

**Statement by
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Thank you, Mr. Chairman, Ranking Member, and Members of the Committee, for the opportunity to come before you today to discuss the state of the rural economy in the United States. The COVID-19 pandemic has been incredibly difficult on Americans in urban, rural, suburban and tribal communities alike. Throughout the nation, the pandemic has exposed economic, racial, and geographic disparities that call us to action. In rural and tribal communities especially, COVID-19 has exposed decades of underinvestment in the infrastructure and institutions that make a rural place a vibrant, thriving community. It has also exposed that aspects of both U.S. and international food systems are rigid, consolidated, and fragile. Concurrently, drought, wildfire, and severe weather have exposed the perils of climate change for agriculture, people, and the planet.

Despite the challenges of the past two years, rural and tribal communities, and American farmers, ranchers, and farm workers have remained resilient. Rural businesses, schools, and health care providers have harnessed technology in new ways to access new markets, educate their children and deliver healthcare. Farmers and ranchers have continued to produce and deliver the fruits of their labor and are seizing the opportunity that consumer interest in supporting local producers and businesses provides. Farm workers, meat processing workers, and grocery workers have risked health and safety on the frontlines to keep our communities fed. Producers and communities have weathered storms and drought with resourcefulness, creativity, and a renewed understanding of the implications of climate change. Amidst the tremendous challenges of our time, in rural America there is opportunity and there is also a sense of urgency.

That's why, the past year, the Biden-Harris Administration worked with Congress to get the American Rescue Plan passed and deliver Pandemic Assistance to help farmers and families recover. And that's why President Biden secured bipartisan support for historic investments in infrastructure. These investments will rebuild the physical infrastructure of our country, grow the economy for decades to come, create good-paying, union jobs, and help close the digital divide in rural areas – all of which will better position our agriculture and rural communities to compete in a global economy. My vision has been – and will continue to be – to deploy these new

resources in ways that will enable rural communities to build back better, with increased resiliency and equity.

Building Back Better in Rural America

Small towns and rural communities provide the food, water, energy, nature, and culture that benefit people everywhere. Everyone benefits when rural communities thrive.

Unfortunately, as I imagine many of you know well, we continue to see persistent challenges in rural America – from access to broadband to declining numbers of rural hospitals – that have exacerbated the difficulties facing rural residents during the pandemic.

We have a dichotomy in rural America. On one hand, the agriculture economy is strong. Net farm income jumped in 2021 by 23% to \$116.8 billion¹ and after two years² of being a net-importer, the United States is back to its rightful place as a significant contributor to our trade balance by driving exports to record high levels in 2021. The United States exported a record \$172.2 billion in farm and food products in fiscal 2021, up 23 percent from 2020. Preliminary estimates of export levels for calendar year 2021 suggest that the United States will set an all-time record, and the outlook for 2022 looks optimistic for continued growth of agricultural exports. Demand for American agricultural products, here and abroad, has rebounded and has remained strong and growing. USDA will continue to focus on maintaining and expanding access to export markets for American producers through rebuilding trust with our partners and also holding them accountable.

On the other hand, we know that rural communities, including farmers and ranchers, still face challenges from the pandemic, many of which are seeded in challenges that have existed for far too long. COVID-19 exposed a rigid, fragile, and consolidated food system that led to bottlenecks and supply constraints. We have witnessed how the structure of food systems have resulted in higher consumer prices while the value to producers is constrained or even declined in many cases. And for decades rural America faced the headwinds of an extraction economy. Big businesses and corporate power in our food systems have undercut locally owned businesses and family-owned farms leaving little opportunity for rural people and places to retain the wealth they create and get ahead.

¹ https://www.ers.usda.gov/media/tzjlfctz/farmsectorindicators_december2021.xlsx

² <https://www.ers.usda.gov/webdocs/outlooks/102735/aes-118.pdf?v=964>

These are systemic challenges that have failed rural communities and the rural economy for decades, resulting in continued population decline and a persistent higher rate of poverty overall than metro areas since poverty rates were first officially recorded in the 1960s.

