

**Remarks by Mr. Joe Shultz at the 93rd Annual Soil Management and Land Valuation Conference on Wednesday, May 19, 2021 via Zoom**

Session: Agricultural Policy Priorities in 2021 and Beyond: Congressional Perspectives; Joe Shultz, Majority Staff Director, U.S. Senate Committee on Agriculture, Nutrition & Forestry

*Note: Transcript taken by captioner, not reviewed by Mr. Joe Shultz*

In a period where we've seen rapid escalation of commodity input prices, does our revenue insurance program perform like they were designed? I think that something that we certainly see a lot of bipartisan support for. Whether you're looking at, the current administration, the Republicans, the Democrats on the committee, think everyone understands when producers have this much at risk going into planting, I haven't seen if I wait until it is not too wet to get crops planted, at the home farm in Ohio we just finished up getting corn in in Western Ohio. But with this much risk in the ground right now, it's more important than ever that we have an adequate set of risk management tools for producers. So that's going to be something worth paying a lot of attention to. Through the growing season and we continue to take a look at what's going on in these crazy commodity markets right now. I'm sure you have better experts than myself, were thinking about some of those questions.

But let me say just a little bit about what the chairwoman [Stabenow] said about the agenda, and I want to talk particularly about some of the opportunities we see at the climate act space. So first and foremost, when the Senate flipped from Republican to Democrat-controlled in January, because of that odd special election in Georgia, the chairwoman came out and said I have a few priorities I want to take on at the very beginning of this year.

And those involved, looking at supply chain issues. I think as we went through this crisis which hopefully crush fingers, we are coming out of, we saw a lot of supply-chain issues. In the agricultural sector, specifically with perishable commodities and wheat, and milk. And what is it we can do to provide more resilience in the supply chain so that we don't end up with bottlenecks? In Michigan we had a big issue with users dumping milk when they could not find the traditional sales opportunities, whether those were institutional buyers like schools, or just changes in patterns due to COVID-19.

So how do we build stronger more resilient supply chains? That was addressed in one of the first bills that Congress passed. We now have the Secretary Vilsack as you all know, and Iowa native, and now for a second round as Secretary of agriculture and USDA significant resources in fact, most of \$5 billion to look at the resiliency of food supply chains. And I think that that is going to, we don't know exactly where the money is good to go yet, but we are paying a lot of close attention, what does that mean for building more resilient protein markets? We are building distributive markets, so if we ever have a situation again, where we see the source of supply chain disruptions, we don't have the dumping ability, the plowing up of crops we saw that before, and producers who believe deeply that the job is not only to take care of the land, to make a profit, but also, feed people. When you are throwing that food away, that's not a good

thing for farmers, it's not a good thing for our food and farm system. So addressing the food supply chain resiliency is one of first things we looked at.

Number two. We are looking at opportunities to improve rural infrastructure in particular, rural broadband. I think you will see more of that as the president talked about the infrastructure package that's currently being negotiated. There's more to come on that. But I think there's a lot of interest at looking at rural infrastructure is in addition to roads and bridges, in addition to locks and dams, what does that mean for the rural community, are there broadband supports for all the for structuring our small towns and rural communities. Are coming up committee is committed to looking at that. Third. We spend a lot of time looking at what we call "climate smart agriculture,

I give a lot of credit to Martha Scott for working in a really bipartisan way to look for opportunities for how can producers, take advantage of the growing interest in carbon markets and making changes for planet smart agriculture. And I want to break that down and talk about that a little bit. I hope I can get some questions and discussions later on in the talk.

We really see that there's a couple of different avenues for this debate about climate smart agriculture. And first and foremost, nobody is talking about regulations for agriculture, not on climate related issues. No Democrats, no Republicans. That's not on the table.

