

Statement by
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Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to discuss the state of the rural economy. I believe that the state of the agricultural economy is strong – and that the strength of American agriculture is driving further economic opportunity across rural America. Today, I would like to discuss why I make this statement, and highlight the significant opportunities that exist to continue to grow and strengthen the rest of our rural economy, which plays such a vital role in our Nation’s overall economic health.

The U.S. Department of Agriculture (USDA) under President Obama’s leadership has taken significant steps to strengthen production agriculture by: providing a strong safety net and expanding markets for U.S. exports; enhancing America’s conservation efforts alongside farmers and ranchers; investing in the biobased energy and product manufacturing of the future; and strengthening new local and regional marketing opportunities for producers. These efforts have already had a significant impact in rural America, where the seasonally adjusted unemployment rate fell to 7.7 percent for the third quarter of Fiscal Year (FY) 2012 – down from a peak of 9.5 percent in late 2009. Going forward, we must step up our efforts to invest in these four areas to ensure rural America remains strong and viable long into the future. Additionally, it is my hope that Congress will support these efforts and provide more certainty for American agriculture by stopping the across-the-board spending cuts that went into effect on March 1, and through passage of a comprehensive, multi-year Food, Farm and Jobs Bill.

Supporting Production Agriculture

America’s rural economy is tied closely to the success of our farmers and ranchers. The Administration recognizes the critical role American agriculture plays in strengthening our economy, given that one in twelve U.S. jobs is supported by our agriculture sector, and we have prioritized the delivery of a strong safety net. Thanks to their willingness to innovate, use of technological advances, and smart business decisions, producers have kept U.S. agriculture strong in the face of a record drought and other disasters

over the course of the past year. After adjusting for inflation, net farm income is projected to be the highest in four decades, and aggregate farm equity is at an all time high. I'm proud of USDA's record under President Obama to provide a strong safety net for producers while expanding markets for U.S. products.

USDA staff has successfully implemented a number of new and complicated programs to ensure the effectiveness of the farm safety net. In 2009 and 2010 the Department expedited implementation of the 2008 Farm Bill disaster programs, which provided more than 400,000 payments to producers totaling \$4 billion. USDA has made record farm loans – more than 134,000 loans totaling \$18.6 billion in credit. And we strengthened the Federal crop insurance program, achieving \$4 billion in savings while ensuring that many producers had an avenue for assistance in times of disaster.

During the historic drought last summer, the Administration took every possible step to strengthen the safety net. For example, USDA shortened the time taken to provide Secretarial Disaster Designations, achieving a 40-percent reduction in processing time and quicker assistance for farmers and ranchers. USDA worked with crop insurance companies to provide flexibility to farmers within the Federal crop insurance program, freeing up about \$20 million for producers. USDA opened millions of Conservation Reserve Program acres for emergency haying and grazing – making an estimated \$200 million in additional forage available for producers while still meeting our conservation goals. We further expanded credit, effectively lowering the Farm Service Agency (FSA) Emergency Loan interest rate and working with the Small Business Administration to extend nearly \$7 million in SBA emergency credit for rural small businesses. USDA also purchased over \$170 million of pork, lamb, chicken, and catfish to help relieve pressure on American livestock producers and bring the nation's meat supply in line with demand.

While I am proud of these efforts, it is clear that more must be done to provide a complete safety net that comes with the certainty of a multi-year Food, Farm, and Jobs Bill. For example, many in the dairy and livestock industries remain severely impacted by rising input and feed costs and tight margins as a result of the drought and other disasters. Our current farm safety net is centered on crop insurance, which is critically important for many farmers but does not provide certainty for dairy and livestock producers, or growers of many specialty crops. Additionally, without a comprehensive, multi-year Farm Bill that

provides long-term certainty for producers, it is difficult to ensure that a strong and viable safety net of programs is consistently offered by USDA.

In addition to our efforts to provide a strong safety net, USDA will work in the coming years to support production agriculture by expanding new markets around the world, building on three new trade agreements signed by President Obama with Korea, Colombia, and Panama. Agricultural exports have increased 43.6% from 2009 through 2012, from \$101.2 billion to a record \$145.4 billion. This progress means that agriculture is making a strong contribution to achieve President Obama's goal under the National Export Initiative of doubling exports by the end of 2014. Over the course of 2013, I am hopeful that the United States can achieve additional trade with the European Union and with a number of Asian nations through progress on a Trans-Pacific Partnership.

USDA will also continue to support production agriculture by investing in strong agricultural research, particularly as we investigate new measures to adapt agriculture to extreme weather events. Since 2009, USDA has thoughtfully restructured its science agencies to ensure the most effective and efficient use of its resources, while leveraging the strengths of our partners across the scientific community to achieve even more results. For example, the National Institute of Food and Agriculture (NIFA) was created to advance knowledge by supporting research, education and extension programs in the Land-Grant Universities and other partner organizations. In 2012, we celebrated 150 years of partnership with the Land-Grant Universities, which have educated more than 20 million students and opened the doors of education far and wide. Studies have shown that every dollar invested in agricultural research returns roughly \$20 in economic benefits to the nation.

Unlimited Opportunity for the Rural Economy

As I mentioned, the rural economy is stronger today – led by the continued strength of the agricultural economy and record efforts by President Obama to invest in the prosperity of rural communities. For example, since 2009 USDA has provided nearly 15,000 loans and grants to help more than 60,000 rural businesses grow and support more than 320,000 jobs; helped more than 620,000 rural families to achieve the dream of homeownership; and invested in nearly 8,000 projects to help rural towns and communities provide vital community facilities.

