

**House Judiciary Committee**

**Subcommittee on Antitrust, Commercial, and Administrative Law**

**January 19, 2022 Hearing**

***“Reviving Competition, Part 5: Addressing the Effects of Economic Concentration on America's Food Supply”***

**Testimony of Trina McClendon**

**Trinity Poultry Farm, Magnolia, Mississippi**

Chairman Cicilline, Ranking Member Buck, and other members of the subcommittee Thank you for holding this hearing and inviting me to testify.

**About Me**

My name is Trina McClendon, and I am a contract poultry grower. Along with my son, I own and operate Trinity Poultry Farm, located in Magnolia, Mississippi (in Amite County). A contract grower is an independent farmer who chooses to invest in poultry houses to work under contract with a poultry production and processing company to raise chickens. In poultry production this means that companies own the animals all along the supply chain but contract out the job of raising chickens to individual farmers. Farmers take on the debt burden of constructing housing and maintaining facilities for raising the animals. The company supplies the inputs like chicks, feed and medication. Basically, we are a daycare center for chickens.

I've been growing chickens for over 19 years. But my love for farming started as a young girl when a friend's family bought a farm and I started helping gather eggs, slopping hogs, haying up the cows and riding horses. I made a promise to myself that when I grew up, I was going to marry a man who lived in the country and at the age of 22 I did just that when I married my late-husband, Dennis E. “Rusty” McClendon 38 years ago. With the gift from Rusty’s father of 13 cows we started farming. Rusty and I both held down full-time jobs in addition to farming. Rusty worked with Coca-Cola for 20 years, and I was a secretary.

In 1993 we sold our herd of 70 momma cows and used the money to build our home and start our family. We continued to work 9 to 5 jobs, but Rusty wanted to farm full-time and talked about how he wished he could make a living on the 350 acres his family owned.

## **Chicken Farming**

In 2003, Sanderson Farms, is a Laurel, Mississippi company that produces, processes, markets and distributes fresh and frozen chicken offered us a 15-year contract to grow chickens. We thought it was an opportunity of a lifetime.

We mortgaged the 350 acres of family farmland and our home and used the \$1.4 million in proceeds to build eight chicken houses. We were finally full-time farmers, but we soon found out that we did not have all the information needed to raise chickens, and Sanderson did not give any instruction or guidance. However, we quickly and successfully taught ourselves how to raise healthy chickens.

As the years passed, we faced new, unexpected stresses that took their toll. At all times, we were at the mercy of Sanderson who told us exactly what we could and couldn't do. Rusty was often very worried that Sanderson could terminate our contract at any time for any reason and that we would lose the family farm and our home.

In December of 2017, Rusty succumbed to the stress and had a massive heart attack, leaving me a widow and the sole owner of an eight-house poultry farm. So, I did what all farmers do - I put my grief aside and continued with the job at hand which was, and will always be, raising a great flock of chickens.

## **Poultry Integrators and Corporate Power**

This leads me to why I'm testifying today. Sanderson is what is called in the industry a poultry integrator. They are called integrators because Sanderson, like the vast majority of US poultry companies, is vertically integrated. This means one company owns and controls multiple stages of production like the breeder flocks, hatchery, feed mill, processing plant, fee transportation and branding. Vertical integration allows the company to control costs. The main cost advantages come from having control of production capacity and buying feed and supplies in very large volumes.

In poultry, to maximize efficiency the integrators rely on the tournament system. The best producers are rewarded with bonus payments based on their relative performance. The growers that achieve better feed to bird weight conversion receive the bonus at the expense of the grower at the bottom of the ranking. The unlucky grower at the bottom of the ranking runs the risk of being crushed by loan debt and mandatory facility upgrades. With the tournament system, if the company sends a grower poor quality chicks or feed, the grower ends up taking the hit instead of the company because of factors totally out of their control. The only one to receive an advantage is the company.

In August 2021, Cargill/Continental Grain announced it was buying Sanderson, the only Fortune 100 company in the state of Mississippi, for \$4.53 billion. A couple of days later I was told that Sanderson was offering a "new" pay contract essentially cutting my farm income by one-third. I told my service tech representative who deals with Sanderson that I would not sign this new pay contract. Within days, I was told that, whether or not I signed the contract, I would be issued a

pay decrease. I was also told that only Sanderson growers in Mississippi were getting the pay decrease but not all of the Sanderson complexes.

This farm is all I have left to support myself and family. Because of my deceased husband's life insurance, and a couple of years of hard work on my part, I was able to pay off my loans and the farm is now debt free. That's not true for most growers, so it is even more financially dangerous for them to speak out.

This is the point that I decided to take my stand. With the help of the Rural Advancement Foundation International (RAFI-USA) and Government Accountability Project, I began to speak out – to bring attention to the many years of unfair practices by poultry integrators. They are responsible for the one-sided contracts, lack of transparency, pay uncertainty, the illusion of choice, and fear tactics that keep farmers from speaking out together.

I am a whistleblower. To date, I've reported my concerns to this subcommittee and Senator Grassley. But I can still be retaliated against. For instance, I can be made to grow tray-pack birds which pay at a lower price per pound, or I can receive lower quality chicks and feed. My biggest worry is that Sanderson can refuse to give a contract to anyone who may want to buy my farm. All of my farm's value is tied to having a contract with Sanderson. If my farm is shut down because of retaliation I will have no income and may need to file bankruptcy.

### **Needed Legislation**

Today, I am here to make three requests.

First, I urge you to send a clear and concise message to the food industry – especially Sanderson and Cargill – by enforcing current antitrust laws.

Second, I urge the subcommittee to take actions to place a temporary moratorium on large food and agribusiness mergers (Consistent with H.R.2933 - Food and Agribusiness Merger Moratorium and Antitrust Review Act of 2019).

Lastly, I urge you to protect Americans by protecting their food and the farmers who grow it through support of the improved Packers and Stockyard Act rules as they are issued by the USDA.

I speak for rural America, family farmers and ranchers across this country when I say that America's farmers love our jobs, and we love feeding our country. Therefore, I ask that you show bipartisan support for these women and men by helping create a fair and transparent market for American-grown food.

Thank you,

Trina McClendon  
Poultry Farmer