AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2014

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

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PART 4

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 2014

THURSDAY, APRIL 18, 2013.

U.S. DEPARTMENT OF AGRICULTURE MARKETING AND REGULATORY PROGRAMS

WITNESSES

EDWARD AVALOS, UNDER SECRETARY, MARKETING AND REGULATORY PROGRAMS

KEVIN SHEA, ACTING ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPECTION SERVICE

DAVID R. SHIPMAN, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE

LARRY MITCHELL, ADMINISTRATOR, GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

MICHAEL YOUNG, BUDGET OFFICER, U.S. DEPARTMENT OF AGRICULTURE

INTRODUCTION OF WITNESSES

Mr. ADERHOLT. The subcommittee will come to order.

Good morning, everybody. Today we will begin our review for fiscal year 2014 budget request from the agencies in USDA's marketing and regulatory programs mission area.

I want to welcome Mr. Ed Avalos, USDA's Under Secretary for Marketing and Regulatory Programs; Mr. Kevin Shea, Acting Administrator for Animal and Plant Health Inspection Service; Mr. Larry Mitchell, Administrator, Grain Inspection, Packers, and Stockyards Administration; Mr. David Shipman, Administrator, Agricultural Marketing Service; and, again, Mr. Mike Young, USDA's Budget Director.

OPENING STATEMENT

Our hearing today provides us with an opportunity to review the programs, operations, and funding for a mission area at USDA with one of the most diverse portfolios. On the one hand we have GIPSA, with a dual function of regulating livestock and poultry markets and facilitating the marketing of grain and grain products around the world. We have AMS, with a broad charge to facilitate the efficient and competitive marketing of all types of agricultural products. And, lastly, we have APHIS, with a mix of everything agriculture, from keeping plant pest and animal disease out of the U.S. to regulating biotechnology to fighting nontariff trade barriers.

Not only is the MRP mission varied in its responsibility, but the funding source for this mission is unique in that it receives funding from discretionary accounts, mandatory accounts, voluntary user fees, license fees, and reimbursable agreements.

The fiscal year 2014 President's budget seeks total funding of $2.4 billion from all these sources, of which $925.5 million is for discretionary programs. Your total increase over the fiscal year 2013 level is $53 million, or 6.1 percent. The AMS request calls for an increase of 14 percent; the GIPSA budget, an increase of nearly 9 percent; and the APHIS, an increase of nearly 5.2 percent. The increased requests may be even higher once we factor in the savings used in this proposal to help offset increases.

This subcommittee will need to determine if these proposed decreased levels are, in fact, real or are they accounting gimmicks to get in a lower bottom line. While the subcommittee is keenly aware of the hard budget decisions made over the past few years and the achievements made in budget savings across the mission area, it will likely be a real challenge to support these increased levels.

Before I recognize you for your opening statement, Mr. Secretary, I would like to ask the ranking member of this subcommittee, the gentleman from California, Mr. Farr, for any opening comments or remarks that he may have at this time.

Mr. Farr.

Opening Statement

Mr. Farr. Well, thank you very much, Mr. Chairman.

It is a very interesting hearing today. I kind of look at—yesterday was sort of the intellectual research of capacity of Department of Agriculture, and today it is kind of the FAA, the people that are responsible for the landings and takeoffs of food and making sure that everything is safe in between. You can see they are in the security business because they all wear dark suits.

All you need is your dark glasses, and we could provide you as security detail for all of us.

And, again, we have our distinguished honorary doctorate Michael Young here, who is now—well, yesterday was given that honorary doctorate.

And I want to thank you all for your service. I don't think this committee often, or Congress, thanks enough the administration.

And, particularly, I want to thank Administrator Shipman. It is 37 years in government. You have been honored by two Presidents, Clinton and Bush, by receiving the Distinguished Executive Award. And I understand you are retiring in a couple of weeks, May 10th.

So you have done a lot in the inspection process and marketing of U.S. ag products, and a distinguished career beginning in 1976 at the Grain Inspection, Packers, and Stockyards Administration, serving as Deputy Administrator for 14 years, in addition to serving as the Acting Administrator for GIPSA and Acting Assistant Secretary for Marketing and Regulatory Programs, and more recently as Administrator of the Agriculture Marketing Service.

So, on behalf of our House, we would like to congratulate you and thank you for your distinguished career.

Having said that, now that I have been nice to you, I will wait till the questioning, and then I can beat up on you.

Thank you, Mr. Chairman.

Mr. ADERHOLT. Thank you, Mr. Farr.

Mr. ADERHOLT. I would also like to remind everyone that electronic devices, if you could put those on silent or mute, then that would be very helpful as we continue on with the hearing.

Mr. Avalos, let me just say to you and also to the other members that are here before us this morning, this is appropriations season. As we move forward, there are multiple hearings that are going on at the same time. All of us are either on two or three other subcommittees, and so there will be Members that will be coming in and out during the hearings. So don't think anything about that if they leave. It is nothing you said; it is simply that they have to get on to another hearing. So just keep that in mind.

