

May XX, 2022

The Honorable John Yarmuth
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Pursuant to section 301(d) of the Congressional Budget Act of 1974 and clause 4(f) of House Rule X, we are providing below the recommendations of the Committee on Agriculture with respect to the mission areas within the Committee's jurisdiction. The Committee on Agriculture appreciates the opportunity to share its views and estimates for fiscal year 2023.

In our letter to the Committee on the Budget last year, we acknowledged the difficult task before your committee as we worked together to support the agricultural supply chain and provide food assistance during an unprecedented, continuing global pandemic.

Over the last year, we have seen continued disruptions expose larger issues in our agricultural supply chain system. As we hold hearings to develop legislation for the 2023 Farm Bill, Congress must look toward solutions that support a more resilient supply chain, including enhancements to the farm safety net. We must also equitably address the effects of inflated food prices on families in the U.S. and equip American producers and distribution systems with the tools necessary to meet affordable food and fiber needs at home and abroad.

The Supplemental Nutrition Assistance Program (SNAP), its remaining public health emergency-related responses, and the update to the Thrifty Food Plan reevaluation provide critical assistance to families struggling to put food on their tables as increases in food¹ prices due to domestic and global supply chain issues persist.

¹ <https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/>

While, on average, food insecurity remained level from 2019 to 2020,² poverty in the United States increased by 1% (3.3 million people) to 11.4% (32.7 million people) in 2020, the first increase in five years.³ While we are waiting for the release of CBO's 2022 baseline update, CBO's 2021 projections estimate that SNAP participation will remain above pre-pandemic levels in 2023.

Global hunger also remains a pressing issue with the number of food insecure people in 2021 estimated at 1.2 billion people, an increase of almost 32% (291 million people) from the 2020 estimate.⁴ Russia's war on Ukraine, impacts from the pandemic, along with ongoing supply chain issues have compounded to increase levels of global hunger. The U.S. programs used to combat global hunger, such as Food for Peace, McGovern-Dole, Food for Progress, and others, are critical programs that help mitigate humanitarian crises.

As we move forward, the U.S. must lead in lowering the global emissions profile, while protecting and advancing U.S. agriculture as a world leader in innovation, climate resiliency, and land and resource conservation. From historic droughts to devastating floods, our nation is facing more frequent and more severe weather events. We must do more to ensure farmers, foresters, and ranchers can mitigate and adapt to the changing climate, while addressing other resource concerns through farm bill conservation programs. Continued investments in voluntary, incentive-based conservation programs support practices which promote soil health, water quality, water quantity, and wildlife populations while providing rural jobs to those who implement the practices. Conservation programs help producers reduce the inputs needed to grow crops, potentially helping reduce the cost of production.

Past decades of forest mismanagement, drought, and climate change are imposing increasingly devastating environmental, human, and economic impacts upon countless communities. Recent investments will begin to address the threat of catastrophic wildfire and address maintenance backlogs. However, continued efforts will be needed to provide more tools and staffing to the Forest Service to expand strategic active management at a greater pace and scale.

Producers across the country have continued to be affected by the more frequent and worsening weather events resulting in severe production and economic impacts. The Federal crop insurance program has been and will continue to serve as a vital risk management tool for producers to mitigate the impacts of climate change.

Recently, Congress authorized and provided \$10 billion in supplemental disaster assistance through the Extending Government Funding and Delivering Emergency Assistance Act to make available supplemental disaster relief to producers who experienced losses in 2020 and 2021. Such assistance will likely continue to be disbursed by USDA into fiscal year 2023.

Additionally, producers in calendar year 2022 have been affected by abnormal freezing in the Southeast, planting is delayed in the middle part of the country because of wet and cold

² <https://www.ers.usda.gov/publications/pub-details/?pubid=102075>

³ <https://www.census.gov/newsroom/stories/poverty-awareness-month.html>

⁴ https://www.ers.usda.gov/webdocs/outlooks/101733/gfa-32_summary.pdf?v=5924.7

conditions, and producers in the West are continuing to face severe drought conditions that are expected to persist throughout the year. These conditions demonstrate the need to maintain and improve upon important programs to manage and mitigate the impacts of climate change. While *ad hoc* assistance has been critical in recent years, the inefficiencies and delays in delivering such assistance persist. We believe Federal crop insurance provides bankable and timely assistance that producers and lenders rely upon. All efforts should be made to create policies for underserved producers, encourage purchase of higher coverage levels, and increase participation in crop insurance to reduce the need for and reliance on costly *ad hoc* programs.

Commodity programs included in Title 1 of the Agriculture Improvement Act of 2018 function as an important safety net for producers, offsetting drops in revenue or prices, however these programs were not designed to address the primary concern farmers are facing in 2022 – skyrocketing cost of production. Recent market volatility caused by the Russian invasion of Ukraine have resulted in generally higher prices for many commodities, but it has been accompanied by significant increases in input costs. These increased costs will impact the 2022 crop and are expected to also impact the 2023 production cycle, which could strain the agricultural economy. Congress and USDA must track this situation closely and identify where needs exist. We must take a whole of government approach to identifying all factors that may be contributing to these increased costs. It is crucial that we continue to monitor factors beyond our jurisdiction including transportation issues, supply chain backlogs, agricultural labor, and the war in Ukraine. We must also ensure any assistance, whether through existing or *ad hoc* programs, is available for and accessible to all producers.

