms, 11,000 of which are in my district, I am proud to be on the Agriculture Committee.

As has been discussed several times today, input prices are still sky high. Prices have come down, but not to pre-Russia-Ukraine war levels, and in today's modern farm economy, you need the best seeds, fertilizer, and equipment to compete. It is amazing the innovation that has happened in the agricultural world. It didn't rain for several months in southern Ohio last summer, and yields were still much higher than what was ever possible 30 to 40 years ago.

But one of the ways to improve farm efficiency and yields is to adopt precision technology. Precision ag technology ranges from GPS and yield mapping to several other items that can help reduce input costs, detect pests or diseases early, and increase farm profits. I think one of the main things that is overlooked is the necessity to have rural connectivity for a lot of precision agriculture technologies. My district is extremely rural, and at least 24 percent of the farms lack internet access to adequately track and utilize these innovations.

Can any member of the panel speak a little about the benefits of precision technology for our farmers, and the importance of rural connectivity in this equation?

Ms. SCHWERTNER. Yes, thank you for your question.

I can speak to this in a multitude of ways. So, first and foremost, we live in a very rural community as well, 1,000 people in Miles, Texas, and about 20, 30 miles from the next Walmart. I work remotely full-time, and so in order for me to do my job, I rely so heavily on rural connectivity and ensuring that I have adequate access to internet to do my job and to be able to also provide that off-farm income to continue to support our operation and our family.

In addition to that, so many of the technologies that you describe when it come to equipment relies on rural connectivity, and without it we lose out on those efficiencies that help us with lack of labor in some instances. For example, we invested in a cotton stripper, a round baler just a few years ago, and with the technology that that provides us, it has enabled us to essentially eliminate a few jobs that we previously relied so heavily on temporary workers for. And so, just that alone, the ability to take advantage and leverage the technologies and the equipment that rely on that rural connectivity, it is so important that farmers and ranchers, but also just rural communities in general and workers in rural communities have access to appropriate connectivity.

Mr. TAYLOR. Thank you.

Mr. TALLEY. So, for us on our farm, we use GPS with our laser technology leveling fields, as well as GPS when we are disking and ripping and plowing, as well as GPS when we are cutting lines. And we have seen with lasering, ripping, and disking, we have seen a 20 percent savings. That is not only time; that is in fuel, that is in tires. That is in the whole broad spectrum of savings.

And so, that has been a tremendous advancement for us, and it just continues to get better. We are now using it—we are starting to use it on our smaller tractors when we are cultivating and so forth where we anticipate seeing probably another ten or 15 percent improvement in our efficiency.

Mr. TAYLOR. Thank you.

Dr. Newton, I want to ask this question, and then if you would just get back to me with the answer, because I know I am going to run out of time before we get to it all. But as of 2022, Ohio is the country's 10th largest agricultural exporting state, shipping out over $6 billion in ag exports. Corn and soybeans represent over half of all agricultural exports from the state. Representing seven counties that border the Ohio River, I know how vital it is that we utilize the river and continue to grow our export markets.

Our agricultural trade deficit is projected to be over $45 billion, and our commodities have started to be pushed out by others from around the world. The farm bill trade programs, our Market Access Program, and the Foreign Market Development Program have shown great benefits to our farmers, but they have not yet seen any increase in investments since 2022. Since that last increase, Brazil's soybean exports have increased by 431 percent, and they have replaced the United States as the world's largest soybean exporter. This increased competition in international markets has eroded the edge the U.S. once had in the soybean export market. It is clear that we need to expand into new markets, which is why a full farm bill is so crucial to the farmers in my district.

Dr. Newton, what do you see as the main barriers to expanding our agricultural trade abroad, and how can we reduce our agricultural trade deficit? Again, you can get back to me with your response.

Thank you, and I yield.

The CHAIRMAN. I thank the gentleman.

Now, I recognize the gentlelady from the Island State of Hawaii, Ms. Tokuda, for 5 minutes.

Ms. TOKUDA. Thank you, Mr. Chairman, and lesson to me that dairy farmers will be prompt. I was 1 minute late today. I promise we will be on time next time.

I want to thank all of the panelists for their patience and for being here. Many of the issues that I want to talk about were already brought up, so I am just going to expound a little bit on some of the questions that have previously been asked.

I want to go back to the issue of staffing levels at USDA. Within every one of our communities and Congressional districts, our FSA, NRCS, R&D staff, they are critical lifelines. I think Mr. Weinzierl, you talked about the need, actually, for more focus from NRCS on technical assistance in our communities, and what a difference that can make.

Again, I want to go back to the fact that there is this deferred resignation offer. It has not been acted upon. They are still working their jobs, 9:00 to 5:00, many times over in that particular case. But right now, we are seeing literally 65,000+ that have taken that offer. There was a goal, we know, of five to ten percent of culling of the Federal workforce. This is upwards of 200,000 individuals throughout the country.

Would you say right now that USDA staffing in our communities to support everyday farmers, especially our small- to medium-size farmers, ranchers, and producers, are adequate right now as it exists today to meet the needs and to be able to really have farming now go from the red to the black?

Mr. WEINZIERL. So, I guess from our standpoint, as a farmer who has not used NRCS programs, the staffing level in the past has been such that generally NRCS will focus on those farmers who have signed contracts. There is a lot of opportunity for NRCS to provide more technical service support to the farmers who have not signed contracts, and I don't——

Ms. TOKUDA. So, let me ask this question because I want to be mindful of my time.

Do you think that they could do that extra technical assistance with their existing staff, and what would happen if their staff theoretically were cut in half or more? Could they provide now additional technical assistance to folks you are mentioning, like yourself?

Mr. WEINZIERL. I would say they are not providing as much technical service support already, and if their staffing was reduced, obviously it would be less.

Ms. TOKUDA. Okay. If I could just get a real brief yes or no. If the staffing at USDA, especially in those particular areas of FSA, NRCS were cut at least by half, would we see significant decrease in services and support to farmers?

Mr. WEINZIERL. Yes.

Ms. SCHWERTNER. Yes.

Mr. TALLEY. I really don't have enough information to give you an accurate answer.

Ms. TOKUDA. Dr. Newton, any comment?

Dr. NEWTON. I think the same. I think it depends on what happens with replacing those workers.

Ms. TOKUDA. Okay. Well, just to let you know, Mr. Chairman and Ranking Member, we have sent a letter to OPM asking for a breakdown by agency, department, Congressional district on where these potential individuals will be leaving and taking that deferred resignation offer so we can understand the potential impacts.[4]

Dr. Newton, you painted a pretty grim but honest picture of the state of the agricultural economy. I mean, 3 years in a row of lower negative economic returns for crop farmers. Our farm sector economy has declined 22 percent over the last 3 years. Would you say right now for the everyday farmer that is reflected on these particular graphs, how much cash reserve do you think they have?

Dr. NEWTON. That is probably a tougher question to answer. I don't think that information is available in aggregate, but I would defer to my colleagues here.

Ms. TOKUDA. But generally, our small- to medium-size farmers, do they have cash reserve?

Dr. NEWTON. There are farms that have working capital that have been built up over the years. I think if you look at dairy farms and cattle farms that we work with——

Ms. TOKUDA. Well, we know the cattle and dairy to point on your graph, they are doing fine right now, our ranchers. It is our crop farmers that are suffering.

I guess my question is for many of these individuals as it was asked, they have invested tens of thousands, if not hundreds of thousands of dollars into cost-share reimbursement programs like EQIP, Conservation Stewardship Program, all these different acronyms. What happens if they are on the hook, and can they survive beyond 90 days, because we know that that is just the hope that they will actually be reimbursed in 90 days? If they are reneged on these particular contracts, will they be able to survive with their current cash?

[4] **Editor's note:** the letter referred to is located on p. 143.

Dr. NEWTON. Well, Farm Credit we work with our customers through the tough times and the good times. I think we have heard that testimony here today. But very importantly, all of these environmental sustainability initiatives, the farmer has to be economically sustainable first. And I think that is what we are talking about here is the economic crisis that farmers are dealing with across the country.

Ms. TOKUDA. So, similar farmers have faced COVID crises. They have faced other trade war crises that we saw in 2017, 2018. I guess my big question is can they actually take this additional hit to farming right now, especially when we consider that it is coupled with both potential trade wars, loss of labor due to immigration policies, and so many other different things.

Mr. Chairman, I do have additional questions that I want inserted into the record. Thank you.

The CHAIRMAN. I appreciate that. I thank the gentlelady.

I now recognize and welcome back to the Committee the gentleman from Washington State, Mr. Newhouse, for 5 minutes.

Mr. NEWHOUSE. Thank you, Mr. Chairman, Ranking Member Craig, and thank you for allowing me to be back on your great Committee. I also want to thank the witnesses for traveling to Washington, D.C., and providing us with your testimony today. I really do look forward to working together with everybody in this room to figure out some of the solutions to the challenges that we have in agriculture today. We truly have a crisis.

I am a third-generation farmer. My son is the fourth generation. We are specialty crop growers in the State of Washington. Hops, wine grapes, cherries, pears. From firsthand experience, we and I know that the high input costs and low prices are a recipe for disaster. It would be probably the biggest understatement we would hear today to say that times are tough. So, we need some solutions to these challenges.

Just to help illustrate that, a recent survey conducted of apple growers in the State of Washington, which maybe you have heard of apples from Washington, but labor costs increased 127 percent over the last 10 years while grower returns have only increased by 22 percent in that same time period. Similarly, the survey showed that labor costs ate up 70 percent of grower returns before input costs were paid for the 2022 crop. And then get this, in 2023, that number rose to 99 percent of the 2022 crop. So, I totally want to look forward to working with you, particularly you, Mr. Talley, and the Specialty Crop Farm Bill Alliance as we tackle some of these things. The Farm Workforce Modernization Act (H.R. 4319, 118th Congress) is a high priority of mine, and we do need to get a handle on making sure that the H–2A Program is not the reason for farms' demise, but certainly the reason that they can exist and find adequate and legal labor.

I just wanted to—you mentioned this a little bit, Mr. Talley, but I would like you to talk a little bit more about some of the things that we could invest in, mechanization of specialty crops you mentioned as being a viable offset to high labor costs. What are some of the other things that maybe we could look at as far as research is concerned that might help in this space?

Mr. TALLEY. I would say other than mechanization, it would be crop protection products. We have lost a lot of our crop protection products over the years. A lot of times, what ends up happening with us is that we have large companies that produce a product that will serve corn and soybeans, and then if it just happens to fall into the specialty category, if they can kind of just get it in, they will go ahead and register it. And California now, it is more and more difficult to register pesticide products, and the barrier of entry is pretty high. And so, we are suffering in California just due to a lack of efficient products in our arsenal. And I would say that is probably, next to mechanization, that is going to be the next concern that we have for specialty crops.

Mr. NEWHOUSE. Great, thank you very much.

I want to move to you, Dr. Newton. Thank you for being here. It is a little difficult to understand Arkansas-ism, but we are getting through that.

We produce a lot of crops in Washington State that are exported, and so, foreign markets, as in California, are very important as well, all over the country. You mentioned in your testimony the importance of trade programs, like the Market Access Program, the Foreign Market Development Program. Could you speak a little more about some of the impacts of those programs have had, and by doubling the amount that we invest in those, what they may offer to the agriculture industry?

Dr. NEWTON. Absolutely, and the accent you hear is actually Kentucky, not Arkansas.

Sixty-seven percent of our agricultural exports go to our top six markets, so when you think about the MAP and FMD funding, doubling that, that allows farmers and their cooperators to go out around the world and find new markets for agricultural products, develop relationships with those customers so that we can continue to grow our export opportunities.

Mr. NEWHOUSE. Good, and just so fellow Members on the Committee know, I have introduced legislation to do exactly that (H.R. 1086, Agriculture Export Promotion Act of 2025), double the investments in those two programs.

Again, thank you all to the witnesses today for your testimony, and Mr. Chairman, with that, I will yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from Alabama, Mr. Figures, for 5 minutes.

Mr. FIGURES. Thank you, Mr. Chairman, and thank you to all of the witnesses for grinding this out with us more junior Members down on the dais here.

I want to start by thanking my team, Kyla Cole, who is with us who has been so diligent in helping us prepare for this hearing. So, thank you, Kyla, and the Committee staff as a whole. You guys do way more than the Members do for these hearings. So, thank you.

As the son of a man who, among other things, owned a small cattle farm down in Alabama, I know a little bit about farming, but not nearly as much as this distinguished panel.

Mr. Weinzierl, I want to start with you. I know at the end of the day, the goal for everybody that runs a farm is to get your product to market, to get it to the stores where consumers can purchase it in our cycle of the economy here. So, is it a fair statement to say that the more money Americans are spending in grocery stores, there is generally a trickle-down effect that is beneficial for the farming community, or farming industry?

Mr. WEINZIERL. Yes.

Mr. FIGURES. And if we are proposing policies as a Congress that will limit the ability of some of our poorest people to be able to spend money in grocery stores, particularly in the form of billions of dollars, is it a fair assumption to say that that could ultimately have a similar trickle-down effect that would negatively impact the farming industry?

Mr. WEINZIERL. Well, our strongest markets are the livestock industry and meat is typically a fairly high-priced product, and that might—that is probably most likely the place that people would cut back on.

Mr. FIGURES. All right, but more than just meat is—the farming industry consists of more than just meat, and theoretically, those funds in the form of SNAP benefits would be spent on more than just meat.

Mr. Talley, my next question is for you. The Alabama Department of Agriculture and Industries was recently awarded about a $½ million grant, Specialty Crop Block Grant, and we are getting some reports that that funding is tied up in the current freeze. Can you talk a little bit about the impact on producers of specialty crops or the impact on specialty crop farmers of freezing funds like that, and how that may further impact the disparities between Title I crops and specialty crops?

Mr. TALLEY. I think that is kind of best to be answered on a case-by-case basis. I know in general the specialty crop industry doesn't count on *ad hoc* payments as part of their business plan, so that would be more on the case-by-case.

Mr. FIGURES. Understood, thank you.

And Ms. Schwertner, this next question is for you. I want you to take the balance of the time, if you wish. No disrespect to you, Dr. Newton. But you mentioned something in your opening statement that really resonated, because I personally find the fear of younger generations not wanting to take on the farm one of the biggest threats that we have to our national security. Honestly, a nation that cannot feed itself is a nation that is a much less secure nation. So, can you talk a little bit about the current environment, that threat in general. What do you think we can do beyond just the farm bill to make sure that we are incentivizing the farm industry and treating the farm industry with the urgency that it needs so as to encourage future generations to do what you guys have done and are doing?

Ms. SCHWERTNER. Certainly. Thank you for your question.

As a mom of four boys who I hope will take over the operation, or at least one of them will take over the operation someday, it is critically important to me that my husband and I understand and do everything that we can to ensure that the farm can sustain and continue on for generations to come.

You mentioned that national security is at risk here, and you are certainly correct. If we don't have the next generation of farmers and ranchers or agriculturalists to continue to take over we lose our ability to feed our own nation, and that certainly is going to be critically impactful to everybody in rural communities. I have mentioned time and time again also that it is not just important to us as a business owner or to the future generations who might take over, but it is important to the rural communities.

And, I say all of that and you ask what can we do to incentivize or to encourage young producers? As a mom of boys, it is hard to think about how you never want your kids to endure the things that you have endured and the challenging conversations that my husband and I are having currently, and the conversations with our banker. Those are conversations that I hope my children don't have to have if they do choose to take over the operation. And so, I am hopeful that as a Committee, we can continue to evaluate the farm bill and the progress towards farm bills now and in the future that will enable future generations to continue.

Mr. FIGURES. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

I now recognize the gentleman from Tennessee, Mr. Rose, for 5 minutes.

Mr. ROSE. Thank you, Mr. Chairman, and congratulations to our Ranking Member Craig on your new leadership role on the Committee. I look forward to working with both of you in the 119th Congress.