But, without objection, your entire written testimony and the testimony of the agency Administrators will be included in the record.

And we will now recognize you for your opening comments and remarks that you have before the subcommittee. Thank you.

OPENING STATEMENT

Mr. AVALOS. Thank you, Mr. Chairman, distinguished members of the subcommittee. I am pleased to appear before you to discuss the activities of the marketing and regulatory programs mission area at USDA and to present fiscal year 2014 budget proposals for the Agricultural Marketing Service; for Animal and Plant Health Inspection Service; and for Grain Inspection, Packers, and Stockyards Administration.

With me today I have, of course, Mr. Shipman, our Administrator at AMS; Mr. Kevin Shea, our Acting Administrator at APHIS; Mr. Larry Mitchell, our Administrator at GIPSA. They have statements for the record and will answer questions regarding specific budget proposals within their agencies. Also with me today I have Mr. Michael Young, USDA's Budget Officer.

The Administrators and I have submitted written statements for the record, so I will briefly highlight what our agencies have accomplished with taxpayer dollars that have been entrusted to us before presenting the President's request for the MRP agencies.

The mission of AMS is to facilitate competitive and efficient marketing of U.S. agricultural products. AMS accomplishes this mission through a wide variety of activities in cooperation with partners to benefit U.S. producers, marketers, and consumers.

In 2012, among other actions, AMS established the United States-European Organic Equivalency Arrangement, which opened up a $24 billion market for U.S. organic producers and handlers. AMS has also facilitated marketing of U.S. organic products to Argentina, Australia, Brazil, Costa Rica, China, Germany, and Guatemala.

APHIS has a broad mission that includes protecting and promoting the health of U.S. agriculture and natural resources, administering the Animal Welfare Act, and carrying out wildlife damage management activities. Together with customers and stakeholders, APHIS enhances market access in the global marketplace and ensures abundant agricultural products.

In 2012, among other actions, APHIS resolved more than 200 sanitary and phytosanitary trade issues, including opening new markets and retaining and expanding existing markets for U.S. agricultural products valued at $2.56 billion. This involved more than 50 countries and plant and animal products such as beef, cherries, dairy products, grapes, live swine and cattle, peas and pulses, potatoes, poultry, stone fruit, and many, many more.

APHIS, working with California cooperators, reduced populations of European grapevine moths, and the detections now only numbered 77 in 2012, compared to almost 101,000 in 2010. European grapevine moth is a threat not only to the producers in California but potentially to those in 30 other States.

GIPSA's mission is to facilitate the marketing of livestock, meat, poultry, grain, and related agricultural products and to promote fair and competitive trade for the benefit of consumers and American agriculture. In 2012, among other actions, GIPSA closed more than 2,500 investigative files on potential violations of the Packers and Stockyards Act in 2012, compared to 2,050 in 2011 and less than 580 in 2000.

The 2014 budget for MRP agencies requests a total discretionary appropriation of $925 million. This request is $84 million less than the 2009 appropriations, or a decrease of about 8 percent. Continuing our efforts to address core mandates and high-priority needs while using taxpayer resources as efficiently as possible, I would like to highlight the budget request for MRP agencies.

The request for AMS proposes an appropriation of about $84 million and includes a small number for some very important initiatives.

With additional funding to the Transportation and Market Development Program, AMS will help producers respond to growing consumer demand for local and regional food and expand their access to markets through product aggregation, processing, and distribution. Such efforts are intended to provide opportunities for smaller producers to scale up; for midsized producers to serve a scale-appropriate market segment, such as institutions and grocery stores; for producers of all sizes to diversify their sales.

The budget also includes funding to assist the organic sector to ensure the integrity of the "USDA Organic" label and to foster new organic equivalency agreements while taking actions such as compliance monitoring and maintaining existing agreements.

The budget request for APHIS proposes appropriations of about $801 million. Given promulgation of the animal disease traceability rule, the budget requests additional funding support to effect the implementation of this rule. This includes cooperative agreements with the States and the tribes, providing low-cost ID tags, and other needs.

The budget also requests an increase to address the growing problem of feral swine, which is estimated to cost $1.5 billion worth of damages and threaten animal and human health, threaten crops and livestock, rural, suburban, urban properties, as well as natural resources and native resources.

Additional resources are also requested to provide other efforts—for example, funding to combat the Asian longhorned beetle and the European grapevine moth in California.

The budget for GIPSA proposes slightly more than $40 million. Additional funding will allow the Packers and Stockyards Program to facilitate market protections for buyers and sellers of livestock and poultry through greater compliance. An increase for the Federal Grain Inspection Service will allow it to purchase some long-delayed scientific equipment which will provide advanced assessment of rice characteristics, effective mycotoxin and pesticide residue testing, and programs for the grain exporters.