As we work toward a stronger supply chain, an essential component of meat and poultry processing is the availability of inspectors to ensure the continued safety of our food supply. Training and maintaining a strong workforce is crucial, not only to the operation of existing processing facilities, but will also be key to the viability of new facilities that may open in the near future. Support for the development and adoption of innovative processes and tools that promote efficiency, food and worker safety, and animal welfare will also be key to the long-term success of the meat and poultry processing sector.

According to analysis by USDA, rural residents have been “more vulnerable to severe illness or death from COVID-19 than urban (metro) residents because of factors such as underlying health problems, older age, and lack of health insurance.”⁵ This vulnerability has strained rural healthcare systems already struggling to serve residents. Since January 2010, 138 rural hospitals have closed,⁶ and currently, nearly half of rural hospitals are operating with a negative margin and a similar percentage “have refrained from admissions as a result of nursing shortages this past year.”⁷ This has negative implications not only for the physical health of rural communities

⁵ <https://www.ers.usda.gov/amber-waves/2021/february/rural-residents-appear-to-be-more-vulnerable-to-serious-infection-or-death-from-coronavirus-covid-19>

⁶ <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

⁷ https://www.farmweeknow.com/policy/national/loss-of-rural-health-services-creating-care-deserts/article_4c1e218c-89e8-11ec-84e0-8f3ef39e8606.html

but also for their economic health since “rural healthcare systems are often one of the largest employers in their community.”⁸

In addition to rural healthcare, rural communities need robust investments in infrastructure including energy and renewable energy opportunities, voluntary conservation, public works, and reliable and affordable broadband internet connections. As schools, jobs, doctors, and more went virtual during the pandemic, the importance of closing the digital divide was underscored. Rural communities must have broadband access to compete and thrive, and Federal funding administered by those that understand the unique challenges these communities face is vital.

It is also vital we take actions to support financial health and security in rural communities and agriculture. This should include accessible credit for producers and rural communities. Adequate financial support and authorities for the Commodity Futures Trading Commission is also necessary to provide proper oversight and regulation in the burgeoning digital assets space.

We recommend continued support for USDA-led research and extension efforts, which play a critical role in developing and evaluating new on-farm practices and agricultural innovations. USDA’s broader internal research and cooperative partnerships work on animal and plant pests and diseases, bioenergy, soil health, plant and animal breeding, organics, food safety, human nutrition, and other priorities that support farmers and consumers alike. To fully address challenges like climate change and zoonotic disease pandemics, like COVID-19, we must ensure adequate funding for research and extension efforts, alongside advanced research on long-term and high-risk challenges for food and agriculture.

USDA research and extension funding has a key role in increasing the agricultural talent pipeline. To ensure a diverse, strong future for agriculture, we must provide additional opportunities and funding at our Land Grant Universities, in particular our minority-serving institutions, that conduct groundbreaking research and as serve as a direct pipeline for diverse talent.

As agriculture continues to change, USDA also plays a key role in diversifying agricultural production by supporting local, urban agriculture, and innovative production methods. The Urban Agriculture Office within the Department, and Urban County FSA Committees create an infrastructure within USDA that facilitates urban agricultural production and outreach to a growing subset of agriculture production.

The COVID-19 pandemic illustrated the importance of understanding zoonotic disease and underscored the necessity of animal health protection measures in maintaining a resilient supply chain. Over the last year, there have been numerous outbreaks of economically damaging animal diseases. African Swine Fever was detected in the Western Hemisphere, and USDA has been working with the Dominican Republic and Haiti to ensure the disease does not reach the U.S. There are ongoing outbreaks of Avian Influenza in the U.S. that continue to devastate poultry producers and have already led to an increase in the price of eggs. It is crucial USDA has the

⁸ <https://www.ruralhealthinfo.org/topics/community-vitality-and-rural-healthcare>

resources to continue to combat these diseases which are a threat to the U.S. food supply, international trading relationships, and the economy at large.

As we continue to address supply chain issues at the border and increased global travel, continued investment in biosecurity measures, preparedness, and agricultural quarantine inspections are necessary to provide proactive risk management actions and tools.

To address these challenges in the food and agriculture sector, it is important USDA is well equipped with the tools necessary to help the wide diversity of American farmers. We are prioritizing equity in access to programs as we approach the next Farm Bill and would underscore the importance of ensuring all farmers and ranchers have the opportunity to participate in the critical programs under our jurisdiction.

With such important tasks ahead, we advise no budget reductions be enacted in any part of our jurisdiction. It is necessary to fully fund Farm Bill programs. We believe additional targeted funding will also be necessary to bolster the farm safety net in response to high and rising production costs, support conservation efforts, increase research capabilities, continue to aid the recovery of rural communities from the lingering effects of the COVID-19 pandemic, prioritize animal health, strengthen trade promotion programs, and ensure equity into the next decade.

Since the House Committee on Agriculture last wrote to you, we have begun the promised oversight and monitoring of the implementation of the 2018 Farm Bill. We are working to ensure investments made continue to yield results consistent with Congressional intent as well as to improve programs moving forward as we reauthorize Farm Bill legislation in 2023.

Sincerely,