As we look to correct course this Congress following the lackluster initiatives and failed policies of the previous Administration, we must ensure we prioritize farm country and deliver our producers out of a financial crisis.

Since 2022, as we have heard mentioned today, net farm income has fallen by $43 billion due to high input costs, supply chain disruptions, and low commodity prices. Skyrocketing costs of production and low prices ate away at farmers' margins and forced American agriculture into the red. I applaud Chairman Thompson's work to secure financial and disaster assistance in the American Relief Act, but we all know that assistance was only a band-aid to a much larger issue plaguing the industry.

As an eighth-generation farmer, our farmers, foresters, and landowners are in a desperate need of a comprehensive farm bill that provides an adequate safety net and ensures operations' longevity. Congress has punted passing a farm bill for far too long. It is time to stop delaying with farmers—stop playing, pardon me—with farmers' futures and enact a bill that will strengthen producers' ability to farm and rescue agriculturalists who have been left out in the cold. It is time that we make agriculture truly great again.

Dr. Newton, as you mentioned—and by the way, my sister says hello. As you mentioned in your written testimony, beef prices have been touted as being at some of the highest levels in recent years, but with input prices being just as high, American cattle producers are not seeing much in the way of real benefits. With the market in its current condition, production costs where they are, and continual decline in cattle inventories, what can cattlemen—cattle producers expect in their operations over this next year?

Dr. NEWTON. Well, tell your sister congratulations on her retirement as well. I always enjoyed working with Ms. Radano.

The cattle industry, the tough part is where do producers go next, right? They are facing tough conditions on pasture. The replacement animal costs are extremely high. They face incredible challenges beyond just what we are dealing with on the input cost side. So, we work with a lot of our cattle producers, but a lot of them are hesitant to begin to think about that process of maybe expanding. They are catching up from the tough years that they are coming out of right now.

Mr. ROSE. Mr. Talley, as the Trump-Vance Administration works to combat unfair and undermining trade practices across our foreign markets, what would American fruit and vegetable producers like to see as we work to level the playing field and ensure fair competition, particularly as it relates to Mexico?

Mr. TALLEY. Thank you for the question. I would have to defer and get back to you on that for specifics.[5]

Mr. ROSE. Okay, thank you. I hope you will do that.

Dr. Newton, as your testimony reveals and the chart that you provided makes clear, for the first time really in my lifetime and the last 5 years, we have seen ag trade deficits for this country. It is very concerning to me. Where would you say are the real opportunities to impact that growing deficit? How do we turn this around as a nation?

Dr. NEWTON. Well, I think first and foremost is we have talked about reinvesting in our important trade promotion programs, the MAP and FMD programs, so we can go out and find and develop those new markets. Increasing domestic demand will also help, because that lifts our commodity prices and lifts the value of our exports as well.

So, I think that we have incredible opportunities ahead of us, but we need to make those investments in trade to do so.

Mr. ROSE. Do you think that value-added products is part of that answer for how the U.S. recovers from the current trade deficit in agriculture?

Dr. NEWTON. Absolutely.

Mr. ROSE. Thank you.

Ms. Schwertner, in the little time that I have left—and by the way, I am a fellow Purdue Ag Yukon alum, so congratulations on that. If Congress does not address the challenges facing the agricultural community with a comprehensive farm bill, how long do you believe you and operations like yourself will—are from being forced to significantly downsize or outright exit agriculture?

Ms. SCHWERTNER. Certainly. Thank you for the question, and I have very little time, but, I can mention we are already having the conversations with our banker now. It is hard to say how long we can continue to sustain. Payments are helpful, but I just would mention that there is an urgency behind needing to resolve the problems that we have.

Mr. ROSE. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentleman. I would also say, you are going to have to live north of the Mason-Dixon line in order to do speed reading.

[5] **Editor's note:** the information was posed as a question for the record and is located on p. 149.

I now recognize the gentleman from New Mexico, Mr. Vasquez, for 5 minutes.

Mr. VASQUEZ. Thank you, Mr. Chairman. Thank you to our witnesses for sticking it out with us today and sharing your insights on the challenges that face our modern farm economy.

I represent New Mexico's 2nd District. Livestock and tree nuts are among our largest export, but our greatest gift to the country is green and red chili. I represent Hatch, the chili capital of the world. We are very proud of that.

But what farmers and ranchers are facing in my district is the uncertainty of the lack of a farm bill. In 2 years, we haven't been able to get it done. The potential funding freezes that have already impacted their day-to-day businesses, and producers that are at risk of losing their stability if we continue to play politics here and play with their livelihoods.

Now, on top of that, we are facing another destructive trade war that would devastate our agricultural sector. We have seen this before. In fact, the Commodity Credit Corporation had to bail out the previous Administration to the tune of $28 billion because of the trade war. It was unnecessary. If these tariffs move forward, they could deal another devastating blow to New Mexico's farmers and the communities that rely on them.

Now, let me tell you about the irony of these tariffs. Now, this Administration is using American farmers as leverage to solve an issue that they have no control over. Farmers have no control over immigration policy in this country, but yet, their livelihoods are being used essentially as pawns in this larger game. And simultaneously as you begin to freeze their payments and don't pass a farm bill, we give them even more uncertainty.

And so, my first question is to Mr. Talley. Now, Mr. Talley, the American ag sector has seen the impacts of these tariffs before. We lost over 150,000 farms. Do you think small- and medium-sized farmers can survive another trade war in this country?

Mr. TALLEY. That is, like I had expressed before, it is difficult to answer that sort of question because it is a case-by-case situation. Tariffs, retaliatory tariffs, it is hard to be concise and to give you a direct answer to your question.

Mr. VASQUEZ. So, will we most likely see losses than gains in your opinion?

Mr. TALLEY. Once again, it depends. It is case-by-case. I am not comfortable answering that question, because it really depends. It depends on the time of year. It depends on what commodity.

Mr. VASQUEZ. Based on history, did we see more losses the last time the trade war was in effect?

Mr. TALLEY. I am sorry?

Mr. VASQUEZ. Did we see more losses in small- to medium-sized farms the last time the trade war was in effect in gains?

It is a numbers question.

Mr. TALLEY. Yes.

Mr. VASQUEZ. It is not speculative. Okay, thank you.

To Ms. Schwertner, you talked about unpredictable international events having a great impact on the future of farms in this country. Now, if these events are not unpredictable and these events are actually domestically led by our very own Administration, shouldn't we be here today advocating for less surprises and more reliability?

Ms. SCHWERTNER. Certainly. Certainty and learning—knowing what to expect certainly attributes to the success of our operations.

Mr. VASQUEZ. Thank you.

Well, I appreciate that because the international events that we create are predictable and we should be advocating for those farmers to make sure that we are protecting them first.

Now, Dr. Newton, you also mentioned that historical times—farmers face historical times for the future of farming in this economy that we have never seen before. The conditions are unlike any time that we have seen before. So, do you think it is a good idea to compound these historical challenges with a new trade war?

Dr. NEWTON. I thought we were doing easy questions only.

I think more than anything, it is so important for Secretary nominee Rollins to get into the office so that she has a voice in the Oval Office and can communicate to the President how these issues impact agriculture.

Mr. VASQUEZ. Well, thank you, Dr. Newton.

Look, my point here in this line of questioning is that I believe farming and ranching and the rich legacy of agriculture and how much our rural economies depend on us being here and discussing the issues that matter are something we can all get together on. This should be a bipartisan idea that these harmful tariffs are going to, bottom line, hurt American farmers and ranchers.

Now, New Mexico's ag sector, that is going to be one the hardest sectors that are hit, including our cattle growers who right now are depending on those imports of alfalfa and feed to pretty much power their entire industry directly from Mexico. We are talking pecans, beef, veal, and we got plenty of other issues that we got to deal with like the shortage of water, extended drought, and so much more. So, my point is that these tariffs are really going to hurt the American farmer, and it is going to be those small- and medium-sized farms that depend on them.

So, I look forward to working with my colleagues, especially on the reform of H–2A, to make sure that if we are going to talk and have a conversation about immigration and use farmers as leverage or ranchers as leverage, that we are talking about how to get more workers out to the field, lower costs for Americans, and do good for everybody in this industry.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize Mr. Baird from Indiana for 5 minutes.

Mr. BAIRD. Thank you, Mr. Chairman and Ranking Member. I appreciate all the witnesses being here.

So, Ms. Schwertner, I am going to start with you from the standpoint I want to compliment you because you went to Purdue University to get a bachelor's degree in ag econ and agronomy. So, a good place to start.

But the other thing that I see that you have done is been involved with not only the Farm Bureau, but with 4–H and FFA, and I think that maybe doesn't deal directly with what we are talking about today, but I do think it is a supply chain that we can use to get young people back into the farming and agricultural industry.

But I also noticed one more thing, that you are a certified crop advisor. Is that true?

Ms. SCHWERTNER. Yes, sir, it is.

Mr. BAIRD. So, anyway, that leads to my question.

We have talked about expenses and costs and so on and so forth, but here is an area that I am going to ask about, and that is the USDA county offices. They can play a pivotal role in delivering the essential services to our communities and ag communities in relation to farm loans, disaster assistance, and the conservation programs. And so, my question to you is can you discuss how the staffing levels at your local USDA county office have impacted your farming operation, and specifically, how does the presence and absence of sufficient staff affect your access to these critical programs?

Ms. SCHWERTNER. Certainly, yes. Thank you for the question.

And, we are very fortunate to have a great local office to support us on our operation, and to be completely honest, we rely on them so much to be the experts in the programs that are being offered, and what we need to consider doing with our operation to ensure that we are optimizing the programs that we have access. And so, any sort of decrease or reduction in staffing or opportunities—to speak with people in those offices—could potentially lead to inadequacies in our operation and inefficiencies in our operation as we try to conduct business and proceed forward to be successful.

Mr. BAIRD. Thank you.

Dr. Newton, I was really glad to hear you say something about how important agriculture is to these local rural communities. You factor the foundation that keeps the money flowing, and when you talk about $1,100 an acre for a crop of corn or $800 or so for soybeans, those are a lot of dollars that are moving in that local community. So, I think having a safety program and a safety net for farmers is what we have been talking about here a great deal. It is extremely important.

But I will ask you, then, to relate to how you see the local programs working for farmers and ranchers, and give you the opportunity to address those issues.

Dr. NEWTON. Thank you so much.

I mentioned earlier that we had a webinar with many of our Farm Credit colleagues a couple weeks ago. The webinar was to talk to them about ARC and PLC and how these programs function, these risk management tools. And we really haven't had to have that conversation for about a decade because these programs are so out of date. It hasn't been a conversation that needs to happen on the farm. We are finally seeing the guarantees under ARC move up a little bit for some crops, but not all crops. I think corn is going to see a higher guarantee. Soybeans are going to see a higher guarantee, but there are other commodities that are stuck at the support levels that they had from over a decade ago. So, it is so important that these tools are updated. Input costs have gone up 30 percent since we did the last farm bill, and these reference prices really have not changed. So, making that investment in the farm bill is critically important.

Mr. BAIRD. So, I have about 50 seconds left.

So, Mr. Talley, the specialty crops are kind of a new area for me, but I think it is important that we include them in the farm bill and some of the listening sessions that GT has had, I have been really interested in what has happened around specialty crops and the need for—I think there is about 600 kinds of crops, and we only cover a very small portion of those with crop insurance. You have 21 seconds.

Mr. TALLEY. Great, thank you. I can get it done.

No, there is a need, and like I said, the system—we suggest that the system be revamped to better customize and enable specialty crop producers to utilize the product, and we look forward to working with the USDA to do that.

The CHAIRMAN. I thank the gentleman, and I now recognize the gentlelady from the Sunflower State of Kansas, Representative Davids, for 5 minutes.

Ms. DAVIDS of Kansas. Thank you, Mr. Chairman, and thank you to our Ranking Member.

Agriculture is the backbone of Kansas's economy, with our state ranking as the eighth largest agricultural exporter in the country, shipping more than $7 billion in beef, wheat, soybeans, and other grains to markets all around the world. But today, our producers are facing significant economic uncertainty due to trade disruptions and inconsistent policy changes.

Farmers depend on stable, long-term trading relationships. Abrupt shifts in policy, like the President's threatened tariffs on Canada and Mexico, would raise prices for farmers and make it harder for them to plan for the future. We have seen the consequences of trade instability before. When certain tariffs were imposed during the President's first term, American farmers lost roughly $27 billion in exports between 2018 and 2019, according to *The Washington Post.* Many had to rely on USDA programs to stay afloat, putting a financial burden on all hardworking Kansans.

To keep our agricultural economy strong, we need trade policies that open doors for our farmers, rather than create new obstacles. And at the same time [audio malfunction] the recent Federal funding freeze uncertainty, it had real consequences. Farmers who signed contracts with USDA programs, investing their own money in fencing, new crops, and renewable energy systems were left in limbo, unsure if [audio malfunction]. The same is true for [audio malfunction] programs for which Kansas producers supply a significant share of the food distributed worldwide.

This isn't about politics. This is about stability and opportunity for the [audio malfunction] farm that is in Garnet, Kansas, and those farms all across the country where families simply want to make an honest living and provide for their loved ones.

That is why leaders on both sides of the aisle have spoken out on the need for policies that support our agricultural sector, and lower prices at the grocery store. We must work together to provide certainty for our producers, strengthen our global competitiveness, and trade partnerships, and ensure Kansas farmers can continue doing what they do best, which is feeding our country and the world.

The first question I want to ask to Mr. Weinzierl. Can you just speak to—I may have missed this, but you spoke a little bit to fertilizer issues earlier. How does that—can you talk about some of the specific effects on your operation and some of the—bringing up earlier?

Mr. WEINZIERL. Yes. So, as we talked earlier, fertilizer prices from—fertilizer as a cost is very large for a corn acre, probably $300 would be the total fertilizer budget. For soybeans, it is probably more like $100. The big difference there is nitrogen, but both crops use potassium and phosphorus. Of course, potassium is mainly imported from Canada. But with the higher prices over the last several years of commodities, all of those input costs went up. Commodities have gone down. These input costs have been very sticky in coming down, and so, we have not seen the fertilizer prices go to the level where family farms can again be profitable.

Ms. DAVIDS of Kansas. There seems to be a microphone—well, thank you for that, and given the context that we are working with in [audio malfunction].

Ms. Schwertner, I was hoping to hear about the lack of the multi-year farm bill and uncertainty around potential changes and policies. I know you have talked a little bit about uncertainty, but if there is any specific areas of uncertainty that you kind of wanted to touch on in these last 48 seconds?

Ms. SCHWERTNER. Certainly. In you referencing the farm bill, I think right now, we are relying a lot of *ad hoc* programs to get us through. Relying on one-time payments to help get us from one year to the next, and it has been a problem for certainly the last 3 years since we saw a decrease in commodity prices from 2022, and input prices as mentioned have not come down as much as commodity prices have. We were selling cotton for $1.20 in 2022, and now we are getting quotes for less than 60¢. So, that there speaks to the impact and the urgency behind needing some updated farm bills to give us the certainty that we need to continue to go and talk to our bankers and secure those lines of credit to allow us to continue operating.

Ms. DAVIDS of Kansas. Thank you. I yield back.

The CHAIRMAN. I thank the gentlelady.

I now recognize the gentleman from Iowa, Mr. Feenstra, for 5 minutes.

Mr. FEENSTRA. Thank you, Chairman Thompson, and thank you, Ranking Member Craig.

This is a great, great panel, and thank you, witnesses for your testimony. I read all your testimonies, and I think we all agree on the same thing, that we have a lot of concerns moving forward. I look at the commodity prices right now. If we could expand the export market, that would be wonderful. I think that would help the commodities a lot. I think avian bird flu—I mean, eggs at $7 a dozen right now. We have lost 24 million birds in the last 4 months. I have the second largest egg producer in my district, and then obviously the soft ethanol market, Mr. Weinzierl, you noted that. I mean, there are a lot of challenges.