In closing, I want to note that MRP agencies have operated in an environment of tightened budgets. We have accomplished this through proactive management, if not reductions in staffing, internal reorganizations, office closures, consolidation of telecommunication services, reduction of travel, and reduction of other expenses.

We have prioritized our activities and made decisions to eliminate or reduce programs that are not core to our mission. In addition, APHIS has reduced involvement in combating those pests where progress could not be made or where there weren't available means and which are overshadowed by other high-priority threats. Successful efforts to eradicate pests such as the boll weevil and the screw-worm also allowed for savings.

The budget request for MRP supports our key role for rural economy and producers and consumers across the Nation. It also reflects the comprehensive efforts we have taken to conserve taxpayer dollars through targeted, common-sense efficiencies.

This concludes my statement. I look forward to working with the subcommittee on the 2014 budget, and we will be glad to answer any questions.

Mr. ADERHOLT. Thank you.

[The information follows:]

Statement of Mr. Edward Avalos,
Under Secretary of Agriculture for Marketing and Regulatory Programs
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Mr. Chairman and distinguished members of this Subcommittee, I am pleased to appear before you to discuss the activities of the Marketing and Regulatory Programs (MRP) mission area of the U.S. Department of Agriculture (USDA) and to present the fiscal year (FY) 2014 budget proposals for the Agricultural Marketing Service (AMS), the Animal and Plant Health Inspection Service (APHIS), and the Grain Inspection, Packers and Stockyards Administration (GIPSA).

With me today are Mr. David Shipman, Administrator of AMS; Mr. Kevin Shea, Acting Administrator of APHIS; and Mr. Larry Mitchell, Administrator of GIPSA. They have statements for the record and will answer questions regarding specific budget proposals for their agencies. Also with me is Mr. Michael Young, USDA's Budget Officer.

Secretary Vilsack said before this Subcommittee that the Administration is strongly committed to programs that create jobs and expand markets. MRP helps accomplish this in a variety of ways. For example, AMS and GIPSA certify the quality of agricultural commodities and provide industry with a competitive edge earned by the USDA seal of approval for grading and inspection. GIPSA also works to help ensure that livestock producers have a fair and competitive market environment. APHIS protects the health of plants and animals, enhancing the competitiveness of U.S. producers by keeping production and marketing costs low. All three agencies help resolve international issues to maintain and open markets around the world for U.S. products.

MRP agencies have operated in an environment of tightened budgets. We have accomplished this through proactive management of, if not reductions in, staffing; internal reorganizations; office closures; consolidation of telecommunication services; and reduction of travel and other expenses. Further, we have prioritized our activities and made decisions to eliminate or reduce programs that are not central to our mission. In addition, APHIS has reduced involvement in combating those pests where good progress could not be made with available means or which are overshadowed by higher priority threats. Successful efforts to eradicate pests, such as boll weevil and screwworm allow savings as well.

Still, the MRP agencies have achieved significant accomplishments that I would like to highlight. In FY 2012, APHIS resolved 207 sanitary and phytosanitary trade issues, including opening new markets and retaining and expanding existing market access for U.S. agricultural products valued at $2.56 billion. This involved more than 50 countries and plant and animal products such as beef, cherries, dairy products, grapes, live swine and cattle, peas and pulses, potatoes, poultry, stone fruit, and many more. In FY 2012, APHIS personnel stationed overseas successfully secured the release of 324 shipments of agricultural products worth more than $41 million. APHIS, working with California cooperators, reduced populations of European grapevine moths (EGVM), so that detections numbered only 77 in FY 2012 compared with almost 101,000 in FY 2010. EGVM is a threat not only to producers in California but potentially to those in 30 other States. APHIS has also achieved success in the animal health sector. Subsequent to APHIS promulgating the animal disease traceability rule in December 2012, the Scientific Commission for the World Organization for Animal Health (OIE) recommended that the U.S. risk classification for bovine spongiform encephalopathy be changed from the second-tier risk rating to the lowest risk rating that OIE provides. Upon finalization, this will aid efforts to promote U.S. cattle and beef products abroad.

AMS achieved notable accomplishments in FY 2012 as well. AMS purchased about $1.4 billion of food produced by America's farmers and processors for domestic nutrition assistance programs. In response to industry requests to improve procurement processes for canned and frozen fruit and vegetable products, and to better meet FNS' need to supply these products year-round, AMS redesigned procurement programs in 2012 in a manner that won praise from industry and FNS recipient agencies. AMS established the United States–European

Union Organic Equivalency Arrangement in June 2012, which has opened up a $24 billion market to U.S. organic producers and handlers. AMS also facilitated marketing of U.S. organic products to Argentina, Australia, Brazil, Costa Rica, China, Germany, and Guatemala.