We do see significant vested interest in private investment, so we see a lot of food companies, to us and saying hey, we're not using any government programs, were not asking anything. We just want to let you know that we are looking at our food supply chains, and these are folks like , General Mills, saying we are look at produces for our food supply chains, we are looking at putting together contracts that explicitly call for some of these practices. That doesn't require any government involvement at all. They just got a giving the heads up. They are doing that for their supply chains, that is not number one. Path number two is companies that might necessarily be related to the food sector are looking to offset their admissions. When a great example is, the airplane company, JetBlue the airlines. They made a commitment to be net zero I think by 2030, not sure about the year, but they say, we are to be net zero as an airline company by 2030. No net carbon emissions. But to do that, we need to be able to buy carbon offsets from farm burdens and ranchers. They do want to work directly with farmers and ranchers so they are trying to contract with the Mary's. Folks like Ondigo Ag. Who now see in opportunity to go to produces and say hey, can I contact with you to make some changes in your practices and then sell those credits back to somebody like an airline, like JetBlue. We think there's an opportunity with his carbon markets. But limitary, they are complicated, there are a lot of different actors out there, I find it very confusing, who's doing what? What are the prices? What are the contracts? What are the responsibilities? If so, we've worked on a bipartisan basis with our senators from Arkansas and put together a bill to help farmers navigate this new world of carbon markets and that is called the growing climate solutions act, happy to say passed out of our committee on a bipartisan basis.

And now has 49 cosponsors in the Senate. That's half of the Senate, evenly divided between Republicans and Democrats to provide USDA the tools, the toolkit to help producers figure out

these markets. Some producers will take advantage of them, others well. That's fine. These are voluntary markets, but if producers do want to take advantage of them, how do we help producers figure out the difference between snake oil salesman and the folks that are actually offering an opportunity for producing. These sets of markets and who they make sort since for. We are very excited about that bill, it's bipartisan, it's a type of bill that Democrats and Republicans should be working on to help farmers and ranchers take advantage of these carbon markets. So we hope to get that moves as soon as possible through the Senate, through the house, and through the Senate. And then signed into law.

There is a third pathway to adoption of these practices which is cover crops, and not relying on regulations at all, instead supporting the traditional conservation programs that we know and love that USDA that it different have been run like EQIP, CSP or CRP, programs that support practices that farmers are familiar with, cover crops, nutrient management, all sorts of practices and essentially funded with public dollars. Sometimes we can leverage private dollars, but for a lot of farmers they may not want to play a part in the carbon markets, they do want to be in that game, and that's fine. We also want to make sure that in NRCS and USDA has the resources to provide those incentives for our traditional conservation programs.

So, I would love to talk more about what we think is an opportunity in that space. But I wanted to talk a little bit more about the other things that we have on our agenda, the last thing I would say, is that the Senate has the unique role provided by the Constitution of confirming the nominees that the president makes to the United States department of agriculture. Few other agencies will like farm credit, and the commodities futures trading commission, but we are particularly focused on getting the secretary confirmed, and we did that in a bipartisan a very quick basis earlier in January. We have confirmed the deputy secretary, who worked with the research in the state of Virginia, and the research extension it was the State Department of agriculture in the state of Virginia and were now working through the process of trying to get a general counsel and move on to the other undersecretaries. But we think it's incredibly important that we do this as quickly as possible to get the team, the decision-makers on leadership down at the Department of Agriculture as soon as possible. We hope we can do it in a bipartisan way to move through those as fast as we possibly can.

The last thing I would just say is that, while we doing those things, we are also thinking about the next big bill that's going to affect farm and food policy which is good to be the 2023 farm bill. We just finished the 2018 farm bill, we are seeing the implementation issues, we are starting to get some feedback and next year we will start even more in earnest hearing more about what works, what doesn't work, and certainly want to hear some feedback as folks think about what the 2023 farm bill ought to look like. We was probably start having more hearings on that question as well. So, more to come. We are not quite ready yet to dive into the next farm bill, but we are certainly starting to hear and it's never too early to start to think about what that bill might, or might not look like? So without him to stop, and again, we will turn it over to my colleague Martha Scott, but also look forward to your questions when that's appropriate. So, thanks for having me.