



August 5, 2017

The Honorable Michael Conaway  
Chairman  
House Committee on Agriculture  
1301 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Conway:

I am submitting our comments on behalf of the Almond Alliance of California (the Almond Alliance) and the Almond Board of California (ABC).

The Almond Alliance is a trade association representing the California Almond industry and is organized to promote the interests of its members. Our members represent over 80% of the California Almond industry based on volume. The ABC is a Federal Marketing Order representing over 6,800 growers and approximately 100 handlers. The ABC engages in research in production, environment, food safety and nutrition to support almond growers and handlers but does not take positions on legislation. It also funds a broad-based market development program to create demand in domestic and international markets. The Almond Alliance and the ABC work together to provide regulators with a better understanding of how specific issues impact the California Almond industry.

Almonds are only commercially grown in California on over one million acres. They are California's second largest agricultural crop with a farm gate value of \$5.3 billion in 2015 and are the state's largest ag export. Almonds are also the US' largest specialty crop export. Almonds generate over 104,000 jobs throughout the state, but most importantly in the Central Valley which unfortunately maintains a higher unemployment rate than the rest of the state.

The Farm Bill is important to the California Almond industry in regards to trade, conservation bioenergy, technical assistance, research, and block grants.

**Funding.** Overall, it is essential that we increase 2018 Farm Bill program funding levels. The voluntary funding reductions in the 2014 Farm Bill are expected to save over \$100 billion. Agriculture has done its share regarding budget cuts. We have seen no funding increases in several important titles in the last two Farm Bills while the challenges facing agriculture have exploded. California's rural communities depend on multiple Farm Bill programs to support economic development and public health and safety infrastructure. These same communities have not recovered from the last economic downturn and will certainly be subjected to further harm if Farm Bill funding is cut.

We are concerned by the recent release of the House Budget Committee proposal for reducing agriculture spending by \$10 billion over the next ten years. The implied intention to apply these cuts to the Supplemental Nutrition Assistance Program alone could impede the enactment of a

farm bill as passage is so dependent upon a strong SNAP program alongside strong farm programs. It is essential that Congress supports the contributions agriculture makes to our communities and economy, in addition to the trade balance which is a priority for the Administration. Agriculture cannot sustain additional cuts to programs farmers depend upon and which are essential to the survival of many rural communities. We reiterate the importance of maintaining, or better yet, increasing funding for Farm Bill programs

Below is a break out of titles the industry has leveraged to give you an idea of how broadly the Farm Bill can impact almonds:

### **Title I/Commodities**

- **The Tree Assistance Program** provides funding to eligible orchardists and nursery growers to cover partial costs for replanting trees or nursery stock and/or pruning/removal following a natural disaster. This program is important to fruit and nut growers to manage risk prior to an orchard becoming eligible for USDA Risk Management Agency insurance programs. We would also
- **The Emergency Assistance for Livestock, Honey Bees, and Farm Raised Fish** provides needed assistance to beekeepers who lose honey bees due to disease, adverse weather, or other conditions as determined by the Secretary. Honey bees are likely more at risk to natural disaster than other types of livestock and we need to assure that this program is designed to not exclude honey bees from eligibility.

### **Title II/Conservation**

- **The Conservation Reserve Program** has the potential to establish hundreds of thousands of acres of bee habitat across the United States. The CRP and all other conservation programs need to be designed to incentivize maintenance and establishment of new pollinator habitat – not discourage it.
- **The Environmental Quality Incentives Program** provides funding to meet increasing environmental standards – for example, almond growers have used EQIP to upgrade ag motors to help the San Joaquin Valley comply with Federal air quality standards. EQIP helps growers be better stewards of the land and this program is historically underfunded and despite requirements for matching funds it is always over-subscribed.
- **The Conservation Innovation Grant Program** is another great example of the success of private-public partnership. For example, the program's grant accelerated the development of almond harvesting equipment focused on lower particulate emissions. We believe this program has potential to assist in facilitating innovations in our industry in the areas of co-products, energy, soil health and pollination.