And yet, we have this farm bill. We have this farm bill that has this great opportunity and when we talk about crop insurance, that safety net, exports, FMD, MAP that we could do, foreign animal diseases, how we can start looking at this and changing the trajectory of what is happening there. And then, obviously, reference prices, right?

But there are a couple of things I want to talk about also. To me, a real concern is the death tax. You think about the death tax. This is an unfair tax that applies costly tax, 40 percent, on the transfer of property and land to the next generation. Can you imagine that? I mean, here you got the Federal Government double taxing where if you die and you want to pass that land to your son or daughter, they are going to pull out of the grave with their arms and say you owe 40 percent. Forty percent? This is ridiculous, and this is going to affect our next generation.

Mr. Talley, if you could talk about this. Can you—you said that you are a third-generation farmer. You recently welcomed the fourth generation—congratulations, by the way. How will this affect you as you move forward, and other farmers like you?

Mr. TALLEY. Thank you for the question, Congressman.

Obviously, I am against the death tax. I see it, especially in the specialty crop arena throughout all 50 states, something unique about us is that our land values typically tend to be much higher than other commodities. And something else that we are seeing, at least in California and I think in other popular areas where we are growing specialty crops, is the encroachment of cities kind of outgrowing their limits, if you will, and then all of a sudden our farms that we purchased for $½ million, say, 20 years ago, are now worth millions of dollars because they are surrounded by a bunch of homes.

And so, that has proven to be difficult, as well as remember, specialty crops are very, very expensive, highly capital intensive. It is not only land costs, but it is also the machinery, the buildings on the land that are terribly costly. And so, that leaves us with very little cash.

And so, at the end of the day, the saying goes where we are kind of cash poor. We are land rich and cash poor. And something else you mentioned that we don't really value, if you will. It is the sentimental value. It is the fact that I am a fourth-generation farmer. I walked the same fields that my grandfather and my uncle, and I probably would have with my father but he passed away when I was 4. I still remember times being with my dad at a young age on the family farm. And now, I am walking the fields with my own sons and then passing along that legacy.

Mr. FEENSTRA. It is special, isn't it? That is truly special to have that. And yet, if we don't have the 40 percent to pay, then it is going to go to some out-of-state buyer or to a foreign adversary, China or whoever is buying it. I mean, it is very scary stuff.

Mr. TALLEY. Absolutely.

Mr. FEENSTRA. Absolutely. I introduced the Death Tax Repeal Act (H.R. 1301). We have 170 sponsors across the board, bipartisan. This has got to get done.

I want to talk about also something that really, to me, is affecting farmers right now, and that is the operational loan costs, all right? We got a lot of farmers going to the bank right now and getting that operational loan to start planting this spring. And yet, here is our problem. The interest on that loan is very expensive, and this, to me, it is a safety net. How can we lower interest rates? How can we lower real estate loans, and we can. It is called the ACRE Act of 2025 (H.R. 1882, Access to Credit for our Rural Economy Act of 2025) by lowering interest rates.

I want to ask Mr. Weinzierl, what is your thoughts on this? I mean, do you see this as something productive for the farming community if we can lower interest rates, if we can lower some of their costs on these operational loans?

Mr. WEINZIERL. Yes, lower interest rates especially would help young farmers who are not near as capital wealthy, and so, anything that could be done around that especially for young farmers. My own daughter has an FSA loan, but she has been challenged. She got married, which is a good thing, but because of FSA loans, they look at the net worth, and for her to change a commercial operator to a lower rate, she would have to redo the loan. That net worth would throw her out because she got married.

Mr. FEENSTRA. My time has run out, but I am telling you, the ACRE Act, we got to get this passed. It is another one of the things that we just got to get done, along with the farm bill.

Thank you, Mr. Chairman, and I yield back.

The CHAIRMAN. I thank the gentleman.

I now recognize the gentleman from the Empire State of New York, Mr. Riley, for 5 minutes.

Mr. RILEY. Well, thank you, Mr. Chairman. I am very much looking forward to working with you. It is an honor to be on this Committee and——

The CHAIRMAN. Check your microphone there. You need to push the button on the bottom.

Mr. RILEY. You can tell I am new here. I am the new guy, so we are going to figure this out.

Mr. Chairman, thank you. I don't know how much my incompetence takes away from time, but it is an honor to be on the Committee. I am looking forward to working with you.

Dr. Newton, I really appreciated in your testimony, you talked a bit—in your written testimony, anyway, you talked about the consolidation we are seeing in the dairy industry. In the last 25 years in upstate New York, we have lost about ⅔ of our dairy farms, and we have actually seen that trend accelerate in recent years from, I think it is 2017 to 2022, we lost about 40 percent of our dairy farms. So, I have about 300 dairy farms left in my district, and they are just getting crushed by these big farms that are getting bigger and bigger. And now it is like you have to get huge to survive. I saw some data showing that if you have over 500 cows, you are very, very, very likely to make a profit. If you have less than 100, you are almost certain to lose money.

And so, my question for you is whether you have any suggestions for us as the things we can do as a Committee to address those trends and save our small family farms? And related to that, I wonder if you could comment on whether the consolidation we are seeing in the industry is increasing public health risks with things like, for example, the bird flu? It seems to me that if you have fewer bigger farms, you are increasing those risks. If you are literally putting all your eggs in one basket and that basket ends up with bird flu or an issue, it seems like that is compounding the risks. So, I was hoping you could talk about both of those issues.

Dr. NEWTON. I was waiting for a dairy question. It took us a while to get there.

Mr. RILEY. And it took us even longer, because I couldn't figure out how to work the microphone.

Dr. NEWTON. For dairy farmers, they have a very important safety net. The Dairy Margin Coverage Program has been an effective safety net for dairy farmers. Since it was reformed in the 2018 Farm Bill, I think there is a need to consider how that is working. Could it work even better for dairy farmers? That is one area.

I think another aspect that we haven't talked a lot about, especially with these small dairy farmers, is their utilization of crop insurance. Dairy Revenue Protection, which I developed when I was at American Farm Bureau, very successful insurance product for the dairy industry, but how can we increase awareness and education to those small- and medium-sized dairy farms so they know that this product can work for them and help them manage their risk?

So, that is the answer to your first question.

As to the second question on bird flu and the size of the operation, I would be happy to consider that in a QFR. I don't have an answer for that today.

Mr. RILEY. Yes, that is great. I would love to work with you on increasing awareness for programs that our small dairy farmers could take advantage of.

I will say one of the takeaways from reading the testimony and hearing from all of you today, my biggest takeaway for this hearing is that our family farms are operating with razor-thin margins. We have seen net farm income decreasing. I know that a lot of farmers are looking to this new Administration to reverse those trends.

Each of you, both in your written testimony and in your testimony today, mentioned the challenges of high input costs, and I am very concerned that the President's proposed tariffs on Canada are doing to do more harm than good for a lot of our farmers, and that is especially when you look at the charts, Mr. Weinzierl, in your testimony showing the impact of the rising fertilizer costs.

I heard today one of the statistics that really stood out to me is that Canada is providing 90 percent of the fertilizer, potassium, the potash that we are using in America, and so, I have a letter that I am leading to the Administration. I tended to agree with some of the testimony earlier that when we are talking about tariffs, we shouldn't be looking at it just writ large. We should be looking at it specifically item by item and determining on a cost benefit basis whether particular tariffs are helpful or harmful. I am convinced that the tariffs on potash are going to be very harmful, given the high input costs and the costs of fertilizers. So, I have a letter that I am leading to the Administration, asking it to exclude potash from any tariffs that end up being imposed on Canada, and I would just like to invite all my colleagues to join me in that.

And I will yield back the rest of my time. Thank you all for testifying. This has been very helpful.

The CHAIRMAN. I thank the gentleman.

Now I recognize the gentleman from the Keystone State of Pennsylvania, Mr. Bresnahan, for 5 minutes.

Mr. BRESNAHAN. Thank you, Mr. Chairman. I want to start out by saying how excited I am to be working with you and support our Pennsylvania farmers, producers, and diverse agricultural industry.

Last month, I had the pleasure to visit the Pennsylvania Farm Show where I got to speak with some of these farmers and producers from all over the Commonwealth, and sample everything from milkshakes to apple cider slushies to potato donuts and deep-fried mushrooms. It was truly remarkable just to hear how much work goes into bringing these products from the farm to our tables. Just as remarkable was hearing how many of these farms were family-owned and multi-generational.

The most common thread that I hear from farmers while traveling around my district in northeastern Pennsylvania is the desire to keep their family farm in the family and pass it down to the next generation. This speaks directly to me, as I am a third-generation family business owner. I went from first generation to third generation in the heavy highway electrical space, so I am relatively new to agriculture, but understand the significance of what we do here, and do appreciate all of your testimony here today because it does speak heavily when we hear it directly from the source.

My first question is actually for Ms. Schwertner. You made a lot of references to the banks, and something that we had to deal with going from a first generation to a third-generation family business was the bar was always moving. You are coming from the agriculture industry, so how do you collateralize your farms and how have you been able to secure and alleviate the agita that the banks would sometimes create?

Ms. SCHWERTNER. Thank you for your question, and as a new and beginning farmer—still considered a new and beginning farmer, it has certainly been challenging. We have had to rely a lot on our partnership that we have with my father-in-law and my mother-in-law to help with building that collateral to earn the opportunity to gain credit and to increase that line of credit. And so, it is certainly a challenge that I think all new and beginning farmers face with the lack of collateral coming into the industry. It is high input costs, high cost to enter, and unless you have some assistance from someone who is already doing it or some other program that you have access to help, it is certainly challenging to enter in as a new and beginning farmer.

Mr. BRESNAHAN. Especially when you are trying to buy a piece of equipment, the cap-ex. I mean, are you able to usually collateralize the new cap-ex piece of equipment purchase off of the equipment itself, but then you also need to sustain your operations and cash-flow so you make your monthly payment on time. Have you seen the escalation of this equipment increase drastically over the last few years?

Ms. SCHWERTNER. Yes, yes. Certainly. You are referring to the cost?

Mr. BRESNAHAN. Tractor, combine, whatever that case may be, and the availability. Are you able to go out and buy one at that moment if you wanted, or is there a longer lead time?

Ms. SCHWERTNER. We could certainly go find one. There certainly is a market for it. I think currently the challenge is affordability and the ability to invest in equipment. It is certainly not something that we are looking at right now, given the current state of things.

Mr. BRESNAHAN. So, I guess this pivots into my question for Mr. Talley.

In the construction business, we are constantly looking for new technologies to make our jobs more efficient, less labor-intensive, more precise. In your testimony, you advocated for additional research and development into the automation technologies for the specialty crop sector. Can you tell me more about some examples of recent technological developments that either you, yourself, or another specialty grower have implemented, and how has it worked?

Mr. TALLEY. Sure, I would be happy to.

As I alluded to earlier, California spent over $16 billion in labor alone. Two-thirds of that was in the harvesting, and to me, that is the critical area where we need automization, mechanization, or whatever that might be. Once again, there is no silver bullet because each commodity within the specialty crop industry is harvested in a different manner. But just simple harvest aids, aids that would make the job easier, more ergonomic, and save a handful of jobs here and there, at the end of the day, that has been tremendous.

We have a new belt that we use that probably in our 14 person crew, it dropped it down to about 11 individuals now because it has increased our efficiency.

Mr. BRESNAHAN. From 14 to 11?

Mr. TALLEY. From 14 to 11. So, it is little steps like that. Like I said, there is not going to be a silver bullet. There is not going to be an instant cure for labor needs to go away, but it is just drip, drip. It is investment, investment in mechanization and automization that is critical for us.

Mr. BRESNAHAN. I appreciate that, and I yield my remaining 8 seconds.

The CHAIRMAN. The gentleman yields back.

I am now pleased to recognize the gentlelady from Maryland, Mrs. McClain Delaney.

Mrs. MCCLAIN DELANEY. Thank you to all. Thank you to our chair, and all of you here, but particularly to all of the panelists who have been here for over 3 hours. So, really, really important.

So, I have really enjoyed this. I represent the 6th District of Maryland, which is an incredible district in terms of the number of farmers we have, almost ½ million acres of farmland, including 178 dairy farms and 3,500 family farms. We are also home to the Montgomery County Agricultural Preservation District.

Before this hearing, I talked to our Frederick County Farm Bureau and the Maryland Farm Bureau, really discussed the challenges facing family farms, importance of crop insurance, ReConnect and EQIP. But I guess most importantly, I am a fourth generation Idahoan from Buhl, Idaho. My dad was head of the Idaho Potato Commission, and we had a family farm. And I have to say, Dr. Newton and Ms. Schwertner, it was really important to me because in the 1970s and 1980s, it was sky high interest rates. It was really hard. The cost of production was below the cost of what you could sell your crops for, almost 5 years. And actually, access to capital and credit was really important, and ultimately, my family lost the farm. It was a really terrible thing that is awful for those of us who want family farms.

So, just as—this was not my anticipated question. I will talk to you about rural broadband in a second, but looking over the legislation the past 3 or 4 years, there has been a lot of different ways of looking at innovative access to capital. If you all could just very—I am going to submit some things for the record, but if you all could just think of one thing or one correction, how would you, in this farm bill or in other innovative ways, look at better access to capital from our banking, our different banks, and is there anything you would do that you could clarify in this 119th session that you would like to see in terms of improving access to capital for farmers, in addition to commodities and crop insurance and the things that we have?

Mr. WEINZIERL. So, one thing my daughter has brought up, and a lot of the young farmers coming in to farming now are in their 30s and maybe even 40s. They are connected to the farm, but they have also had careers up until then, and land, as it has been talked about, is very expensive. Her question to me is, “Gee, Dad, the farmland that you have is really your retirement program. I have access to building a retirement account in my professional career.” Is there any way that it could be changed so that putting a down payment on a farm could be viewed as a retirement account and you could just shift from the 401(k) to use that as a down payment on a farm, for her to do that now? She is not 59½. There is a penalty to that, but she sees the value of being able to make that investment and looking for more flexible ways, innovative ways to try and do something like that.

Mrs. MCCLAIN DELANEY. And I think for my time, I am going to submit that for the rest of the record for you, because I would really like to figure out some ways to increase and really work on those issues in terms of finance and capital.

So, bulk of my life I spent in telecom as an online child advocate telecom attorney, and most recently I served at NTIA as deputy assistant secretary rolling out our broadband and our rural broadband. And, broadband access allows kids to go to school and access to healthcare.

But in my district, more than 20 percent of farms lacked internet access, and many of these rural communities are disconnected, they are left behind. USDA, the ReConnect Program, the affordability, the key to connect. I will just kind of throw it open to you all. Without a bipartisan modernized farm bill, these programs could be jeopardized.

Can any of you speak a little bit about how farmers are using data and technology on and around the farm? Is there ways to cut costs with it, and what is a broadband or lack of broadband access, which is affordable, high-speed access, do to a farm’s bottom line? And, obviously with these freezes, what will that mean for connectivity and how that will impact you all?

Ms. SCHWERTNER. Thank you for your question. I will take it with just a few minutes remaining.

First, I want to thank you for your Farm Bureau engagement and communicating with your local county Farm Bureaus. That means a lot to me, serving on my county Farm Bureau, and that is certainly where change starts for the Farm Bureau organization.

But to answer your question, rural broadband helps me in my day job. I am fully remote. It allows me to contribute back to our operation. Additionally, it helps with our farm efficiencies as we are looking at data to continually improve the efficiencies that we have on our operation.

Mrs. MCCLAIN DELANEY. So, I have two or three questions that I will just submit for the record for a lot of you.

The CHAIRMAN. I thank the gentlelady.