Finally, GIPSA had many noteworthy accomplishments. GIPSA closed 2,545 investigative files on potential violations of the Packers and Stockyards Act in FY 2012, compared with about 2,050 in FY 2011 and less than 580 in FY 2000. In addition, GIPSA also implemented use of new grain moisture meters based on technology it developed in coordination with the Agricultural Research Service and transferred to the private sector for commercial use. Two competing manufacturers' moisture meters were subsequently approved by GIPSA, which reduced significantly the price paid by the grain industry for these instruments.

The 2014 Budget requests total budgetary authority of about $2.4 billion for the MRP agencies, of which about $925 million is from discretionary appropriations, more than $940 million from Customs receipts, and about $435 million from fees charged to the direct beneficiaries of MRP services. The discretionary appropriations request for the MRP agencies combined is about $84 million less than the FY 2009 appropriation, a decrease of about 8 percent. Continuing our efforts to address core mandates and high priority needs while using taxpayer resources as efficiently as possible, I would like to highlight the Budget requests for the MRP agencies.

AGRICULTURAL MARKETING SERVICE

The mission of AMS is to facilitate the competitive and efficient marketing of U.S. agricultural products. AMS accomplishes this mission through a wide variety of activities in cooperation with partners to the benefit of U.S. producers, marketers, and consumers. The President's Budget request for AMS proposes a discretionary appropriation of about $84 million and includes a small number of important initiatives.

With additional funding for the Transportation and Market Development Program, AMS will help producers respond to growing consumer demand for local and regional food and expand their access to markets through product aggregation, processing, and distribution. Such efforts are intended to provide opportunities for smaller producers to scale up, for midsized producers to serve a scale-appropriate market segment such as institutions and grocers, and for producers of all sizes to diversify their sales. Expanding local and regional food systems in a community has been found to increase employment and income in that community.

The Budget also includes funding to assist the organic sector by ensuring the integrity of the USDA organic seal and fostering new organic equivalency agreements while taking actions, such as compliance monitoring, to maintain existing agreements. As organic sales expand and the number of certified operations rises, the National Organic Program must have sufficient resources to accredit, audit, and oversee the work of certifying agents, keep pace with violation investigation and enforcement, and maintain and expand trade opportunities provided by equivalency agreements.

An initiative under the Federal-State Marketing Improvement Program (FSMIP) will assist producers in meeting the requirements of the Food Safety Modernization Act. Under the FSMIP, AMS provides matching funds to State departments of agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers.

The Budget requests funding from Section 32 for USDA's Web-Based Supply Chain Management (WBSCM) system to begin a technical upgrade that must be completed in 2015 to keep the system operating efficiently and cost-effectively. AMS manages the WBSCM system, which has improved the procurement, delivery, and management of more than 200 foods (4.5 million tons) through domestic and foreign feeding programs administered by AMS, FSA, FNS, FAS, and the United States Agency for International Development.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The Animal and Plant Health Inspection Service has a broad mission that includes protecting and promoting the health of U.S. agriculture and natural resources, administering the Animal Welfare Act, and carrying out wildlife damage management activities. Together with customers and stakeholders, APHIS enhances market access in the global marketplace and helps ensure abundant agricultural products.

The Budget request proposes discretionary appropriations of about $801 million. In addition, existing user fees of more than $210 million will support Agricultural Quarantine Inspection activities. The Budget proposes an elimination of funding for programs such as Johne's disease and chronic wasting disease, which can best be managed at a local or regional level. Increased cost-sharing will be requested from beneficiaries of several pest programs related to specialty crops, trees, and wildlife damage management; this allows lesser demand for Federal taxpayer resources. These and other carefully considered reductions, together with aggressive streamlining steps, allow us to steward taxpayer resources and request a small number of increases for our highest priorities.

Given promulgation of the final animal disease traceability rule, the Budget requests funding to support effective implementation. This includes information technology systems to administer animal identification devices, allocate location identifiers, and manage the animal disease traceability information systems. APHIS will continue to provide the premises identification systems to States and Tribes that wish to use them. Funding for cooperative agreements with State and Tribes to implement the program, provision of low-cost identification tags, and other needs are included in the request.

Notably, the President's Budget requests an increase to address the growing problem of feral swine, which are estimated to cause $1.5 billion in damages that threaten animal and human health; crops and livestock; rural, suburban, and urban properties; and natural resources and native resources. APHIS will coordinate with other Federal, State, and local entities to address the more than five million feral swine found in 38 States. With populations of feral swine that have increased 21 percent annually in recent years, prompt and nationally coordinated action is needed.

Additional resources are also requested for a variety of efforts. For example, the Budget includes additional funding to combat the Asian longhorned Beetle in Ohio and Massachusetts, and to eradicate EGVM in California. To implement the APHIS rule to protect pets that are sold over the internet, by phone and by mail and that are currently exempt from USDA oversight, the Budget requests funds to identify such vendors and conduct education and licensing activities.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

GIPSA's mission is to facilitate the marketing of livestock, meat, poultry, grain, and related agricultural products and to promote fair and competitive trade for the benefit of consumers and American agriculture. GIPSA fulfills this mission through the Packers and Stockyards Program (P&SP) and the Federal Grain Inspection Service (FGIS).