### **Title III/Trade**

**The Market Access Program, Foreign Market Development, and the Technical Assistance for Specialty Crops** are three important programs for California almond growers since we export about 70% of our crop; worth \$5.14 billion in 2015. California's almond growers – through the ABC – have participated as the private partner in multiple projects in these programs to open

new markets, address trade barriers, and build consumer demand for almonds. Despite the importance and success of these public/private partnership, funding under the Farm Bill to the MAP program has not increased since 2006 and FMD funding has not increased since 2002. We support a phased in increase of MAP funding to \$400 million annually and FMD funding to \$69 million annually.

These programs have been characterized as “corporate welfare” which could not be further from the truth. Exports ensure our 6,800 farms, most of which are family farms, continue to thrive because of the strength of these foreign markets.

A July 2016 econometric study<sup>1</sup> of export demand by Informa Economics IEG, working with Texas A&M University and Oregon State University economists, showed that MAP and FMD:

- Generated a remarkable return on investment between 1977 and 2014 of \$28.30 in export gains for every additional \$1 spent on foreign market development, which is consistent with previous study results;
- Returned an average annual increase in farm net income of \$2.1 billion between 2002 and 2014;
- Created 239,800 new full and part-time jobs between 2002 and 2014.

Another example of a key project supported by these marketing development programs is the **Global Pesticide Maximum Residue Level database**. It was developed initially to address specialty crop issues associated with different global pesticide residue limits. The database’s importance has expanded beyond it’s intended users to the USDA itself and the Environmental Protection Agency who also use the database to negotiate harmonization of global residue tolerances which help reduce non-tariff trade barriers. This database is vital to the export of a wide range of specialty and commodity crops. We believe it should receive ongoing Farm Bill market development program funding due to its importance to the export of commodity and specialty crops and its use in negotiating trade agreements.

## **Title VI/Rural Development**

We are in full support of the Farm Bill’s **rural business development programs and investment in public infrastructure regarding public safety, drinking water, water treatment, and the internet.**

- **Redefine “rural”.** Without a re-definition, most truly rural areas of California do not have access to programs to improve internet access, etc – critical for agricultural to move into precision agriculture.
- **Expand Job Training Programs.** We believe we’re at a critical time in California with regards to labor in rural California. In the next five years – possibly even sooner – we’re going to see a perfect storm that will change the agricultural job landscape of California.

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<sup>1</sup> *Economic Impact of USDA Export Market Development Programs, Informa Economics, IEG, July 2016*

With the adoption of labor laws including a new minimum wage and new agricultural overtime laws along with the rapid changes in science, technology and mechanization and their adoption for agricultural use, the jobs of today will not be the jobs of the future. We will see rapid integration of innovative technology – like artificial intelligence and robotics to harvest and driverless tractors and trucks. We might be pressed for labor now, but will it be the same in five or ten years? We'll likely see a huge surge in unemployment in rural areas spiking a demand for vocational training in our schools and for unemployed workers. We believe that this issue will not be unique to California and will impact agricultural communities throughout the United States.

- **Rural Jobs Action Plan.** It's time we expand our discussions surrounding labor and Farm Bill programs to focus on strategic action on how to address workforce challenges in rural communities. We need to anticipate the types of jobs that will be in demand in rural California in the next ten years and focus Farm Bill funding on training our workforce for the jobs of the future.

#### **Title VII/Research**

- We need to increase the Farm Bill's investment in research, not decrease it. At a minimum, we need to fund research at 2014 Farm Bill levels. A key factor in U.S. agriculture's past and future success and our overall competitiveness has been Farm Bill investment in research. Growers and ranchers are continually being asked by their customers and the public to produce their products in more sustainable and responsible ways. In addition, environmental conditions and resource limitations are putting new pressures on how we produce more with less. Research is fundamental to overcoming the main environmental and resource constraints facing agriculture. We believe that federal support of agricultural research is a fundamental role of the Farm Bill.
- We are supportive of the **Specialty Crop Research Initiative** and its focus on priorities of the specialty crop industry including but not limited to food safety, pest management, pollinators, and use of processing by-products; the **Foundation for Food and Agriculture Research** and its focus on leveraging private funds like ours especially in the area of pollinators; and the **Agriculture and Food Research Initiative** and its focus on competitive and cross cutting collaborative research.
- We are supportive of the Farm Bill funding of land grant colleges and universities for food and agricultural sciences as well as funding for the education and training for Cooperative Extension agents. It also includes funding for pollinator protection. Each of these programs are of vital importance to the success of agriculture and deserves continued funding.