Mrs. MCCLAIN DELANEY. There has been a lot of great conversation.

The CHAIRMAN. I thank the gentlelady.

Votes have been called. There are two votes. I am told the first one will be strictly held to 15 minutes, but I am going to yield—we are going to recognize the gentleman from California for 5 minutes of questioning, but—and then we will—we are going to recess and reconvene as quickly as that second vote is offered. If you could vote and then come back here so that we could continue on.

Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman. I will try and do it before.

Dr. Newton, you emphasized earlier that with the California tree nut growers that we are looking at Australia's trade deals and how they have had great impact on nut exports, as they have done a pretty good job muscling in on major markets over there. This affects walnuts, who have been devastated recent years and only now look like they are recovering. Almonds have had a rough go, and I know a whole bunch of almond acres that are underwater right now in my area. They can't take more than a week or 2 of that, as well as some pecans.

What do you think we should be doing—you may have answered this already. I have been in and out of the Committee, sorry—to get this playing field leveled with such hot competition from Australia and maybe others with really what is unbalanced foreign competition?

Dr. NEWTON. Thank you so much for the question.

Our analysts at Terrain do see the almond market, the walnut market finally starting to turn around coming out of the pandemic lows and the challenges that those growers faced. But I will go back to what we have talked about before. Investing in trade promotion and market development programs as part of the farm bill will help those growers go out and find and continue to develop those markets around the world.

Mr. LAMALFA. All right. I believe we got good work in the farm bill if we can get the good one done, Chairman and Ranking Member, we are going to be sure to get there this year.

Let me jump over to Mr. Talley here. We haven't talked enough about the AEWR, the Adverse Effect Wage Rate for H–2A. It has skyrocketed the last few years. Four out of the last 5 years, it has gone from about 7.3 percent annually, and so, the fruit and vegetable growers are the largest users of H–2A, as well as some others, and they spend about, I don't know, over ⅓ of their expenses on labor like was established a bit earlier. So, California bit the big AEWR increase. How much farther can this go, and I am going to give that, again, to Mr. Talley. How long can these keep going and then have any chance? California's hourly rate for labor has now reached the 8 hour, 40 hour limit a week this year. So, how do we keep doing all this?

Mr. TALLEY. Quite honestly, the meteoric rise in the wages in the AEWR, it is not sustainable. You are seeing for the first time last year the numbers in H–2A usage have kind of gone flat, and maybe even gone down due to the sheer fact that this year, it is at $19.97. California's minimum wage is at $16.50. In effect, $19.97 is now our minimum wage at our family farm, and when you compete against not only just other states that have $2 to $3 less an hour wages, but also, you are competing internationally where the wages are a fraction of that cost.

I just spent some time in Costa Rica at a farm, and I asked them what their minimum wage was. They said oh, $4, $4.20. We can't compete with that. It is not sustainable.

Mr. LAMALFA. Can't touch this, right?

Mr. TALLEY. Yes.

Mr. LAMALFA. So, let's talk about mechanization for a moment here, as we have also put some research dollars towards that through some of our efforts here. Talk about ag mechanization and why is that going to be perhaps very vital as well for specialties?

Mr. TALLEY. The mechanization component, that is, in my mind, that is where our strength lies, where we have the ability to really create change and build an efficiency in our program. Our labor wage, it is what it is. I don't necessarily see it dropping. It would be nice if it did, but that is not a reality.

So, to mechanize and to be able to be competitive on the international scale, it is of utmost importance. If we want to continue to have agriculture in our country, we have to mechanize. I mean, there is no way around it.

Mr. LAMALFA. Yes, a lot things coming at us at once.

Mr. Chairman, I will yield back. Thank you.

The CHAIRMAN. The gentleman yields back.

The Committee will stand in recess until the call of the chair immediately after the second vote on the floor.

[Recess.]

The CHAIRMAN. The Agriculture Committee hearing will reconvene, and I am pleased to recognize the gentlelady from Texas, Congresswoman De La Cruz, for 5 minutes.

Ms. DE LA CRUZ. Thank you so much, Mr. Chairman.

The CHAIRMAN. I think your—press your microphone there on at the bottom.

Ms. DE LA CRUZ. Oh, there we go. Excellent.

Thank you, Mr. Chairman, for hosting this important hearing today, and thank you to all the witnesses for being here throughout the day and joining us and sharing with us your concerns about the economic crisis that is happening all across America.

As we are looking at the economic crisis for our farmers and ranchers, I am going to specifically talk about what is happening in my district. In my district, our farmers and ranchers are really suffering due to the Mexican Government's failure to deliver water as per the 1944 Water Treaty (Utilization of waters of the Colorado and Tijuana Rivers and of the Rio Grande). This has been devastating for our region. In fact, each day, this devastation continues. Mexico now owes us over 1 million acre feet of water. It is practically impossible for them to pay us that much water at this point.

How we have suffered is that we have lost our sugar growers in the Rio Grande Valley. We were the only sugar growers in the entire State of Texas. Now, that is gone. That only leaves two other states that have sugar mills, and this is devastating, not just for our area where it meant millions of dollars of loss, but it was also 500 jobs that were lost because of this. And all of the jobs and businesses downstream. This sugar mill closed after 50 years of service to the Rio Grande Valley, and it is absolutely devastating.

Because Mexico has not complied with the 1944 Water Treaty and given us the water that we so depend on, we are about to lose our citrus industry as well. You all know that Florida has had a tough time in citrus, so America is really dependent on the Rio Grande Valley and the State of Texas to deliver the citrus that we need.

So, as we say here on the Agriculture Committee, food security is national security, and when we are depleted of sugar, of citrus, of other vegetables in our area, what that means is that we are going to be dependent on foreign countries to feed Americans. We don't want that. We want American farmers to feed Americans, and this is why the topic of agriculture, economic loss, water loss for us as per this water treaty is so, so important.

I can share with you that I am proud to have secured language at the end of last year in the last Congress granting the Secretary of Agriculture the authority to provide grants for economic relief to agriculture producers in south Texas that are affected by this issue. So, my farmers in deep south Texas have compounding problems. They have economic pressures. They have burdensome regulation that are weighing down on them, and they have the 1944 Water Treaty where they are not receiving the water that they need. While this disaster assistance through the appropriations language that we put into the 2025 appropriations is going to help, so much more still needs to be done. So, I look forward to working with my colleagues across the aisle for a strong farm bill, because it is of urgent need.

Now, I am going to ask—I am going to mispronounce your name. Please help me.

Ms. SCHWERTNER. Schwertner.

Ms. DE LA CRUZ. Schwertner, there we go. Your testimony touched on how the U.S. is continuously losing more and more family farms. I know how this has affected my district. Can you tell us about the impacts of losing family farms in your community?

Ms. SCHWERTNER. Certainly. Thank you for your question.

I think there is a statistic out there that we are losing roughly 1,000 family farms a month, and that is alarming, being a family farm of my own thinking that that could be us one day, and I certainly hope that it is not. And so, as we continue to look at that data, the impact of losing family farms or any farms is certainly detrimental to our national security, just as you have mentioned. Being able to feed our country and our nation is so important. It is part of our overall GDP as a country, and certainly, agriculture contributes so much to the success of our nation and to the success of our communities in ensuring that the businesses and the people in our local communities are also successful.

Ms. DE LA CRUZ. Thank you. I yield back.

The CHAIRMAN. I thank the gentlelady.

I now recognize the gentleman from California, Mr. Gray, for 5 minutes.

Mr. GRAY. Thank you, Chairman Thompson, Ranking Member Craig for holding this hearing, and thank you to our witnesses for participating in this long morning. I appreciate your insights.

My district is in California's Central Valley. I represent five counties in the northern San Joaquin Valley, and grew up in agriculture myself. My family is in the dairy business. We also grow almonds and pistachios. I am excited to be here participating on the Agriculture Committee, and hoping—it is my first term in Congress and I ran for this office after the 118th Congress, one of the most unproductive in U.S. history, failed to get a farm bill. And folks in my district work very hard, and certainly looking to Congress to work hard to land a farm bill this session. I am hopeful to be part of that. Certainly, a lot of important work to do, and we have heard a lot today about some of the folks on this Committee where there seems to be an appetite for bipartisanship and working together, and I hope to certainly be part of that as well.

In my district we grow some of the highest quality cotton in the world, and I have heard concerns recently about the long-term prospects for funding for the Pima Cotton and Wool Trust Fund. And so, my first question for Ms. Schwertner is as a cotton farmer yourself, can you speak to the importance of programs like the Pima Cotton and Wool Trust Fund?

Ms. SCHWERTNER. Thank you for your question.

I can't speak specifically for Pima cotton. I can speak for general cotton programs, but I am not familiar with that. But I am happy to respond in writing.

Mr. GRAY. I appreciate your insights on that.

I think the long-term stability and predictability for farmers, like any other industry, is critical and hopefully that will be top in mind for folks on this Committee as we move forward.

Another major issue in my district recently, just as recently as last week, has been the spread of bird flu, and we just, in fact, had a new strain detected in Merced County, which is my home county within the district. And we have certainly talked a lot around the country about the price of eggs, but the poultry industry is pretty concerned on this issue.

Question to Dr. Newton. What are the risks for us in not tackling this problem urgently and expeditiously?

Dr. NEWTON. Thank you so much for the question.

I mean, the outbreak that we are currently experiencing on the bird flu, I mean, we have over 11 million birds confirmed just to start this year alone. You mentioned a new strain for dairy cattle, and then we have seen detections in the boiler flock in the Southeast. So, it is incredibly important to get this under control. The impact on food availability and food prices is top of mind.

Mr. GRAY. I appreciate that.

Mr. Chairman, I yield back my time.

The CHAIRMAN. I thank the gentleman.

I am now pleased to recognize the gentleman from Iowa, Mr. Nunn, for 5 minutes.

Mr. NUNN. Well, thank you very much, Chairman and Ranking Member, for holding this very important hearing today.

To each of you, look, I represent 87,000 family farms back in Iowa, and we recognize this is bigger than any single farm, any single bigger community, any single state. This is truly something that is going to impact the entire nation, and we either have the ability to help defend our food and fuel supply, or we have the ability to acquiesce and allow somebody else to fill the void. It is not only a national security threat, but puts us directly dependent on foreign entities and how we feed our families.

Now, I know we have been short on time, Mr. Chairman, so I want to get straight to it. We are going to drive like a combine driver with an ice storm coming up during harvest season.

A couple of direct questions. Mr. Weinzierl, I feel obligated to come to you first as a fellow Midwesterner here. You have planted corn, soybeans. You know this in Illinois, just like in Iowa, row crops are a big deal. The importance of access to foreign markets here in the U.S., in your testimony, you highlighted the U.S. is facing its fifth consecutive annual trade deficit. In fact, I think we are up to about $100 billion now, largest in the world.

Mr. Weinzierl, what will happen to our corn and soybean farmers if we fail to pass a farm bill that includes additional MAP and FMD funding?

Mr. WEINZIERL. Well, thank you for question.

As we have emphasized several times, I think the whole panel, I think the importance of getting that funding for MAP and FMD is crucial in continuing to open up markets and to maintain the relationships with countries that we are currently marketing to. So, I think that is the one thing that, with a lot of uncertainty around trade, if we can have that as certainty, that will definitely help in putting boots on the ground all around the world.

Mr. NUNN. Critically important. For the last 4 years, we haven't had a single farm trade deal done. I hope we can get more done here in the next 4 months.

Look, Mr. Weinzierl, you know this. A bushel of corn today runs about $4.90 on a good day. A bushel of soybeans, probably about $10+. The challenges that we have are these prices are reflective of a severe decline in farm communities. Sixth generation farm kid from Iowa here. This is a deficit 15 years in the making.

Had the improvements this Committee had already passed on a bipartisan basis on last year's farm safety net been implemented for crop this year, any indication as to whether it would have been better or worse as we head into the next year?

Mr. WEINZIERL. So, at least the data I have seen, it would have been slightly better for Illinois corn farmers and soybean farmers. Not to the magnitude that I think is needed. I really applaud the Committee's efforts and Members and what they did in the *ad hoc* program. That was much more substantial, probably at least twice the impact of what we would have seen. But also, because the payments were tied to just months later, not tied to a marketing year. That makes a big impact as well. And then because it was tied to planted acres, it really directly affected the costs that we are seeing and the high prices and addressing that issue.

Mr. NUNN. I could not agree with you more, and while it would have been a step in the right direction, I applaud the Members on both sides of the aisle on this Committee. There is a lot of work that needs to be done to make sure we can make this sustainable going into the future.

Ms. Schwertner, thank you again for your service on this, your family's legacy directly impacted by our current financial conditions that have hit this country.

Before the end of the year, Congress passed a spending package that included necessary assistance for our farmers. Did these payments serve as an adequate replacement for the farm bill?

Ms. SCHWERTNER. No, they do not.

Mr. NUNN. And I would fully agree with you on that. No, they do not. Not a single farmer in Iowa believes that. I am certain back in Texas it is the same way.

Farmers in my district have shared the same sentiment. It has been 7 years since Congress passed a farm bill, 7 years since our farm safety net was updated.

Ms. Schwertner, if the farm safety net had been aligned to today's costs, would the *ad hoc* assistance have been necessary for you?

Ms. SCHWERTNER. No, it is not necessary. With adequate farm safety net, that certainly prevents us from needing the *ad hoc* assistance.

Mr. NUNN. I appreciate that. To everybody's farm district back home, I want to thank you very much for being here. At the end of the year, we were able to get financial emergency assistance out to those farmers, including in my home in Greenfield, Iowa, that got devastated by a tornado, to help get back on their feet. But that is not the solution. We have to have a long-term strategy here to address America's food security that starts right here in the United States. To all the Members on this, I really appreciate your leadership in bringing it forward.

Thank you, Mr. Chairman. I would yield back.

The CHAIRMAN. I thank the gentleman.

Before we adjourn today—no one else here has not asked questions—I invite the Ranking Member to share any closing comments that she may have.

Ms. CRAIG. Well, thank you so much, Mr. Chairman, and I would like to start with a big thank you to you for calling this hearing so early in the 119th Congress, and especially to our witnesses, who have had a very long day of answering our questions. You have been pretty patient with us, so thank you.

This hearing has, again, put a spotlight on the reality that farmers across this country face every day. High input costs, challenges in domestic and international markets, natural disasters, the list goes on. We absolutely need to reauthorize a new farm bill.

My colleagues, I still believe in the possibility of bipartisanship from this Committee, even in a town that tries everything else first. And I know we all want good policy with support for our farm programs and strong nutrition safety net for Americans who need it. That is how we get to a bipartisan farm bill.

My commitment to Minnesota and farmers across our nation has always been to work with an Administration when it is right for them and to stand up to one when it isn't. I did not believe the Biden Administration focused enough on expanding trade, and they didn't prioritize renewable fuels nearly enough, and I told them so publicly. And I also have a responsibility to point out that I believe this new Administration's early actions are implementing early policies that could potentially hurt our family farmers and ranchers. I sure hope not, but it feels that way.

The freeze of EQIP and REAP dollars already obligated to farmers and ranchers, the across-the-board tariff threats on our largest trading partners, the $2.1 billion USAID market that would go away if this program went away, and the discussion around cutting the Supplemental Nutrition Assistance Program. Given the tough economic climate and thin margins, farmers don't need new problems, especially those manufactured in Washington.

Mr. Chairman, I believe that you and I and our great partners in the Senate, Senator Klobuchar and Senator Boozman, can figure this out if left to our own work, together with our own Members. But I am worried that the reconciliation process might impact our ability to get a farm bill, and I would be remiss if I did not say that out loud here today.

The Chairman and I are going to keep at it together. Farmers, lenders, rural communities, and those who need help to put food on the table are watching and waiting. Let's not disappoint them.

Thank you, and I yield back.

The CHAIRMAN. I thank the Ranking Member.