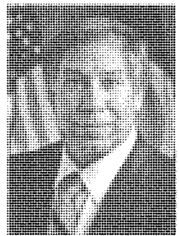
The Budget proposes a discretionary appropriation of slightly more than $40 million. About $23 million is requested for the P&SP while approximately $18 million is for FGIS activities including standardization, compliance, and methods development activities. The Budget also includes existing user fees of about $50 million for grain inspection and weighing. The discretionary Budget includes a request for additional funding to allow the P&SP to facilitate market protections for buyers and sellers of livestock and poultry through greater compliance, investigative, and enforcement activities in the field. Funds would provide equipment and other support expenses needed for its field staff to effectively conduct regulatory and investigative work. An increase for FGIS will allow it to purchase long-delayed scientific equipment, which will provide advanced assessment of rice characteristics and effective mycotoxin and pesticide residue testing programs for U.S. grain exporters.

CONCLUSION

In closing, the Budget request for MRP supports our key role for the rural economy and for producers and consumers across the Nation. It also reflects the comprehensive efforts we have taken to conserve taxpayer dollars through targeted, common-sense efficiencies. Any further reduction in funding would significantly impair our ability to deliver critical services and would imperil our efforts to manage an increasingly complex workload with constrained staffing levels.

This concludes my statement. I look forward to working with the Subcommittee on the 2014 Budget and will be glad to answer questions you may have on these Budget proposals.

Edward Avalos, Under Secretary for Marketing and Regulatory Programs



Edward Avalos is the Under Secretary for Marketing and Regulatory Programs at the United States Department of Agriculture. Mr. Avalos provides leadership and oversight for the Animal and Plant Health Inspection Service which addresses animal and plant pests and diseases; the Agricultural Marketing Service, which provides standardization testing and marketing of commodities and specialty crops; and the Grain Inspection, Packers and Stockyards Administration, which promotes marketing of livestock, cereals and meats, as well as fair trade practices.

Mr. Avalos grew up on a family farm in the Mesilla Valley of Southern New Mexico. Prior to his appointment at USDA, he served as Director of Marketing and Development at the New Mexico Department of Agriculture. He has over 30 years experience in livestock and agriculture marketing in both the domestic and international arenas. Mr. Avalos has spent considerable time working closely with producers to address industry demands; with distributors to ensure timely and feasible delivery of goods; and with retailers to showcase, promote, sell, merchandise, and inform the consumer utilizing numerous promotional and educational tools.

In addition, Mr. Avalos has worked on "buy local" initiatives, Indian agriculture and numerous promotional and trade activities with industry organizations and other stakeholder groups.

Mr. Avalos holds Bachelor of Science and Master of Science degrees in Agriculture from New Mexico State University in Las Cruces, New Mexico.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Statement of Mr. Kevin Shea, Acting Administrator
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you on behalf of the dedicated and hard-working men and women of our Agency to discuss the United States Department of Agriculture's (USDA) priorities for the Animal and Plant Health Inspection Service (APHIS) and to provide you with an overview of our Fiscal Year (FY) 2014 budget request.

APHIS' mission is to protect the health and value of U.S. agriculture and natural resources. We carry out this mission by working with a variety of partners—States, Tribal Nations, farmers, ranchers, industry associations, and all stakeholders—to address the animal and plant pest and disease challenges that affect agriculture and our nation's ability to feed, clothe, and provide fuel for people in the United States and around the world. Our programs continue to support all of the Secretary's goals: assisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving; ensuring our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources; helping America promote agricultural production and biotechnology exports as America works to increase food security; and ensuring that all of America's children have access to safe, nutritious, and balanced meals.

APHIS continues to achieve program results while making tough choices that allow us to live with a substantially reduced budget. We have looked closely at our operations over the past 2 years and reduced staffing by more than 600 employees since FY 2011 through attrition (and only filling the most critical vacancies); reduced travel costs by more than 28 percent; identified several millions of dollars in savings on telecommunications costs; and, generally held the line on all spending. APHIS has also identified programmatic efficiencies using industry standard practices. We implemented business process improvements in areas such as licensing of veterinary biologics, investigation and enforcement, import and export reviews, and reviews of petitions to determine the regulatory status of genetically engineered crops. As a result, we have been able to avoid furloughs, reductions in force, and other actions that might have had a larger impact on our ability to continue providing services to our stakeholders.

These cost savings and business improvements alone are only part of the story. We also made tough decisions to reduce our involvement in several programs where we could not make good progress with the tools currently available, or where simply there were higher priorities. For example, although the emerald ash borer, Johne's disease, and chronic wasting disease are concerns, we have greatly reduced our role in these programs. In some eases, long term success, such as in eradicating boll weevils and screwworm, has allowed us to reduce funding as well.