At the same time, the Administration recognizes the long-standing challenges that the decline in rural population, as well as continuing rural poverty, pose to our nation's well-being. In addition to our continuing support for production agriculture that stands at the heart of the rural economy, USDA is focused on helping to achieve new markets and new partnerships for local and regional agricultural markets; conservation, natural resources and outdoor recreation; and further development of an advanced biobased economy – all of which will complement the strength of production agriculture to create new opportunity in rural America.

USDA is focusing on providing new local and regional marketing opportunities for farmers and ranchers. Our efforts to promote local and regional marketing opportunities have increased the number of farmers markets to more than 7,800 nationwide, a 67 percent increase over 2008. We also have taken steps to increase the number of regional food hubs to more than 200 in operation nationwide today. We will also continue looking for new steps to aid smaller farmers and farm businesses, an effort that will complement investments in local and regional marketing opportunities. In January, USDA finalized a new Microloan Program within FSA's Direct Operating Loan program. The program will provide loans up to \$35,000 to help launch startup farm businesses, provide needed resources, and increase equity so farmers can graduate to commercial credit and expand their operations. Access to credit is especially important for young farmers who are faced with high start-up costs and record land prices.

USDA will help spur job creation through conservation and management of America's natural resources. Visitors to National Forests have helped support more than 200,000 jobs annually in rural communities. By protecting and strengthening these National Forest System lands and resources, we can provide even greater opportunities for outdoor recreation in the national forests. In the coming years USDA will take new steps to support conservation efforts while providing new opportunity for farmers to generate income. For example, USDA set a new goal last year to target 1 million acres for wildlife habitat to further support hunting, fishing and conservation efforts through the Conservation Reserve Program (CRP). USDA has supported States and other partners in their efforts to establish ecosystem trading markets, an effort that will continue in 2013. USDA also is further investigating the potential use of multi-cropping by farmers to further expand the availability of cost effective biofuel feedstocks while reaping significant economic and natural resource benefits.

USDA will continue to make investments needed to grow opportunity in the biobased economy. USDA has helped create markets for advanced biofuels from non-food, non-feed sources – from the farm field to the end user – and we are taking the necessary steps to create more jobs through rural manufacturing. Since 2009 USDA has helped jumpstart efforts to provide a reliable supply of advanced plant materials for biofuels. USDA has provided incentives to produce advanced feed stocks for biofuels; invested in efforts to build advanced new biorefineries; invested in six regional research systems across America to develop advanced biobased energy technology appropriate to every region; and worked with agencies across the government – including the U.S. Navy – to strengthen markets for the use of advanced biofuels. Meanwhile, biobased manufacturing is stronger, with 3,000 companies producing more than 25,000 plant-based products today. The Administration has supported this growing industry, prioritizing more than 9,000 “biobased” products for Federal procurement. In the coming year, USDA has set a goal to assist 50 additional U.S. companies producing homegrown biobased products.

The Administration believes that in the wealthiest nation on earth, no American who works hard at a full-time job should live in poverty. Even as we create more jobs in rural America, the Administration recognizes that there are areas of persistent poverty across rural areas. In 2013 USDA will continue to expand a pilot program – the Strike Force for Rural Growth and Opportunity – to identify persistent poverty communities in pilot states and carry out targeted efforts to increase program awareness and opportunity in these areas. USDA piloted the Strike Force Initiative in 2010 in the states of Arkansas, Georgia and Mississippi. In 2011, the Strike Force expanded to the Southwest adding Colorado, New Mexico and Nevada. The efforts to target resources to areas in the pilot have already been successful. For example, FSA loans in Strike Force areas were up almost 10 percent in 2012 over the previous year – even when the nation as a whole saw farm lending drop 10 percent. USDA intends to further expand the Strike Force initiative to additional states in the coming months.

Conclusion

Finally today, I want to reiterate the critical nature of providing certainty through a balanced and sensible plan to stop the sequester that took effect on March 1, as well as a through passage of a comprehensive Food, Farm and Jobs Bill.

Like all American families, it’s important that USDA and other Federal agencies get our job done within a sensible budget. USDA’s efforts have helped to deeply reduce USDA’s operating expenses over the

past two years. Through the Blueprint for Stronger Service we have achieved more than \$100 million in cost avoidances already, with efforts underway to achieve \$250 million in such savings over the course of this year. However, the across-the-board spending cuts known as sequestration are now severely limiting our ability to deliver critical programs for the American people, and I share the President's hope that Congress will stop these harmful cuts.

Through passage of a comprehensive, multi-year Food, Farm and Jobs Bill, Congress would provide much-needed certainty to millions of Americans impacted by this legislation and USDA programs. The Farm Bill provides for a great number of critical programs delivered by USDA, including programs for farm commodity and price support, conservation, research, nutrition, food safety, and agricultural trade. Over the course of 2013, I look forward to working with Members of this Committee, and with Congressional leaders, to achieve passage of a comprehensive, multi-year Food, Farm and Jobs Bill that will allow USDA to continue to provide a strong safety net, combat rural poverty and create even more good jobs in rural America.

Mr. Chairman and Members of the Committee, thank you for this opportunity to speak briefly about the current state of the rural economy in the United States. Rural Americans have shown over the past year their resolve and their willingness to embrace innovation -- and I believe that the same tools that kept the rural economy resilient over the course of an uncertain year will help rural America continue to drive the economy forward.