I think the word that came up the most here at this hearing today is *uncertainty,* and uncertainty around input costs, commodity prices, and yes, of course, trade disruptions. The single-most important thing this Committee can do for our farmers and ranchers is to reauthorize the farm bill with an improved safety net, and that is what this Committee will be working towards in a bipartisan way in the 119th Congress.

I fully understand that the uncertainty for our producers with regards to tariffs, trade, and how this all unfolds is headed—storm clouds on the horizon for our producers, but I will remind my colleagues that in his first term, President Trump was able to renegotiate more favorable terms for USMCA, and let us not forget about the Phase 1 China deal, which I will point out that the Biden Administration never held China's feet to the fire and China continues to not meet those commitments. That is in addition to new non-tariff barriers being erected around the world, like non-science-based environmental regulations in the EU.

The current playing field is not level for our producers, and righting this ship will not be an easy task. But we cannot let the almost $100 billion in total trade deficits experienced over the past 4 years continue to widen and worsen. Keep in mind that simply rightsizing the expected trade deficit of $45 billion in 2025 would provide more support and more certainty to our farmers than the entire end of year package. I urge the Trump Administration to aggressively pursue new access to markets and be prepared to stand by our farmers and ranchers if these disruptions start impacting their bottom line.

We have—I think we all celebrate the bridge that we were able to accomplish in December. It is just a bridge. The more than $20 billion in weather-related assistance, the $100 billion in economic disaster relief, which was somewhat unprecedented—I am very proud of what we were able to deliver for the American farm and ranch family.

We need Brooke Rollins to be confirmed by the full Senate, this week preferably, as soon as possible. She was—she got a unanimous vote in the Committee, and so, it is—I am just encouraged that her confirmation vote will be scheduled in the Senate as soon as possible, preferably this week. And we need a 5 year farm bill sooner than later.

I am of the belief—and I think for good reason—if we wait until the end of this year to do a 5 year farm bill, we will be back asking Congress for more economic disaster assistance. If we are able to get this farm bill done sooner than later, it is not going to be necessary. Our farmers don't—they want to be able to farm and prosper with what the industry is, and so, I know that $10 billion is welcome, but that is ultimately not what they want. They want to address some of these pressures and challenges that are out there on them, and that is our job to do that. Whether we are talking—whatever we can do to influence commodity prices, that would be—trade would help with that, lowering input costs, addressing this 46 percent ag trade deficit, turning that back around into a surplus. Workforce was mentioned today, and I am very proud of the Agricultural Labor Working Group that we put together. We got some great recommendations in the 118th Congress and I think it is going to be—those reforms to the H–2A Program are going to be the basis of some great legislation that we will be drafting.

I want to thank all of our witnesses here today for their time and their testimony. We know that times are tough for you, your family, and your local communities, and this Committee will be working tirelessly to address the issues that you all have raised here today.

I just want to take an opportunity to thank all of our staff, too. The personal office staff, your agriculture—those who handle that portfolio on your—in your offices, our Committee staff on both sides of the aisle, and just bottom line is we couldn't do this without you. So, a big thank you to all of our staff.

And with that, this hearing is adjourned.

[Whereupon, at 2:34 p.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED ARTICLE BY HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS FROM GEORGIA

[*https://www.fb.org/market-intel/disaster-assistance-fuels-2025s-farm-income-rebound*]

Disaster Assistance Fuels 2025's Farm Income Rebound

Feb. 10, 2025

Daniel Munch,[1] Economist

Largely driven by a surge in disaster and economic government assistance, USDA's *latest farm income forecast*[2] projects a significant but misleading rebound in net farm income for 2025, rising to $180.1 billion—a $41 billion (29.5%) increase over 2024 and following 2 years of sharp declines. USDA also adjusted its 2024 estimate downward in this *update,*[3] now projecting net farm income at $139.1 billion, reflecting an $8.2 billion (5.6%) decline from 2023. This is lower than the $140.7 billion (a $6 billion, or 4.1%, decline) forecast in *December 2024,*[4] showing that farm sector profitability in 2024 was weaker than previously estimated.

The assistance driving farm income projections up was authorized by Congress to offset financial losses farmers and ranchers endured in previous years. However, many producers are still waiting for details on when and how these funds will be distributed, creating additional financial uncertainty as unpaid bills from 2024 continue to pile up. As a result, viewing the 2025 forecast in isolation misrepresents the true health of the farm economy, which will remain challenged in 2025 by generally low commodity prices and widely uncertain market conditions, including the potential fallout from new trade policies such as tariffs that could disrupt key agricultural export markets and increase input costs for U.S. farmers.

When adjusted for inflation, the net farm income increase from 2024 to 2025 is somewhat less dramatic, rising by $37.7 billion (26.4%). If realized, net farm income would be above its 2004–2023 inflation-adjusted average but slightly below record highs set in 2022.

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[1] *https://www.fb.org/author/daniel-munch.*

[2] *https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast.*

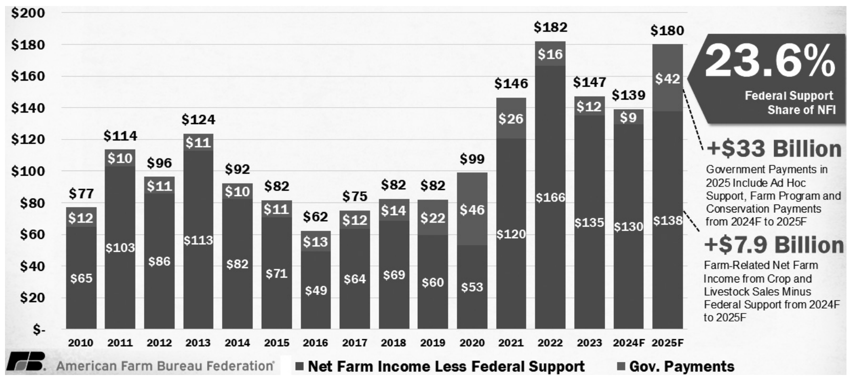
[3] *https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast.*

[4] *https://www.fb.org/market-intel/2024-farm-income-decline-confirmed-in-usda-update.*

Figure 1: Net Farm Income

With and Without Federal Support

U.S. Farm Sector Net Farm Income, Billion Dollars



F = Forecasted.

Source: USDA ERS, Farm Bureau Calculations.

Disaster Assistance Drives Rebound

The key driver behind the forecasted increase in 2025 net farm income is the surge in direct government payments, which are expected to reach $42.4 billion—a 354.5% increase from 2024's $9.3 billion. This sharp rise is primarily due to *ad hoc* disaster relief and economic assistance included in the newly enacted *American Relief Act of 2025.*[5] The [A]ct provides $31 billion in one-time aid, including $21 billion to compensate farmers and ranchers for natural disaster losses sustained in 2023 and 2024, $10 billion to support struggling producers facing economic hardship and $2.5 billion for USDA-administered programs. Please refer to *Farmers Head into 2025 with Another Farm Bill Extension, Aid*[6] for additional details on the American Relief Act of 2025.

These funds are part of a broader expected increase in *ad hoc* disaster payments (temporary, emergency payments issued outside standard farm bill programs), which are expected to total $35.7 billion in 2025, up from just $4.35 billion in 2024, a 720% increase.

Traditional *farm bill support programs*[7] such as Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) are also expected to contribute to the total increase in government payments, though on a much smaller scale. Combined, these payments are projected to rise to approximately $1.6 billion in 2025, more than triple their 2024 levels, but still reflecting the anemic anticipated payout from a 7 year old farm bill.

While these safety nets provide stability, they do little to mitigate new trade risks. The U.S. has raised tariffs on China while delaying potential tariffs on Canada and Mexico until March, with more under consideration. Farmers fear escalating trade tensions will reduce export demand and drive-up input costs. Between 2018 and 2020, the first Trump Administration allocated over $23 billion through the Market Facilitation Program to offset farm losses caused by trade disruptions, highlighting the significant financial impact of past trade conflicts.

This anticipated increase in *ARC and PLC payments*[8] is primarily due to projected declines in commodity prices. For example, *USDA projects*[9] the 2025 marketing year average price for corn to be $3.90 per bushel, which is below the effective reference price of $4.26 per bushel. Similarly, sorghum is projected at $3.80 per bushel, under its reference price of $4.51 per bushel. These price forecasts are expected to trigger and therefore increase PLC payments. ARC program payments de-

[5] *https://www.congress.gov/bill/118th-congress/house-bill/10545/text.*

[6] *https://www.fb.org/market-intel/farmers-head-into-2025-with-another-farm-bill-extension-aid.*

[7] *https://www.fb.org/market-intel/farm-bill-title-i-commodity-programs-arc-plc-and-marketing-assistance-loans.*

[8] *https://www.fsa.usda.gov/resources/programs/arc-plc.*

[9] *https://aae.wisc.edu/pdmitchell/2025/01/17/initial-arc-and-plc-recommendations-for-2025/*
.

pend on if actual farm revenue falls below the established revenue guarantee, which is likely given the anticipated price declines.

Conservation payments are also forecast to grow by $663 million (15.1%), from $4.3 billion in 2024 to $5.1 billion in 2025, primarily due to enhanced funding from the *Inflation Reduction Act,*[10] which boosted conservation programs such as the *Environmental Quality Incentives Program (EQIP)*[11] and the *Conservation Stewardship Program (CSP).*[12]

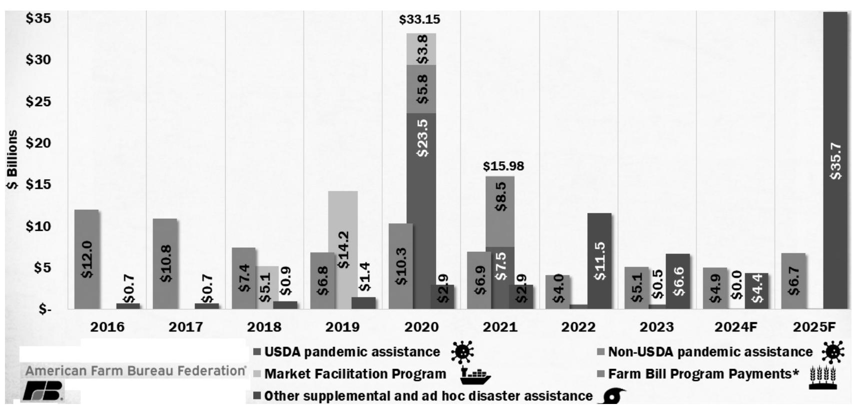
Despite these projections, there are numerous reports that Natural Resources Conservation Service (NRCS) conservation project funding has been frozen in response to the Trump Administration's Office of Management and Budget *memorandum.*[14] This has left producers with signed contracts for conservation work uncertain about when—or if—they will be reimbursed for conservation projects. If these delays continue, the actual disbursement of conservation funds may fall short of USDA's current forecast.

Dairy Margin Coverage (DMC)[15] payments are projected to decrease by $8.9 million (12%) in 2025 compared to 2024, driven by lower feed costs that are expected to improve milk-feed margins for dairy farmers.

The rise in government payments for 2025 highlights the extent of financial strain caused by recent disasters and declining commodity prices, underscoring the role of *ad hoc* aid in stabilizing farm income. A new, *fully enacted farm bill*[16]—rather than another extension—could have strengthened long-term safety net programs, potentially reducing the need for large-scale emergency appropriations.

Figure 2: Breakdown of *Ad Hoc* Disaster Assistance

2016–2025F



*Farm Bill Programs Payments Include: ARC, PLC, DMC, Conservation and Loan Programs.

Source: USDA Economic Research Service, Farm Bureau Calculations.

Commodity Markets: Mixed Performance Continues

Despite the strong farm income forecast, cash receipts from commodity sales are expected to fall slightly in 2025, declining by $1.8 billion (0.3%) from 2024's projected $516.8 billion to $515 billion. This marks the third consecutive year of lower cash receipts, largely due to weaker crop markets and reinforcing concerns that any farm income gains are largely government-assistance-driven rather than market-based.

Crop Receipts: Declines Deepen for Key Commodities

Total crop receipts are forecast to fall by $5.6 billion (2.3%) from 2024's $245.2 billion to $239.6 billion in 2025, pulled down by declines in major row crops. Corn receipts are expected to drop by $2.7 billion (4.3%) from $63.4 billion in 2024 to

[10] *https://www.fb.org/market-intel/whats-in-the-inflation-reduction-act-for-agriculture.*
[11] *https://www.nrcs.usda.gov/programs-initiatives/eqip-environmental-quality-incentives.*
[12] *https://www.nrcs.usda.gov/programs-initiatives/csp-conservation-stewardship-program.*
[14] *https://s3.documentcloud.org/documents/25506186/m-25-13-temporary-pause-to-review-agency-grant-loan-and-other-financial-assistance-programs.pdf.*
[15] *https://www.fsa.usda.gov/resources/programs/dairy-margin-coverage-program-dmc.*
[16] *https://www.fb.org/market-intel/five-things-well-miss-without-a-new-farm-bill.*

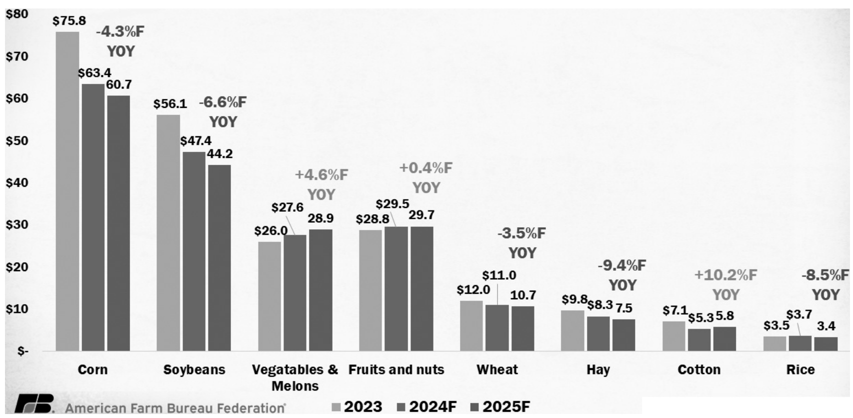
$60.7 billion in 2025, with both prices and quantities sold trending downward. Soybeans are projected to see an even sharper decline, falling by $3.1 billion (6.6%) from $47.4 billion in 2024 to $44.2 billion in 2025. Wheat and hay receipts are also expected to shrink, with lower prices playing a key role.

There are a few brighter spots, however. Vegetable and melon receipts are projected to rise by $1.3 billion (4.6%), increasing from $27.6 billion in 2024 to $28.9 billion in 2025, and fruit and nut receipts are expected to see modest gains. Cotton, despite ongoing challenges, is forecast to experience a 10.2% increase in receipts, rising from $5.3 billion in 2024 to $5.8 billion in 2025, due to slightly stronger demand.

Figure 3: U.S. Farm Income|Crop Receipts

Nov. 6 Release

Billion Dollars



F = Forecasted.
YOY = Year-over-year comparing 2024F to 2025F.
Source: USDA ERS, Farm Bureau Calculations.

Livestock and Dairy: Modest Gains

The outlook for livestock and dairy is more positive, with total animal/animal product receipts forecast to rise by $3.8 billion (1.4%) from 2024's $271.6 billion to $275.4 billion in 2025. Gains in milk, hog and broiler prices are behind this increase, though inflation-adjusted figures suggest a more subdued market.