Before I discuss our FY 2014 request, I want to first acknowledge the level of dedication and effort that APHIS employees give to their jobs every day and would like to report on our key accomplishments of the past year. Following vigorous debate in the industry and public input, APHIS announced a final rule in December 2012 establishing regulations for improving the traceability of U.S. livestock moving interstate. Under the final rule, unless specifically exempted, livestock moved interstate must be officially identified and accompanied by an interstate certificate of veterinary inspection or other documentation, such as owner-shipper statements or brand certificates. After considering public input, APHIS made several changes in the final rule that will provide more options for States and producers. This final rule meets the diverse needs of the countryside where States and Tribes can develop systems for tracking animals that work best for them and their producers, while addressing gaps in our overall disease response efforts. Having a strong traceability program in place will provide even more assurances to our trading partners that the United States can quickly contain an animal disease outbreak if it occurs and prevent potentially infected products from being exported.

APHIS conducts surveillance to detect foreign, emerging, zoonotic and domestic diseases that potentially could have a substantial impact on domestic producers and the national economy. Since FY 2012, APHIS has made progress in implementing a more efficient surveillance system for serious swine diseases. The more efficient system allows the Agency to use various sample streams to conduct targeted surveillance for multiple diseases, such as pseudorabies and classical swine fever. This approach allows us to maintain the same level of surveillance, and target those samples with the highest level of risk while reducing surveillance costs. At the same time, APHIS has continued to meet or exceed international standards and support U.S. producers' ability to export.

APHIS works to protect specialty crop production in the United States and ensure the availability of fresh fruits and vegetables. For example, we and our State and industry partners continue progress toward eliminating the European grapevine moth (EGVM) from California. This program protects more than 11,000 grape farms in the State (more than 40 percent of which are in the immediately affected area) as well as those in 30 other States with climates suitable for EGVM. APHIS and a host of State and industry partners have worked together on an intensive effort that reduced the number of moths detected by more than 99 percent between FY 2010 and FY 2011, the first two years of the program's operation. Only 77 individual moths (75 adults and 2 larvae) were detected in FY 2012 (down from a high of 100,959 in FY 2010). Because of this rapid success, APHIS was able to release from quarantine 9 of the 10 affected counties in California in calendar year 2012. Continued support for this program is essential to ensuring that the pest is eradicated. Eliminating this moth from the United States will protect grape production, worth $3.9 billion in California alone, and exports valued at $833 million in FY 2012.

Agricultural trade is a bright spot for the U.S. economy, with agricultural exports reaching $135.8 billion in 2012, the second highest total on record. In fact, the past few years have been the best for farm exports in our Nation's history, making America's agricultural sector a key contributor to achieving President Obama's goal under the National Export Initiative of doubling exports by the end of 2014. I am proud of APHIS' role in helping to broaden international trade pathways for America's farmers, ranchers, and related businesses while ensuring they are protected from pests and diseases at home. We use a consistent approach of focusing on the science and applying sound risk analysis to resolve the sanitary and phytosanitary (SPS) issues that impact U.S. farmers' and ranchers' ability to export their products.

Last year, APHIS, in cooperation with other agencies, worked hard to keep international markets abroad open for American agricultural products by eliminating unjustified SPS barriers. Together, we successfully negotiated and resolved 207 SPS issues involving U.S. agricultural exports with a total estimated market value of $2.56 billion. These accomplishments involved more than 50 countries around the globe and a wide variety of plant and animal products, including beef, poultry, peas and pulses, potatoes, cherries, grapes, stone fruit, live swine and cattle, and many more. Our presence overseas also allows us to assist U.S. exporters when U.S. shipments are detained at foreign ports. In FY 2012, our personnel stationed overseas successfully secured the release of 324 shipments of U.S. agricultural products, from cherries to cotton, worth more than $41 million.

APHIS also supports exports through certifying that U.S. products meet foreign countries' entry requirements. In FY 2012, we issued more than 41,500 export certificates for live animals and just over 167,000 for animal products. On the plant side, we issued a record 580,000 certificates, most of them through our automated Phytosanitary Certificate Issuance and Tracking system that allows exporters to make appointments and payments on line.

Our Animal Welfare program carries out activities designed to ensure the humane care and treatment of animals covered under the Animal Welfare Act (AWA) through inspections, enforcement, education, and collaboration with others. In FY 2012, APHIS published a proposed rule to revise the definition of "retail pet store" in the AWA regulations to close a loophole that has, in some cases, allowed unhealthy and badly treated pets to be sold sight unseen over the Internet and via phone- and mail-based businesses. The proposed rule will help to ensure that breeders who sell dogs, cats, and other pet animals, sight unseen, at retail provide their animals with humane care and treatment in accordance with AWA standards.