And now, we also see emerging, new and unprecedented challenges related to drought, wildfire, and climate change. To truly build back better and stronger, we must seize the moment to address these challenges across the board rather than simply returning to the way things were before the pandemic and economic downturn. The stakes couldn't be higher. This is a critical moment to make clear the value proposition that rural America provides. We must recognize the full contributions of rural communities and harness the innovative nature of our farmers and ranchers and our rural communities. Armed with the right tools and resources, this is the moment to build back better with a more resilient, equitable and circular economy that ensures wealth sticks and truly benefits the people and places that create it.

That's why at USDA we are focused on the following key priorities:

- Creating more and better market opportunities for producers and consumers alike. The food systems of the future needs to be fair, competitive, distributed, and resilient. The success of American agriculture hinges on innovation and the development of new markets.
- Addressing climate change via climate smart agriculture, forestry and energy. Our comprehensive climate smart strategy will help position the agricultural sector and rural America as leaders in helping tackle this challenge.
- Advancing racial justice, equity, and opportunity. We are taking bold, historic action to reduce barriers to access and advance opportunity for underserved communities.
- Tackling food and nutrition insecurity. We are focused on ensuring Americans have consistent access to safe, healthy, affordable food essential to optimal health and well-being.

More and Better Markets

Over this last year, USDA has worked to deploy every resource available to help support our rural communities build a better future together. We know that the gains we are seeing in the agricultural economy have been extremely uneven across the country and across commodities.

Meanwhile, producers are navigating supply chain disruptions as well as short- and long-term challenges with access to markets for their products. That's why we worked hard to address gaps and disparities in the assistance that the Administration provided producers. A year ago, we briefly paused implementation of the prior administration's CARES and CAA programming so that we could evaluate what types of commodities and which types of agricultural producers had received significant support and who had been left out. We then created the Pandemic Assistance Initiative to ensure that USDA support would reach a broader set of producers, workers, and businesses. Over the course of the year, we've made over \$13 billion available in Pandemic Assistance, of which almost \$9 billion has been outlaid, in ways that align with on-the-ground needs of producers of all stripes.

Additionally, we've committed more than \$4 billion in American Rescue Plan funds towards our Build Back Better food system transformation effort. This funding will help build a food system of the future that is fair, competitive, distributed, and resilient; supports health with access to healthy, affordable food; ensures growers and workers receive a greater share of the food dollar; and advances equity as well as climate resilience and mitigation.

Through Pandemic Assistance and our Build Back Better Food System Transformation Initiative we have aided in the historic economic recovery from the pandemic, helped families put food on the table, and are ensuring producers and rural businesses have the resources and tools to thrive longer-term. We are ensuring American agriculture is part of addressing food and nutrition insecurity and building strong rural economies, including by standing up cooperative agreements with state and tribal governments to procure and distribute local and regional foods and by supporting the purchases of agricultural commodities to help schools across the country make sure students have access to healthy meals.

The pandemic exposed a food system that is rigid, consolidated, and fragile. The reduction in meat processing capacities is just one example of the systemic failures that hurt producers and consumers alike. Fifty years ago, ranchers received over 60 cents of every dollar a consumer spent on beef, compared to about 39 cents today. Hog farmers got 40 to 60 cents on each dollar spent 50 years ago, down to about 19 cents today. Producers all across the country for too long have faced a marketplace that benefits a few large companies over those who are growing, harvesting, and processing our food. With more capacity and competition, we can level the playing field for producers.

Thanks to the funding provided by Congress and this Committee, particularly in the American Rescue Plan Act, as part of the Build Back Better Food System Transformation Initiative, USDA is making important investments in U.S. food systems that will allow us to create more and better markets for producers and consumers alike. The investment of \$1 billion in American Rescue Plan funds we announced earlier this month to expand independent processing capacity will help move us towards a fairer, more competitive, and more resilient meat and poultry supply chain.