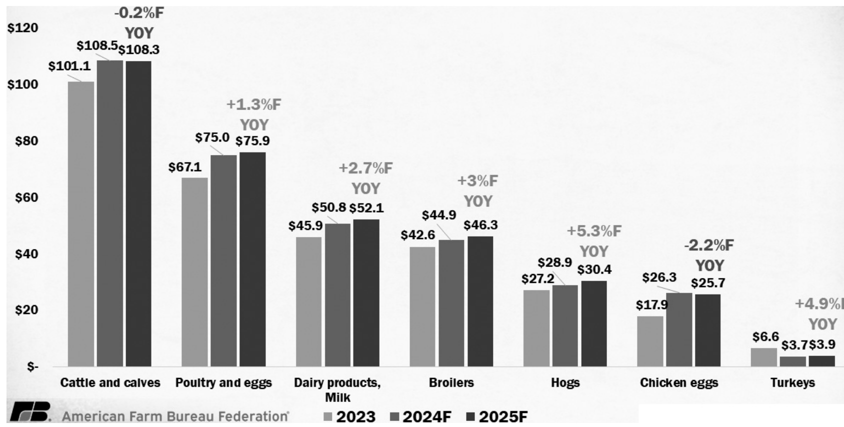
Milk receipts are projected to rise by $1.4 billion (2.7%), increasing from $50.8 billion in 2024 to $52.1 billion in 2025, supported by stronger prices and increased production. Hog producers are also expected to see a $1.5 billion (5.3%) boost in receipts from $28.9 billion in 2024 to $30.4 billion in 2025. Meanwhile, broiler receipts are forecast to climb by $1.4 billion (3%), from $44.9 billion in 2024 to $46.3 billion in 2025, following a similar pattern of higher prices and quantities sold.

However, not all livestock sectors will see improvements. Cattle and calf receipts are expected to decline slightly from $108.5 billion in 2024 to $108.3 billion in 2025 due to lower sales volumes, and egg producers are forecast to see a $0.6 billion (2.2%) drop in receipts from $26.3 billion in 2024 to $25.7 billion in 2025 due to weaker pricing.

Figure 4: U.S. Farm Income|Livestock Receipts

Feb. 6 Release

Billion Dollars



F = Forecasted.
YOY = Year-over-year comparing 2024F to 2025F.
Source: USDA ERS, Farm Bureau Calculations.

Production Expenses Expected to Decline Slightly

Total farm production expenses, including operator dwelling expenses, are forecast to decline slightly in 2025, falling by $2.5 billion (0.6%) to $450.4 billion. This marks the second consecutive year of expense reductions, following a projected $9 billion (2.0%) decline in 2024. However, despite these decreases, production costs remain historically high, and certain expense categories continue to rise.

Feed expenses—the largest single cost category—are projected to decline by $7 billion (10.1%) to $62.4 billion in 2025, largely due to lower grain prices. Fertilizer expenses are also expected to fall by $3.6 billion (11.1%) to $29.2 billion, while pesticide costs are forecast to drop by $1.2 billion (6.0%) to $18.1 billion. These declines reflect continued adjustments in input markets following price spikes in 2022 and 2023.

Conversely, labor costs are expected to rise by $1.8 billion (3.6%) to a record $53.1 billion in 2025, driven by *wage increases* [17] and ongoing *labor shortages.*[18] *Tax* [19] and fee expenses are also expected to reach record levels—up 5.7% ($1.01 billion) over 2024. *Interest expenses,*[20] which have climbed in recent years due to elevated borrowing costs, are expected to decline for the first time since 2020 but only by 0.5% ($135 million) as compared to 2024.

While USDA's numbers project overall expense reductions, many farmers are deeply concerned that potential tariffs could drive up input costs, particularly for imported fertilizers and equipment. With global trade policies in flux, these projections may not fully account for rising financial pressures on farm operations.

A Cautious Recovery Amid Market Uncertainty

USDA's latest estimates for 2025 net farm income offer an early glimpse into the farm financial outlook. While the forecast suggests a sharp rebound, much of the projected increase is driven by government disaster assistance rather than improvements in commodity markets. This underscores a more complex reality—one where short-term aid is propping up farm income rather than sustained market-driven growth.

The projected increase in farm income from 2024 to 2025 masks continued price pressures in key crops, declining receipts for some livestock producers, and persistent cost challenges. While disaster assistance provides some short-term relief for

[17] *https://www.fb.org/market-intel/2025-aewr-labor-costs-continue-to-climb.*
[18] *https://www.fb.org/market-intel/critical-farm-labor-visa-use-ticks-up.*
[19] *https://www.fb.org/market-intel/2025-tax-cliff-individual-income-provisions.*
[20] *https://www.fb.org/market-intel/interest-expenses-threatening-farm-financial-health.*

previous years' losses, the 2025 farm economy outlook, especially for field crops, remains weak.

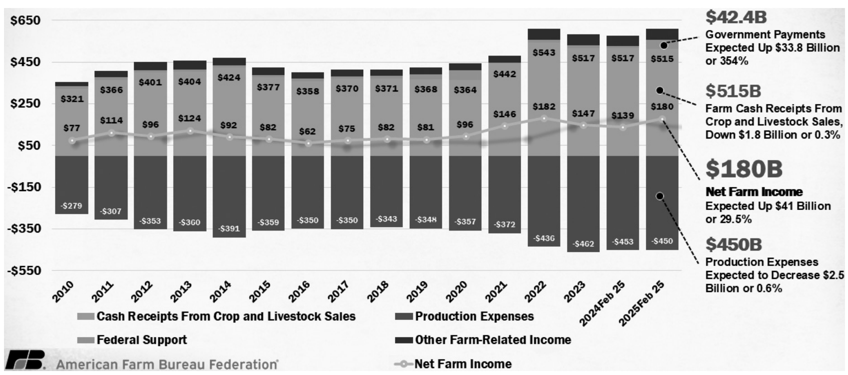
At the same time, the growing uncertainty surrounding trade policies, tariffs and potential supply chain disruptions could significantly impact both farm income and expenses in ways not currently reflected in USDA's estimates.

As policymakers weigh critical farm bill decisions, USDA's latest figures underscore the importance of strengthening farm safety net programs in ways that provide predictable, long-term support rather than creating reliance on *ad hoc* emergency aid. With continued market uncertainty ahead, ensuring a stable and resilient farm economy will require more than a single year of disaster assistance. A strong, fully enacted farm bill could have provided the risk management tools needed to reduce reliance on short-term aid and better position producers against the economic volatility ahead.

Figure 5: U.S. Farm Income and Expenses

U.S. Farm Sector Cash Receipts, Expenses, and Net Farm Income

Billion Dollars



Source: USDA ERS, Farm Bureau Calculations.

SUBMITTED LETTER BY HON. ANGIE CRAIG, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA; ON BEHALF OF YAHAIRA CACERES, GOVERNMENT RELATIONS MANAGER; VANESSA GARCIA POLANCO, GOVERNMENT RELATIONS DIRECTOR, NATIONAL YOUNG FARMERS COALITION

February 20, 2025

Re: Letter for the Record from National Young Farmers Coalition on the Committee Hearing on "Examining the Economic Crisis in Farm Country", February 11th 2025

Dear Chairman GT Thompson and Minority Leader Angie Craig,

The National Young Farmers Coalition (Young Farmers) thanks the U.S. House Committee on Agriculture and the Honorable GT Thompson for holding this hearing to discuss the financial conditions in the farm country. The testimonies presented during the hearing underscored the profound economic pressures and uncertainty experienced by farmers nationwide, which directly impact their ability to secure and maintain farmland while farming in a changing climate.

Young Farmers is committed to ensuring a just and viable agricultural future for a new working generation. In a 2022 national survey of our coalition, nearly three out of four respondents reported experiencing climate impacts on their farm and 88% attributed those changes to climate change. Our farmers have experienced increased pest pressure, uncertainty and severe fluctuations in water supply, and increased rates of disease, with seemingly no end in sight. Young farmers have lost crops and sustained damage to their farms due to extreme weather events, have had disrupted growing seasons, suffered severe economic losses, and have shut down operations due to droughts and unsafe conditions from uncontrolled wildfires.

Land access, retention, transition, and being able to adapt to changing weather patterns are critical to the success of agriculture in this country. However, access to land is the number one challenge facing young farmers in the United States.

Finding affordable land to purchase is the top challenge for this new generation, regardless of geography, number of years farming, or whether or not they are first-generation farmers. With the average age of U.S. farmers approaching 60 years old and nearly ½ of U.S. farmland expected to change hands over the next 2 decades, the farm bill is our best chance at creating real and lasting policy solutions to this daunting trend that keeps farmland out of reach for so many. At the same time, it jeopardizes our country's food security and threatens the vitality of our urban and rural communities. Land that is stewarded plays a critical role in climate change mitigation and resilience, but farmers cannot properly steward the land if they lack secure and sustainable land tenure.

Supporting equitable access to land means addressing the climate crisis, facilitating farm transition, investing in community-driven initiatives, and supporting young farmers and ranchers to access capital, find markets, and strengthen their operations. Investing in equitable land access and conservation is an investment in the future of agriculture.

Chairman Thompson and Minority Leader Craig highlighted the critical role of Federal policies in supporting agricultural resilience and economic stability, emphasizing the need for targeted investments to bolster farm income and mitigate financial risks. Each of the four witnesses stressed the dire consequences of rising input costs, fluctuating commodity prices, and inadequate access to credit and land tenure.

This system isn't working for young farmers, with 81% of young farmers *surveyed* [1] * affirming that the cost of production on their farm is greater than the prices they receive for their products, which presents at least a little bit of a challenge. Young farmers are driven by a variety of ambitions and guiding beliefs and are implementing an array of different operational models—with varying relationships to profitability and various definitions of viability and financial success. Current business and market-related policies should evolve to clearly recognize and include the diversity of farming operations this new generation is modeling.

This means changing policy to build on existing production, processing, distribution, and marketing infrastructures with a focus on local and regional foodsheds; expanding metrics of success to consider community health and quality of life in addition to job creation and farm revenue; improving programmatic supports around economic- and climate-related losses and reinforcing protections against potential abuses and economic harm.

As the Committee considers the issues with financial conditions in farm country, we urge legislators to center the needs and challenges of young farmers and take into account the following policy proposals:

- Increasing Land Access, Security, and Opportunities Act (H.R. 3955) would provide essential funding for programs aimed at expanding access to affordable farmland for young farmers. This bipartisan legislation represents a pivotal opportunity to enact policy solutions that promote equitable land distribution and support the next generation of agricultural stewards.
- Fair Credit for Farmers Act (H.R. 5296): As farm bill negotiations progress, this new legislation could rebalance the relationship between farmers and FSA to one of equal partners seeking farm success. With stronger protections and credit terms that recognize the unique challenges of farming, the Act will create long-term payoffs that strengthen rural communities across America.
- The Farmers First Act (H.R. 6379) would reauthorize the Farm and Ranch Stress Assistance Network (FRSAN) and ensure rural communities have access to certified community behavioral health clinics, critical access hospitals, and rural health centers.
- The Small Farm Conservation Act (H.R. 8488) would young farmers and farmers of color through dedicated funding and a simplified application process for small operations.
- The Farmer-to-Farmer Education Act (H.R. 5354) aims to provide a way to overcome many adoption barriers by having someone with firsthand experience share both the benefits and challenges of practice adoption, addressing the perceived risks to yield, labor costs, and product quality that can prevent farmers from trying a new practice.

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[1] *https://www.youngfarmers.org/wp-content/uploads/2022/08/NationalSurveyReport2022.pdf*

* **Editor's note:** the report referenced, *Building a Future With Farmers 2022: Results and Recommendations from the National Young Farmer Survey,* is retained in Committee file.

In conclusion, we urge the Committee to prioritize legislative measures that enhance access to credit, access to affordable land, support farmers in conservation and sustainable land stewardship, regulate speculative agricultural investments, and expand farmers' mental health support services. By addressing these critical issues in the upcoming farm bill, we can empower farmers to thrive economically and sustainably steward our nation's agricultural resources.

We hope that you invite a young farmer to testify as you deliberate on policies impacting the next generation of American agriculture. We look forward to collaborating with you to advance the interests of our farming communities.

Sincerely,

YAHAIRA CACERES,
Government Relations Manager,
National Young Farmers Coalition;

VANESSA GARCIA POLANCO,
Government Relations Director,
National Young Farmers Coalition.

SUBMITTED LETTER BY HON. ALMA S. ADAMS, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA

February 6, 2025

Hon. ALMA S. ADAMS,
Washington, D.C.

Dear Representative Adams,

I'm writing today to express appreciation for the U.S. Department of Agriculture (USDA) investment into programs like the Local Food Purchasing Agreement (LFPA) and the Local Food Promotion Program (LFPP). My name is Erin Bradley and I'm writing today on behalf of food hubs and farmers from across North Carolina. As Cofounder of Freshlist, a Charlotte-based food hub, I have spent the past 7 years building a financially resilient business model that strengthens our regional food economy. We work with nearly 200 small and beginning farmers across the Carolinas and have helped inject more than $10 million into local agriculture. We're just a part of a system of local food leaders that spans throughout the state impacting farmers from Murphy to Wilmington

Over the last 2 weeks, despite having signed and executed contracts with USDA, food hubs across the state of North Carolina have been locked out of receiving disbursements through LFPA and LFPP. These programs operate on a reimbursement basis, meaning food hubs like ours must cover the costs of purchases up-front, relying on scheduled disbursements to maintain cash flow. The sudden halt in funding has created immediate financial uncertainty—not just for us as food hubs, but for the farmers we support and the customers who depend on us. The complete lack of communication from USDA on this matter has also been incredibly frustrating as groups worry about paying their staff and farmers and paying for equipment and other infrastructure that was required to fulfill their grant activities.

These programs have been instrumental in expanding market access for farmers, reducing food waste, and keeping food dollars in our communities. Beyond the financial mechanics, these programs play a vital role in ensuring stability and growth for small farms. They allow us to commit to crop purchases before planting, provide reliable market access, and respond quickly to crises. For example, during Hurricane Helene, we helped farmers who lost access to their usual markets by selling their products until their supply chains recovered. Without these programs—and the reimbursements that sustain them—our ability to provide this critical support is severely weakened.

As one example, North Carolina's Local Food Purchase Agreement program has been a resounding success for the small farmers and residents of North Carolina.

- 253 farmers participated in this program over the year and a half that it was running in the state.
- 18 Food hubs packed 92,671 prepacked food boxes for distribution by 138 community-based distribution partners.
- 1,033,654 pounds of food were purchased at prices set by participating farmers.
- 94% of farmers surveyed stated that participating in the program was worth their extra time and effort.

- A $2.8 million investment by the USDA has netted $9.04 million in economic impact across North Carolina.

USDA grant programs are critical for supporting the regional food economy, and delays like this undermine the trust and planning that farmers, food hubs, and nonprofits rely on to succeed. I urge you to advocate for an immediate resolution to this issue and ensure that reforms to Federal food programs are implemented thoughtfully—without causing harm to those who rely on them. This has been one of the most efficient and effective public-private partnerships in North Carolina agriculture in years for helping smaller and beginning farmers. It has allowed farmers to purchase additional equipment, hire more staff, and have reliable markets that fit their scale and abilities. We ask for your support in ensuring that the USDA honors its contractual obligations to farmers, food hubs, and states.

Thank you for your time and for your leadership on behalf of North Carolina's farmers and food hubs.

Sincerely,

ERIN BRADLEY,
Cofounder, Freshlist LLC.

SUBMITTED ADVISORY NOTICE BY HON. JAMES P. MCGOVERN, A REPRESENTATIVE IN CONGRESS FROM MASSACHUSETTS

[*https://oig.usaid.gov/sites/default/files/2025-02/USAID OIG Oversight of USAID-Funded Humanitarian Assistance Programming 021025.pdf*]

OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Oversight of USAID-Funded Humanitarian Assistance Programming Impacted by Staffing Reductions and Pause on Foreign Assistance

February 10, 2025

Advisory Notice

USAID pallets with emergency food bars for Syrian refugees. Courtesy World Food Programme, 2013.

This alert is intended to raise risk-related concerns related to USAID-funded humanitarian assistance and is based on information provided by USAID staff, implementers, government officials, and prior OIG oversight work. In producing this alert, we followed Quality Standards as required by the Council of the Inspectors General on Integrity and Efficiency.