FY 2014 Budget

Our FY 2014 request contains several requests to support mission critical activities. We are requesting $20 million for our Wildlife Damage Management program to address feral swine in the United States. Due to feral swine populations increasing rapidly, this destructive invasive species is spreading throughout the United States. The population increase and expanding range threatens animal and human health; crops and livestock; rural, suburban, and urban properties; and, natural and native resources. They already cause an estimated $1.5 billion in damages annually and that number will continue to grow unless we take coordinated, national action. A study conducted in Texas demonstrated that feral swine populations increased 21 percent a year. The time to act to control these animals is now, before their populations grow too large to manage. APHIS will implement a national strategic plan to conduct integrated feral swine removal, thereby reducing damage to property, and reducing threats to agriculture, urban areas, and humans.

APHIS is also requesting an increase to support the implementation of the new Animal Disease Traceability rule. Traceability continues to be an important issue with trading partners. The new approach, while advancing traceability for disease response, will also help the U.S. animal and animal product exports remain competitive in the global market place as trade requirements increasingly require such a system to allow access to markets.

APHIS is requesting an increase to implement the retail pet stores rule, which is designed to close the loophole of pets being sold over the Internet, phone, and by mail, and that are currently exempt from USDA oversight. APHIS estimates that approximately 3,000 to 5,000 new entities will require a USDA license to continue operations. This increase will allow APHIS to identify these entities and conduct education and licensing activities designed to protect the health and well-being of the animals they sell.

Other areas where additional resources are needed to support continued progress include Tree and Wood Pests and Specialty Crop Pests. APHIS is making progress toward eradicating Asian longhorned beetle outbreaks in several areas—we expect to declare ALB eradicated from Manhattan and Staten Island in New York City and from Middlesex and Union Counties in New Jersey by the end of FY 2013. But the large infestations in Ohio and Massachusetts that threaten our hardwood forests and the industries (such as lumber, maple syrup, and tourism) they support will demand more resources. APHIS is also requesting an increase to finish the job of eradicating the European grapevine moth to protect grape production in California and the nation.

APHIS' mission of safeguarding United States agriculture is becoming ever more critical. The words on the USDA seal—Agriculture is the foundation of manufacture and commerce—are as true today as they were when first written in the 19th century. Healthy plants and livestock provide abundant and affordable food for all Americans, and increase our export market potential, thereby contributing to a healthy U.S. economy. On behalf of APHIS, I appreciate all of your support and look forward to a continued, productive working relationship. I would be glad to answer any questions you may have.

Kevin Shea was appointed Associate Administrator on September 9, 2004. In this position, he works closely with Dr. Gregory Parham to ensure the smooth daily functioning of APHIS. On June 13, 2012, Secretary Vilsack designated Mr. Shea to act as Administrator while Dr. Parham serves as Acting Assistant Secretary for Administration. In addition to his regular duties, Mr. Shea serves on the Secretary's Executive Resources Board and the Secretary's Management Council.

Before becoming Associate Administrator, Mr. Shea served four years as Deputy Administrator for Policy and Program Development. From 1992 to 2000 he served as APHIS' Director of Budget and Accounting. Earlier in his career he worked as a budget analyst, Chief of the Program Analysis Branch, and Chief of the Policy Analysis and Development Staff. He also spent one year practicing law in the litigation department of Frank, Bernstein, Conaway and Goldman in Baltimore, MD.

Mr. Shea graduated from DeMatha Catholic High School in Hyattsville, MD and the University of Maryland in College Park. He earned a law degree, summa cum laude, from the University of Baltimore School of Law.

A native Washingtonian, Mr. Shea now resides in Crofton, MD.

AGRICULTURAL MARKETING SERVICE

Statement of David R. Shipman, Administrator
before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Mr. Chairman and Members of the Subcommittee, I am pleased to have this opportunity to present the fiscal year (FY) 2014 budget request on behalf of the Agricultural Marketing Service (AMS). AMS programs facilitate the marketing of U.S. agricultural products domestically and around the world. These activities also support USDA's goals of assisting rural communities to create prosperity and ensuring that all of America's children have access to safe, nutritious, and balanced meals.

For this budget request, we propose to continue our dedicated efforts to support marketing systems for all agricultural commodities while increasing our efforts to strengthen the connection between farmers and consumers through local and regional food systems and focusing additional resources to help the organic industry grow and thrive. To do so, we are requesting a total of $84 million in annual appropriations—about the same as for FY 2012. But before I describe our budget proposals, I would like to briefly review our mission and programs, and to highlight a few of our recent accomplishments.

AMS MISSION AND PROGRAMS

AMS' mission is to facilitate the competitive and efficient marketing of agricultural products. We rely on partnerships with state agricultural agencies, local and Tribal governments, other Federal agencies, and agricultural producers and other stakeholders along the marketing chain to accomplish our mission in an effective and cost-efficient manner.

Our employees and partners collaborate every day to facilitate the marketing of hundreds of products from the producer to the consumer in the U.S. and around the globe. We provide impartial and accurate market data, essential for competitive and productive markets. We provide critical data on transportation infrastructure, and we support the development and utilization of local and regional marketing systems. We also assist markets to help themselves through the oversight of research and promotion programs and marketing orders.