We are also working closely with the Department of Justice and the White House to strengthen the rules that protect farmers, ranchers, and consumers. USDA will issue new, stronger rules under the Packers and Stockyards Act that will seek to increase competition and strengthen the fairness and resiliency of livestock and poultry markets on behalf of farmers, ranchers, and growers.

I look forward to working with Congress on these important issues as you look for additional ways to ensure that our farmers and ranchers have better access to processing capacity and consumers have more choices in the marketplace.

Climate Smart Agriculture and Forestry

As this panel is keenly aware, our farmers, ranchers, and foresters are on the front lines when it comes to dealing with the impacts of climate change. We've seen unprecedented droughts, wildfires, and other weather-related challenges increase in recent years and USDA has provided much-needed relief to those affected by these disasters. However, while agriculture is uniquely vulnerable to a warming climate, the sector is also uniquely positioned to help address the problem. Policies that drive climate solutions across the agricultural sector and rural America can both help tackle this challenge, while also creating new revenue opportunities for producers and rural communities. That approach, where rural communities can be leaders in clean energy, and where farmers, ranchers, and foresters can access new market opportunities, while also doing right by the climate, is the approach of the Biden-Harris Administration.

We expect that markets in both the U.S. and around the world are continually going to demand more climate smart commodities. USDA has a long history of market facilitation and development for agricultural and forestry producers and climate smart commodities represent a new and potentially growing market opportunity. At USDA, we are on the cusp of providing

significant help to encourage the growth of these commodities through the Partnerships for Climate-Smart Commodities Program. With this approach, we will fund pilots and demonstration projects that will encourage farmers to come together, deploy climate smart practices, and produce climate smart commodities. This approach will be voluntary, incentive based and available to producers of all sizes, all methods, all locations, and all types of production. Importantly, our work through this program will complement and build on activities and transactions that are already starting to occur in the private marketplace, making those opportunities to add value and create new revenue streams available to more American producers. Of course, at the same time we will also work with our research mission area, land grant universities, and others to measure, quantify, and verify the climate benefits of the program based on sound, peer-reviewed science. At the end of the day, this new commodity program is about creating new revenue streams for farmers while helping to combat climate change. It's an exciting opportunity and over the course of the next several months we're looking forward to sharing additional details surrounding this effort.

USDA is also focused on how we can drive tangible benefits to those communities disproportionately impacted by climate change, including underserved communities. To achieve this, we will prioritize equitable access to the assistance and incentives intended to help producers and land managers address the causes and consequences of climate change. Additionally, USDA agencies are working to find new ways to prioritize investments in forestry, clean energy, energy efficiency, and infrastructure in underserved communities that will mitigate against climate change, increase climate resilience, and to measure and track the benefits those vital investments provide. We're also redoubling our efforts to protect rural communities from the ravages of climate-driven wildfires. Earlier this week I rolled out a new comprehensive strategy to mitigate wildfire risk to communities and infrastructure, a significant paradigm shift in forest management that I look forward to working with you all to implement in the coming years.

I would also like to extend my appreciation for the resources that the Infrastructure Investment and Jobs Act is making available to USDA for wildfire risk reduction and watershed protection and rehabilitation, and reforming wildland firefighter compensation, among other important programs. As I have stated before, however, we cannot comprehensively and effectively reduce the serious risk that catastrophic wildfires pose to many communities around

our nation without substantial additional funds. The Infrastructure Investment and Jobs Act provides an important down payment on these resources and the Build Back Better Act includes transformative investments that would do even more to help us address this crisis and enable our long-standing conservation programs to do double duty in service of combatting climate change, which poses an existential threat to our farmers and ranchers, and to all of us.

Food and Nutrition Insecurity

As USDA builds back better and with a recognition that food and health are inherently intertwined, we are focused on ensuring Americans have consistent access to the safe, healthy, affordable food essential to optimal health and well-being.