Introduction

The United States Agency for International Development *Office of Inspector General*[a] (USAID OIG), through its investigations and audits, conducts independent oversight of USAID's programs and personnel. Our *oversight*[b] *work*[c] includes reviews of the Agency's controls over its humanitarian assistance funding. For example, in July 2024, we published a *report*[d] identifying shortcomings and vulnerabilities in USAID's oversight mechanisms to prevent diversion of aid to U.S.-designated terrorist organizations in Gaza. Similarly, in late January 2025, we issued a *memorandum*[e] highlighting challenges and potential "fixes" to ensure enhanced accountability of foreign assistance funding, including humanitarian assistance programs funded by USAID but implemented by United Nations agencies.

In this alert, we identify risks and challenges to the safeguarding and distribution of USAID's $8.2 billion in obligated but undisbursed humanitarian assistance funds following (1) the Department of State's pause on foreign assistance programs and (2) subsequent personnel actions by USAID that have substantially reduced the operational capacity of its Bureau of Humanitarian Assistance (BHA).

Background

On January 24, 2025, the Secretary of State ordered a pause in all new obligations of foreign assistance funding pending an 85 day review of United States foreign assistance programs.[1] The Secretary additionally ordered contracting and grant officers to issue stop-work orders for all existing foreign assistance awards.[2] As such, all USAID programs were suspended, including those with funds already obligated and disbursed.[3]

The Secretary's January 24 order contained an initial waiver for "emergency food assistance." Four days later, the Secretary issued a waiver for disbursements under existing "lifesaving humanitarian assistance" programs, defined as "life-saving medicine, medical services, food, shelter, and subsistence assistance, as well as supplies and reasonable administrative costs as necessary." USAID guidance on implementation of the pause and subsequent waivers also included a directive for staff to refrain from external communications outside of "communications necessary to implement the pause."[4] Moreover, Agency officials' plans to place more than 90 percent of the USAID workforce on paid administrative leave effective February 9 were paused for at least a week by a court order issued on February 7.[5]

Personnel Actions Reduce the Operational Capacity of USAID Staff Responsible for Humanitarian Assistance Programs

USAID employs approximately 10,000 staff, with approximately ⅔ posted at the Agency's more than 60 missions overseas.[6] BHA is the Agency bureau responsible for providing humanitarian assistance—including food, water, shelter, emergency healthcare, sanitation and hygiene, and critical nutrition services. According to BHA, prior to the personnel actions over the past 2 weeks, the bureau employed approximately 1,089 staff: 741 U.S. Direct Hires and Personal Services Contractors (197 posted overseas with the remaining 544 posted in Washington, DC), and 348

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[a] *https://oig.usaid.gov/.*

[b] *https://oig.usaid.gov/sites/default/files/2024-12/USAID-OIG-SARC-Fall-2024-FINAL.pdf.*

[c] *https://oig.usaid.gov/node/7277.*

[d] *https://oig.usaid.gov/sites/default/files/2024-08/USAID%20OIG%20Advisory%20on%20Gaza%20Oversight%207-25-2024.pdf.*

[e] *https://oig.usaid.gov/sites/default/files/2025-01/USAID%20Inspector%20General%20Memorandum%20Challenges%20to%20Accountability%20and%20Transparency%20Within%20USAID-Funded%20Programs.pdf.*

[1] 25 STATE 6828. The Secretary of State issued this order consistent with the President's *Executive Order* (*https://www.whitehouse.gov/presidential-actions/2025/01/reevaluating-and-realigning-united-states-foreign-aid/*) on Reevaluating and Realigning United States Foreign Aid.

[2] 25 STATE 6828.

[3] Pre-existing programs falling under a waiver were eligible for payments; however, USAID staff and implementers state that the uncertainty and lack of communication surrounding the scope of the waivers has caused payment delays and decisions by aid organizations to suspend work.

[4] "Clarification on Implementing the President's Executive Order on Reevaluating and Realigning United States Foreign Aid," FAQs from Acting Administrator Jason Gray, USAID, January 26, 2025.

[5] "Update on the Path Forward," Office of the Administrator, USAID, February 8, 2025.

[6] Congressional Research Service, "U.S. Agency for International Development: An Overview," January 6, 2025. USAID FY 2022 Agency Financial Report,

Institutional Support Contractors who, while employed by private contractors, essentially function like regular staff.

On February 4, 2025, USAID notified its entire workforce that they would be placed on paid administrative leave beginning February 8 with limited exceptions. At the same time, BHA staff began reporting sudden loss of access to USAID email and information technology (IT) systems. On February 7, based on disabled user account information, BHA leadership identified approximately 535 Direct Hires and Personal Service Contractors who had been placed on administrative leave but expected the number of sidelined staff to increase to just over 600 later that day. Hundreds of BHA's Institutional Support Contractors were furloughed the week before by their private employer. Collectively, executed and planned personnel actions would remove, temporarily or permanently, approximately 90 percent of BHA's worldwide workforce.

Existing waivers issued by the Department of State account for lifesaving humanitarian assistance programming should allow the flow of what BHA identifies as $8.2 billion in undisbursed obligations. However, BHA staff reductions, together with a lack of clarity about the scope of the humanitarian assistance waivers and the extent of permissible communications between BHA staff and its implementers, has significantly impacted USAID's capacity to disburse and safeguard its humanitarian assistance programming. Specifically, USAID's existing oversight controls—albeit with previously identified shortcomings [7]—are now largely nonoperational given these recent directives and personnel actions. Moreover, the February 7 court order that paused additional staff reductions [8] does not obviate, at this time, concerns regarding the capacity of BHA staff to work with implementing partners to protect and distribute humanitarian assistance commodities and conduct vital oversight of taxpayer-funded programs.

Disruptions to the Delivery of Humanitarian Aid Place U.S.-Funded Commodities at Risk of Diversion and Spoilage

While initial guidance following the pause in foreign assistance funding provided a waiver for emergency food assistance, shipments of in-kind food assistance have been delayed around the world. USAID-funded implementers face conflicting instructions, and USAID staff express concerns about potentially circumventing the restrictions on external communications by providing clarifying guidance. According to USAID staff, this uncertainty put more than $489 million of food assistance at ports, in transit, and in warehouses at risk of spoilage, unanticipated storage needs, and diversion. As a routine matter, USAID pre-positions emergency food aid in BHA warehouses around the world, including approximately 29,000 metric tons in Houston, Texas, valued at nearly $39 million, more than 40,000 metric tons in a warehouse in Djibouti in East Africa valued at $40 million, and over 10,000 metric tons in a South African warehouse valued at $10 million. All BHA warehouses have prepositioned emergency food aid commodities supplied by U.S. manufacturers and American farmers, as required by law.

Moreover, USAID staff identified over 500,000 additional metric tons of food currently at sea or ready to be shipped. The food is sourced from American farmers pursuant to Title II Food for Peace (the longest standing permanent program for international in-kind food aid, administered by USAID) and Commodity Credit Corporation (CCC) funding. Because this funding source was not included under the Secretary's emergency food assistance waiver,[9] these commodities were held in limbo, subjecting them to spoilage, unanticipated storage needs, and potential diversion.

[7] USAID OIG, "*Assessment of USAID's Oversight Policies to Prevent the Diversion of Assistance to Hamas and Other Terrorist Organizations,* (*https://oig.usaid.gov/node/6981*)" July 25, 2024. USAID OIG, "*Memorandum: Challenges to Accountability and Transparency Within USAID-Funded Programs, (https://oig.usaid.gov/node/7399)*" January 28, 2025.

[8] *American Foreign Service Association* v. *Donald Trump,* Civil Action No. 1:25–cv–352 (D.D.C. February 7, 2025) (granting *temporary restraining order* (*https://storage.courtlistener.com/recap/gov.uscourts.dcd.277213/gov.uscourts.dcd.277213.15.0_1.pdf*)).

[9] Reports indicate that food assistance under Title II programs has recently resumed. See U.S. Department of Agriculture, "*USDA Global Food Security Programs Continue* (*https://www.usda.gov/about-usda/news/press-releases/2025/02/07/usda-global-food-security-programs-continue*)" (press release), February 7, 2025; Senator Jerry Moran's *post on X,* (*https://x.com/JerryMoran/status/1888333729225158957?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet&mx=2*) February 8, 2025; World Food Programme *post on X,* (*https://x.com/WFP/status/1888583840697884860*) February 9, 2025.

Recent Directives Have Curtailed USAID's Ability to Vet Humanitarian Assistance Awards for Potential Terrorist Ties and Monitor Aid Deliveries in High-Risk Environments

The pause in funding and reductions in staff, including over 90 percent of BHA's workforce furloughed or placed on administrative leave, has undermined two key oversight mechanisms to ensure accountability over humanitarian assistance funding: partner vetting and third-party monitoring.

Partner Vetting

USAID describes partner vetting as a risk-mitigation tool to "ensure that American taxpayer funds do not benefit terrorists and their supporters." Currently, partner vetting is required for programming in Afghanistan, Iraq, Lebanon, Pakistan, Syria, West Bank/Gaza, and Yemen where designated terrorist organizations such as Hamas, Hezbollah, ISIS, and Ansar Allah (also known as the Houthis) operate. Before the Agency awards a contract, grant, or cooperative agreement in these locations, the proposed awardee must submit to USAID data needed to vet the organization and its key personnel. The same vetting must be undertaken before an aid organization issues a subaward. While USAID OIG has previously identified gaps in the scope of partner vetting,[10] USAID staff have reported that the counter-terrorism vetting unit supporting humanitarian assistance programming has in recent days been told not to report to work (because staff have been furloughed or placed on administrative leave) and thus cannot conduct ***any*** partner vetting. This gap leaves USAID susceptible to inadvertently funding entities or salaries of individuals associated with U.S.-designated terrorist organizations.

Third-Party Monitors

Third-party monitoring[11] (TPM) is a mechanism USAID utilizes for oversight of humanitarian assistance programs, particularly in dangerous locations where its staff cannot safely travel. Site visits conducted by USAID-contracted TPMs help USAID verify if the delivery of physical goods align with self-reporting by aid organizations. TPM field monitors conduct simple, standardized surveys and interviews with recipients to check if USAID programming was delivered as intended. The January 24 pause on foreign assistance programming suspended all TPM contracts and activities, including in high-risk environments such as Ukraine, Afghanistan, Ethiopia, Haiti, Gaza, Iraq, Lebanon, Somalia, Syria, and Venezuela, impacting another layer of oversight over U.S. taxpayer-provided aid.

Staff Reductions Have Constrained USAID's Ability to Receive and Respond to Allegations of Misconduct Involving Humanitarian Assistance Programming

The Secretary of State granted waivers for emergency food assistance and life-saving humanitarian assistance. However, uncertainties about the scope of the waivers, the degree of permissible communication between USAID staff and aid organizations, the sudden dismissal of contract staff, and the placement of staff on paid administrative leave has limited BHA's ability to receive and respond to allegations of fraud, waste, abuse, or diversion of humanitarian aid.

As noted in our July 2024 *advisory,*[f] USAID relies on aid organizations to self-report allegations of misconduct, consistent with their mandatory award obligations. Such mandatory reporting—particularly in nonpermissive environments such as Gaza and Ukraine where USAID's ability to travel to program sites is limited—enables USAID to take remedial measures to modify or in some cases terminate programming experiencing unacceptable losses. For example, in 2023 a USAID-funded nongovernmental organization (NGO) reported to USAID that food intended for families in the al-Hol displaced persons camp in northeast Syria had been diverted by the Asayish (Internal Security Forces of North and East Syria) and al-Hol camp administration to themselves. In response to this disclosure, USAID disallowed the relevant costs submitted by the NGO and undertook additional remedial measures to protect programming in Syria.

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[10] In July 2024, USAID OIG issued an *advisory* (*https://oig.usaid.gov/sites/default/files/2024-08/USAID%20OIG%20Advisory%20on%20Gaza%20Oversight%207-25-2024.pdf*) that identified the lack of vetting of UN agencies as a major vulnerability in USAID's partner vetting program.

[11] TPM includes the systematic collection of performance monitoring data by a contractor that has not been directly involved in the activity being monitored, either as a prime or subawardee.

[f] *https://oig.usaid.gov/sites/default/files/2024-08/USAID%20OIG%20Advisory%20on%20Gaza%20Oversight%207-25-2024.pdf*.

Further, USAID OIG has previously *reported*[g] that USAID-funded commodities, supplies, and equipment in high-risk environments are susceptible to diversion to terrorist organizations, such as Hamas. Over the past 2 weeks, staffing shortages and limitations on communications with aid organizations stemming from the cessation of U.S. foreign assistance have limited USAID's ability to receive, react to, and report allegations of diversion, all of which impacts the Agency's mandatory reporting obligations to Congress.[12] Additionally, according to BHA staff, the placement of most of its staff on administrative leave is preventing the bureau from responding to USAID OIG audit requests, reports of investigative findings, and other routine OIG oversight inquiries.

Conclusion

USAID OIG's independent oversight of USAID's humanitarian assistance programs over the years has identified significant *challenges*[h] and offered recommendations to improve Agency programming to prevent fraud, waste, and abuse. Our longstanding concerns about existing USAID oversight mechanisms *persist*.[i] However, recent widespread staffing reductions across the Agency, particularly within BHA, coupled with uncertainty about the scope of foreign assistance waivers and permissible communications with implementers, has degraded USAID's ability to distribute and safeguard taxpayer-funded humanitarian assistance.

For more information on USAID OIG's work or to report allegations of fraud, waste, corruption, and abuse, please visit our website at *oig.usaid.gov*.

SUBMITTED LETTER BY HON. JILL N. TOKUDA, A REPRESENTATIVE IN CONGRESS FROM HAWAII

February 10, 2025

CHARLES EZELL,
Acting Director,
U.S. Office of Personnel Management,
Washington, D.C.

Dear Mr. Ezell:

We write to request further information on the impacts of the U.S. Office of Personnel Management's (OPM) "deferred resignation" offer and to express grave concerns with those impacts on essential government services across the nation.

Recent reports have suggested that tens of thousands of Federal employees have opted in and accepted the "deferred resignation." This blanket approach to the Federal personnel policy could have major negative impacts on critical government services and functions, leaving agencies unable to fulfill their responsibilities as charged by Congress. Depending on which Federal employees choose to accept the offer and how OPM and respective agencies administer this policy, this approach risks creating severe disparities and gaps in Federal services and functions across the country.

To better understand the potential impacts to essential government functions across the country, we request responses to the following questions by **no later than the close of business on Wednesday, February 19, 2025:**

1. What is the total number of Federal employees who accepted the offer?
    a. Such tabulation should include, at minimum, the number of resignations by agency, subagency or department, GS level, average length of service, the number of employees hired through Schedule A and Veterans Preference, state or territory, and Congressional district.
2. Of the individuals who accepted the offer, how many also decided to retire?

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[g] *https://oig.usaid.gov/sites/default/files/2023-11/Situational%20Alert%20-%20Diversion%20and%20Material%20Support_0.pdf.*

[12] Section 7015(j), P.L. 118–47, Further Consolidated Appropriations Act, 2024: "The Secretary of State and USAID Administrator, as applicable, shall promptly inform the appropriate Congressional committees of each instance in which funds appropriated by this Act for assistance have been diverted or destroyed, to include the type and amount of assistance, a description of the incident and parties involved, and an explanation of the response of the Department of State or USAID, as appropriate."

[h] *https://oig.usaid.gov/sites/default/files/2024-12/TMC_FY_2025-FINAL.pdf.*

[i] *https://oig.usaid.gov/sites/default/files/2025-01/USAID%20Inspector%20General%20Memorandum%20Challenges%20to%20Accountability%20and%20Transparency%20Within%20USAID-Funded%20Programs.pdf.*

a. Such tabulation should include, at minimum, the number of resignations by agency, subagency or department, GS level, average length of service, the number of employees hired through Schedule A and Veterans Preference, state or territory, and Congressional district.