#### **Title IX/Energy**

An area of bioenergy potential that is overlooked is almond biomass. The almond industry believes it can eventually produce almonds with zero waste, but current economic and

environmental challenges along with bioenergy technological hurdles have slowed the development of bioenergy outlets for almond biomass and byproducts.

- As almond acreage increases and more acres require removal, we will see an increase in volume of by-products and woody biomass that needs a home. Past outlets, e.g., burning, are no longer options given air quality and environmental concerns. Cogeneration and biomass to energy options are increasingly difficult to identify, particularly now that economic and environmental regulations are causing biomass to energy plants to close.
- We are very supportive of the Farm Bill's **Biomass Research and Development Initiative** and the assistance to bring research and development to fruition through the **Biorefinery Assistance Program** and the **Bioenergy Program for Advanced Biofuels**. The **Biorefinery Assistance Program**, in particular, provides financial assistance to offset costs associated with the transport of agriculture or forest residues to facilities that convert these biomass crops into energy.
- Additionally, we would see potential under the **Conservation Innovation Grant** program to fund new opportunities for almond biomass and bioenergy outlets.
- Woody biomass produced in orchards or orchard removals can be used as a feedstock for biofuels or bioenergy. However, USDA bioenergy programs have traditionally focused on row crops for ethanol production and did not take into consideration the biomass generated from specialty crops. It is important that biomass produced in fruit and nut orchards be eligible for the USDA's bioenergy programs.

#### **Title X/Horticulture**

This is an area that specifically provides for specialty crops which are vital to California as well as many states across the country.

- We are very supportive of increased funding to the **Specialty Crops Blocks Grant Program**. The grant program – which focuses on priority issues facing the specialty crop industry - has proven it provides a significant public return on investment. For example, the almond industry has successfully competed for these grants to fund public/private projects focused on FSMA implementation, training for growers, and carbon lifecycle analysis of almond production. It is another example of the Farm Bill's public/private partnerships where public funds are leveraged with private matching funds.
- We are also supportive of continued funding of the **Plant Pest and Disease Management and Disaster Prevention Program** and the **National Clean Plant Network** that are key food security programs. Both programs are essential for protecting the domestic production of specialty crops.

#### **Title XI Crop Insurance**

- Many of the conditions impacting agriculture are well beyond the control of growers – but can suddenly “wipe out” a grower. California almond growers are very active participants in USDA Risk Management Agency's risk management policies; about 83% of California almond growers carry USDA endorsed crop insurance. We understand that

certain conservation practices are becoming required for insurance eligibility that may not be relevant to California fruit and nut orchards, e.g. wetland protection or soil erosion avoidance. If conservation practices are required to obtain crop insurance, we need to ensure that they are relevant to California's crop and environmental conditions.

#### **Miscellaneous**

- Gross Income Caps. We would encourage NRCS and the FSA to closely review 2014 Farm Bill grant criteria, disaster program income limits and other program participation income criteria and how these might need to be revisited in the 2018 Farm Bill. The value of California specialty crops is higher than most production ag commodities. With that higher value, grower income limits, in terms of program participation and qualifications need to be appropriate for specialty crop conditions.

Thank you for this opportunity to submit comments as you and your staff begin crafting the 2018 Farm Bill. We would be happy to answer any questions you might have about the California Almond industry.

Sincerely,

A handwritten signature in black ink that reads "Kelly Covello". The signature is written in a cursive, flowing style.

Kelly Covello  
President