While keeping the food supply safe, as USDA does each day, we must also tackle both food insecurity and nutrition insecurity. USDA's nutrition programs are the most far-reaching tools available to ensure all Americans have access to healthy, affordable food. Over the past year, USDA has taken steps to support the millions of families who have struggled to make ends meet and keep food on the table during the pandemic with increased benefits through the host of programs available to assist those in need, expanded access to those programs, and outreach to those that have been historically underserved.

In the coming year, we will build on the innovation required by our COVID-19 pandemic response, as well as the historic investments in nutrition and food assistance we made this previous year, which helped to reduce the prevalence of hunger nationwide. The number of households reporting that they sometimes or often did not have enough food dropped by 32 percent in 2021 and experts estimate the U.S. had the lowest child poverty rate ever in 2021. This is profound progress that we will build upon as we invest in bold solutions that enhance food safety, reduce both food and nutrition insecurity and, ultimately, improve health and well-being.

Recommitting Ourselves to Equity and Inclusion

For much of the history of USDA, policy design and implementations have rewarded those who own land, who have collateral, who have greater access to USDA programs, and communities with more resources to leverage, while others have faced discrimination and inequities.

Over the last year, USDA has worked tirelessly to address historical inequities in how we deliver programs across the board for rural communities and how we promote diversity and inclusion within our own workforce. The Department has taken bold and historic actions to reduce barriers to access to USDA's programs, advance opportunity for underserved communities, and root out generations of systemic racism and discrimination. To further bolster this work, USDA is focused on delivering on the Justice40 Initiative and ensuring that underserved communities can equitably benefit from USDA resources and funding.

Soon, USDA will also announce the members of USDA's new Equity Commission, which will hold its first meeting in February. This Commission, which was authorized by Congress as part of the American Rescue Plan Act, offers an historic opportunity to root out barriers to access and improve the Department for the benefit of underserved communities, the overall American farm and agriculture sector, and our economy. The Equity Commission is tasked with providing USDA with recommendations on policies, programs, and actions needed to advance equity and address racial equity issues within the Department of Agriculture and its programs, including strengthening accountability at the Department. The Equity Commission will play a key role in identifying the root causes—systemic and systematic—of existing inequities and will assist USDA in centering equity and justice as it develops and strengthens policies and approaches to truly serve all people regardless of their background or experience. I know that the work of the Equity Commission will also prove invaluable to this Committee as you consider ways to remove barriers to our programs and ensure equal opportunity to individuals and communities.

I want you to know that we are doing everything we can to ensure that all farmers and communities can benefit from USDA investments and that we are working to ensure equity is at the center of our programming in rural communities and across the Department. I particularly want to thank the Chairman and other members of this committee for their steadfast commitment on this issue and for the input many of you have provided to me on how we can work to ensure that all programming is equitable and how USDA can better represent the diversity of America.

Conclusion

Mr. Chairman, Ranking Member, and Members of the Committee, thank you for the opportunity to speak to you today about the current state of the ag and rural economy in the

United States and this Administration's commitment to a prosperous rural America. Throughout the course of this past year, I've had the opportunity to travel across this great country and meet with many of the people we serve. I've visited states in every region of the country. I've been to many of your districts and met with your constituents. I've met with farmers, ranchers, farm workers, processors, foresters, and families living in our rural communities. I have been able to hear their concerns and their optimism about the future. I too am optimistic about the future, especially today as we celebrate this first year of the Biden-Harris Administration and look ahead to continuing to fight for rural communities, and the farmers, ranchers, and foresters, who sustain them.

At the end of the day, my vision for rural America is a place where people want to stay and raise their children because they have access to good-paying jobs, or they have enough revenue coming in to make a decent living on the farm – no matter the size – without having to work other jobs. It's where families have access to quality healthcare and education, clean drinking water, broadband internet and the infrastructure needed to build and maintain vibrant communities. We must seize this moment to reimagine and rebuild an economy that invests in rural America and works for our rural families. It is not acceptable for us to fail our rural communities. We have a responsibility to work together, across the aisle to address these challenges. The Biden-Harris Administration has been working hard to build back better, stronger, and more resilient and equitably than ever before. I look forward to working with this Committee on this mission.