In addition, we request a copy of the final contract signed by all employees who accepted the “deferred resignation” offer to better understand their benefits and rights.

We remain deeply concerned by the Administration’s ongoing attacks on Federal employees who serve our communities across the country. It has sown unnecessary panic and fear among not just the Federal workforce but also our constituents who depend on Federal services for their basic needs.

Thank you for your consideration.

Sincerely,

Hon. Jill N. Tokuda,
Member of Congress

Hon. Steny H. Hoyer,
Member of Congress

Hon. Alexandria Ocasio-Cortez,
Member of Congress

Hon. Haley M. Stevens,
Member of Congress

Hon. Rashida Tlaib,
Member of Congress

Hon. Alma S. Adams,
Member of Congress

Hon. Timothy M. Kennedy,
Member of Congress

Hon. André Carson,
Member of Congress

Hon. Emanuel Cleaver,
Member of Congress

Hon. Henry C. “Hank” Johnson, Jr.,
Member of Congress

Hon. Nikki Budzinski,
Member of Congress

Hon. Chrissy Houlahan,
Member of Congress

Hon. Val T. Hoyle,
Member of Congress

Hon. Cleo Fields,
Member of Congress

Hon. Jimmy Panetta,

Hon. Greg Landsman,

Member of Congress

Hon. NIKEMA WILLIAMS,
Member of Congress

Hon. BECCA BALINT,
Member of Congress

Hon. TERESA LEGER FERNANDEZ,
Member of Congress

Hon. SCOTT H. PETERS,
Member of Congress

Hon. JOAQUIN CASTRO,
Member of Congress

Hon. ILHAN OMAR,
Member of Congress

Hon. SYDNEY KAMLAGER-DOVE,
Member of Congress

Hon. JENNIFER L. MCCLELLAN,
Member of Congress

Hon. DELIA C. RAMIREZ,
Member of Congress

Member of Congress

Hon. MARK POCAN,
Member of Congress

Hon. ANDREA SALINAS,
Member of Congress

Hon. STEVEN HORSFORD,
Member of Congress

Hon. BRITTANY PETTERSEN,
Member of Congress

Hon. DINA TITUS,
Member of Congress

Hon. LAMONICA MCIVER,
Member of Congress

Hon. JUAN VARGAS,
Member of Congress

Hon. ED CASE,
Member of Congress

Hon. ADAM SMITH,
Member of Congress

Hon. HILLARY J. SCHOLTEN,
Member of Congress

Hon. SUZAN K. DELBENE,
Member of Congress

Hon. RO KHANNA,
Member of Congress

Hon. ROBERT J. MENENDEZ,
Member of Congress

Hon. SETH MAGAZINER,
Member of Congress

Hon. SUZANNE BONAMICI,
Member of Congress

Hon. GLENN IVEY,
Member of Congress

Hon. BENNIE G. THOMPSON,
Member of Congress

Hon. ELEANOR HOLMES NORTON,
Member of Congress

Hon. NANETTE DIAZ BARRAGÁN,
Member of Congress

Hon. RAÚL M. GRIJALVA,
Member of Congress

Hon. SHRI THANEDAR,
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SUBMITTED ARTICLE BY HON. EUGENE SIMON VINDMAN, A REPRESENTATIVE IN CONGRESS FROM VIRGINIA

The Washington Post

Democracy Dies in Darkness

[*https://www.washingtonpost.com/nation/2025/02/10/farmers-agriculture-funding-frozen/*]

Farmers on the hook for millions after Trump freezes USDA funds

The White House had repeatedly said the funding freeze would not affect benefits that go directly to individuals.

February 10, 2025

A farmer prepares equipment for planting corn in Hull, Iowa, in 2011. (Melina Mara/*The Washington Post*)

By *Daniel Wu,*[1] *Gaya Gupta*[2] and *Anumita Kaur*[3]

Farmers report missing millions of dollars of funding they were promised by the U.S. Department of Agriculture, despite promises from the Trump Administration that a Federal funding freeze would not apply to projects directly benefiting individuals.

On his first day in office, President Donald Trump *ordered*[4] the USDA to freeze funds for several programs designated by President Joe Biden's signature clean-energy and health-care law, the 2022 *Inflation Reduction Act.*[5] The freeze paused some funding for the department's Environmental Quality Incentives Program, which helps farmers address natural resource concerns, and the Rural Energy for America Program, which provides financial assistance for farmers to improve their infrastructure.

Farmers who signed contracts with the USDA under those programs paid up front to build fencing, plant new crops and install renewable energy systems with guarantees that the Federal Government would issue grants and loan guarantees to cover at least part of their costs. Now, with that money frozen, they're on the hook.

Laura Beth Resnick, who runs a Maryland flower farm, said she signed a contract for the USDA to cover half of a $72,900 solar panel installation. In late January, she said, she was told her reimbursement payment was rejected because of Trump's executive order.

"I really don't know what we would do," Resnick said. "It just feels like I can't even really think about it."

The USDA has also halted funding for other programs, including scientific research grants in agriculture and producing climate-smart crops, according to a *let-*

[1] *https://www.washingtonpost.com/people/daniel-wu/.*
[2] *https://www.washingtonpost.com/people/gaya-gupta/.*
[3] *https://www.washingtonpost.com/people/anumita-kaur/.*
[4] *https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/.*
[5] *https://www.washingtonpost.com/politics/2022/08/16/biden-inflation-reduction-act-signing/.*

ter[6] sent to the agency Thursday from House Democrats on the Agriculture and Appropriations committees.

"Pulling the rug out from these recipients runs counter to the mission of the USDA and will quickly and significantly cripple economic development in rural America," the letter says.

The White House *repeatedly*[7] *said*[8] the freeze of agriculture funding and other Federal financial assistance would not affect benefits that go directly to individuals, such as farmers. The Administration *rescinded the pause*[9] after a Federal judge temporarily halted its implementation.

But over the weekend, farmers reported that their funding remained frozen—another blow to farmers who are also facing threats of tariffs and freezes to foreign-aid spending that involved food purchased from American producers.

In a statement, a USDA spokesperson said the Trump Administration "rightfully has asked for a comprehensive review of all contracts, work, and personnel across all Federal agencies."

"Anything that violates the President's Executive Orders will be subject for review," the statement said. "The Department of Agriculture will be happy to provide a response to interested parties once *Brooke Rollins*[10] is confirmed [as secretary of agriculture] and has the opportunity to analyze these reviews."

The White House did not respond to a request for comment.

The disruption to funds appropriated through the Inflation Reduction Act takes aim at one of Biden's flagship legislative accomplishments. Most of that funding was doled out in the last month of his presidency, *according to*[11] a *Washington Post* analysis. But grants worth $32 billion authorized under the act remain vulnerable to being frozen.

The USDA made $3.1 billion from the Inflation Reduction Act available in the 2024 fiscal year for climate-smart agriculture activities, *according*[12] to the department, including grants and loans for initiatives such as the Environmental Quality Incentives Program and the Rural Energy for America Program.

On Wednesday, National Farmers Union President Rob Larew testified before the Senate Agriculture Committee that the Trump Administration's sweeping decisions on Federal funding were creating concern for farmers across the country.

"No one knows what funding will be available or if key programs will have the staff needed to operate," Larew *said.*[13] "Freezing spending and making sweeping decisions without Congressional oversight just adds more uncertainty to an already tough farm economy."

Skylar Holden, a cattle farmer in eastern Missouri, said he signed a $240,000 contract in December under the Environmental Quality Incentives Program to share costs on investments for his farm.

With the funding, Holden erected new fencing and installed a well. He had planned further improvements to his farm's water system and spent $80,000 on materials and labor contracts that he expected would be partly paid back by the government.

This month, a USDA representative told him the funding was paused because of Trump's executive order.

"I asked her, 'Is there any word on when they're going to be unfrozen?'" Holden said. "'Is it going to be frozen indefinitely?' She didn't have any answers for me."

The department suggested that Holden's only recourse was to contact his Congressional representatives, he said.

With the money promised in his contract on hold, Holden said he's in a bind. Upfront payments for the construction and materials he arranged for are due soon, on top of his regular operating expenses. The terms of his contract also stipulate that he must pay back the money he has already received from the department, plus interest, if he does not complete all the development outlined in the contract within

[6] *https://pingree.house.gov/uploadedfiles/2025.02.06_letter_to_usda_re_frozen_federal_funds.pdf.*

[7] *https://www.washingtonpost.com/business/2025/01/29/white-house-budget-office-spending-freeze/.*

[8] *https://www.washingtonpost.com/business/2025/01/28/trump-freeze-federal-grants-loans/.*

[9] *https://www.washingtonpost.com/business/2025/01/29/white-house-budget-office-spending-freeze/.*

[10] *https://www.washingtonpost.com/politics/2024/11/23/agriculture-secretary-trump-usda/.*

[11] *https://www.washingtonpost.com/climate-environment/2025/02/08/trump-climate-federal-funding-freeze/.*

[12] *https://www.nrcs.usda.gov/sites/default/files/2024-12/NRCS and the Inflation Reduction Act Fiscal Year 2024.pdf.*

[13] *https://www.c-span.org/program/senate-committee/agriculture-industry-leaders-testify-on-state-of-agriculture-economy-part-1/655370.*

5 years. If the freeze continues, he said, he will have to take out additional loans or sell his farm equipment and cattle.

"If I sell them out to make this payment, I'm hurting myself years down the line," Holden said. "I'm robbing myself of the future."

Resnick, the flower farmer in Maryland, received a grant from the Rural Energy for America Program last year, she said. The initiative *provides*[14] loan financing and grant funding to agricultural producers and rural small businesses to make energy efficiency improvements.

The grant was slated for solar panel installation on Resnick's farm—an improvement she said would save her farm $5,000 a year and be better for the environment. Now, with the contract seemingly suspended, Resnick doesn't know what to do.

"We don't have a whole lot of capital to hire a lawyer," she said.

The funding freezes have also paused large projects across states. The Iowa Soybean Association *said*[15] Thursday that USDA payments had been suspended for a 5 year Midwest Climate-Smart Commodity grant that the organization secured in 2022. The $95 million deal supports more than 1,000 farms in 12 Midwestern states and encourages conservation practices in producing corn, soybeans, wheat and sugar beets, the association said.

Hundreds of participating farmers are owed $11 million after investing in new farming practices and crops because of the program, the association said.

Resnick said she's at a loss for what to do next with the government's promised payment of around $36,000 on hold. She is already paying back a loan she took out to launch her farm. Taking out another one would be unimaginable.

"It scares me for the future of farming," Resnick said. "Not just that funding won't be available for new farmers that need it, but that farmers won't trust the government going forward."

SUBMITTED QUESTIONS

Question Submitted by Hon. John W. Rose, a Representative in Congress from Tennessee

Response from Ryan Talley, Partner, Talley Farms; on behalf of Specialty Crop Farm Bill Alliance

Question. Mr. Talley, as the Trump-Vance Administration works to combat unfair and undermining trade practices across our foreign markets, what would American fruit and vegetable producers like to see as we work to level the playing field and ensure fair competition, particularly against Mexico?

Answer. Specialty crop growers confront challenges in export markets abroad as well as competition from low-cost imports here at home. The cost of production in the United States is significantly higher than it is for many of our foreign competitors, particularly with respect to labor and regulatory compliance. Labor is the single greatest input cost for most specialty crop growers, and the seasonable and perishable nature of many American-grown specialty crops further complicates this competitive landscape.

For the wellbeing of all Americans, it is critically important that specialty crops imported into the United States must comply with stringent U.S. safety standards to avoid outbreaks that can disrupt markets and jeopardize the health and wellbeing of American consumers.

The Foreign Agricultural Service (FAS), in conjunction with the Agricultural Trade Advisory Committee (ATAC) for Fruits and Vegetables, works day-in and day-out to defend U.S. producers by ensuring we have fair access to foreign markets. Along with programs such as Technical Assistance for Specialty Crops (TASC) and the Market Access Program (MAP), USDA and FAS provide vital resources to support our domestic industry's efforts to access foreign markets.

One of the most significant steps this Congress could take to enhance the competitiveness of America's specialty crop growers is to enact a new 5 year farm bill that includes the suite of tools the Specialty Crop Farm Bill Alliance is proposing that invest in the long-term vitality of our domestic industry.

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[14] *https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans#..*

[15] *https://www.iasoybeans.com/newsroom/article/farmer-led-efforts-impacted-by-pause-in-climate-smart-commodity-program.*

Question Submitted by Hon. Nikki Budzinski, a Representative in Congress from Illinois

Response from Rodney M. Weinzierl, Owner, Weinzierl Farms; Executive Director, Illinois Corn Growers Association; Executive Director, Illinois Corn Marketing Board

Question. Regardless of geography, and whether they grew up on a farm, finding secure access to high-quality land is the greatest barrier faced by young and aspiring farmers and is the number one reason farmers are leaving agriculture. Land ownership is particularly important because it has a cumulative effect on farm viability. It enables farmers to leverage land to access capital and credit needed to invest in and operate their farms and provides the security needed to make long-term investments in infrastructure, irrigation, and soil. How would improving access to land, capital, and credit benefit the greater agricultural economy?

Answer. We are approaching a cliff of extensive land transition but have limited sustainable pathways to ensure the next generation of American Farmers have the needed financial resources and programs to be competitive. I have personally seen the shortfalls of the existing programs as our farm has begun transitioning to my oldest daughter. USDA's research shows that 86 percent of total farms fall into the category of "small farm" based on annual gross farm income. This research also confirms that the total income for households in that category includes off-farm contributions of nearly 50 percent.[1] [*] My daughter also falls into this category of being actively involved in farming but relying on a full-time off-farm job to not only meet the needs of the farm but her personal household expenditures. I believe reform of existing beginning farmer programs offered by the Farm Service Agency (FSA) is needed but that alone is not enough. When we think about the next generation of farmer, many have been working at an off-farm job for a decade or more as they work to establish the needed liquidity and cash flow to successfully obtain access to agricultural land. Many have also taken advantage of traditional retirement offerings through those employers. I propose a new Beginning Farmer Retirement Rollover program that would allow a beginning farmer to withdrawal funds from a traditional retirement account without the 10% early withdrawal penalty to purchase farmland if they will be the primary operator, assuming at least 51% of the production risk. This would give beginning farmers more autonomy and competitiveness to act in a timely manner when a potential land opportunity presents itself. This "rollover" concept supports the fact that the majority of farmers view their land as their retirement, and this would help a beginning farmer not only be competitive to acquire land but transfer a liquid form of retirement to a more permanent long-term asset. I also support current efforts that help facilitate the transition to practices that reduce risk and increase in-field resiliency. Many times, these conservation practices require cost prohibitive up-front costs with returns seen multiple years in the future. My own farm experience as well as research conducted by the University of Illinois and University of Missouri[2] support that the long-term use of practices like cover crops and no-till, lower risk by building soil health and permeability, leading to more resilience when extreme weather events like drought and excess rainfall occur. Helping the next generation of family farmer acquire land is the first step, giving them the support to manage that land with practices that increase long-term competitiveness and productivity is the next. By strengthening the programs supporting beginning [farmers], we are not only supporting food and national security, but we are also supporting the viability of rural communities. These beginning farmers live and raise their families in the communities where they farm which infuses more economic stability into those communities ensuring they remain viable for future generations.

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[1] *https://www.ers.usda.gov/data-products/chart-gallery/chart-detail?chartId=58426.*†

[*] **Editor's note:** references annotated with † are retained in Committee file.

[2] *https://foodandagpolicy.org/homepage/focus-areas/agriculture-data/conservation-and-crop-insurance-research-pilot/.*†