We promote fair markets by ensuring the integrity of the USDA organic label, the country of origin label, the accuracy of USDA quality grades, and the accuracy of the purity labels on seed sold to a farmer or to a consumer planting a vegetable garden. We provide those selling and buying produce with an effective and cost-efficient way to resolve disputes through the Perishable Agricultural Commodity Act (PACA) Program. Those selling products to customers with specific production, content, or processing requirements (domestic or international) rely on a variety of AMS services, e.g., good agricultural practice audits, quality grades, and reviews of manufacturing practices, to fulfill customer or foreign government requirements and facilitate marketing.

Our programs also support a government-wide effort to improve food security and child nutrition. We monitor shell egg handling facilities, provide data on pesticide residues in foods, require high sanitary conditions for all facilities receiving USDA quality grade certification, have an ongoing 24/7 reporting process to the Food and Drug Administration (FDA) and the Food Safety and Inspection Service (FSIS) of any operation suspected of not meeting food safety requirements, and purchase healthy and nutritious food for the Food and Nutrition Service's (FNS) domestic nutrition assistance programs.

FY 2012 ACCOMPLISHMENTS

During FY 2012, we continued an emphasis on improved business processes to further enhance operational efficiencies. I would like to share some of our accomplishments.

Market News – AMS Market News plays an important role in the daily decisions of farmers, handlers, processors, and others in the food chain. We provide impartial and reliable information on supply, movement, contracts, inventories, and prices. This critical market information is provided both through a volunteer and mandatory process. Legislatively-mandated price reporting provides information not otherwise available to meat and dairy producers. In FY 2012, we leveraged our mandatory meat reporting system to provide weekly wholesale dairy product prices for butter, nonfat dry milk powder, sweet whey powder, and cheddar cheese in blocks and barrels. We also successfully included wholesale pork sales in our mandatory meat reporting system. The mandatory wholesale pork reporting initiated in January 2013 increased both the transparency and volume of information available to the entire pork industry.

Transportation and Market Development – Our transportation program provides valuable analysis and information to agricultural markets. In FY 2012, we released an *Ocean Shipping Container Availability Report*, providing a weekly snapshot of current and projected short-term availability of various types of marine shipping containers at 18 locations for westbound trade lanes. By helping agricultural exporters identify available containers, we estimate they realized about a 25 percent increase in agricultural cargo volume. Our market development program also provides valuable analysis and information to agricultural markets. For example, we provided architectural plans and design assistance to establish or improve 10 farmers markets that offer consumers a source for local foods and help keep more of the food dollar in farmers' pockets.

Our market development effort has also focused on local and regional food production, an area where we have seen significant and growing consumer demand. There has been a 175 percent increase in the number of farmers markets nationwide since FY 2000, along with a dramatic increase in the number of local and regional food hubs, community supported agriculture operations, and other local food enterprises. These enterprise opportunities strengthen rural communities and increase consumer access to locally produced foods. In this emerging market, AMS plays an important role in analyzing and providing information and technical assistance to businesses along the supply chain. In March 2012, we released a report on distribution practices of eight producer networks distributing locally or regionally-grown food to retail and food service customers, entitled "Moving Food Along the Value Chain: Innovations in Regional Food Distribution." The study shares lessons learned and best practices to serve as a resource for others. We also led a collaborative effort to develop a database of more than 213 operating or emerging regional food hubs (double the number recorded in 2011) and launched the Food Hub Community of Practice, a national peer-learning network intended to accelerate research, best practices, and sharing of resources. In April 2012, we published a new *USDA Regional Food Hub Resource Guide*, a comprehensive compilation of guidance for developing or participating in a regional food hub. Through such marketing models, agricultural producers--particularly small and medium-sized producers—are experiencing a substantial improvement in farm income as a result of facilitated sales to consumers, restaurants, schools and other institutional outlets. These marketing models also provide more reliable sources of locally and regionally produced foods for commercial clients.

National Organic Program – Our National Organic Program (NOP) develops, implements, and enforces national standards governing the production, handling and labeling of agricultural products sold as organic. NOP accredits certifying agents—private businesses, organizations, and state agencies in the U.S. and around the world—that are authorized to certify producers and handlers of organic agricultural products. As of January 2012, 17,281 organic farms and processing facilities in the U.S. were certified to the USDA organic standards, fueling a $31.4 billion U.S. organic industry. Worldwide, there are 28,386 USDA organic operations across 133 countries. NOP protects organic integrity through a variety of activities including audits of operations and certifiers, residue testing to verify that prohibited pesticides are not being applied to organic production, and investigation of suspected violations.

We also establish equivalence agreements and export arrangements with foreign governments to facilitate organic product exports. In June 2012, we established the United States–European Union (EU) Equivalency Arrangement that has opened up a $24 billion market to U.S. organic producers and handlers. We also conducted certifier audits and participated in meetings with government officials in Australia, China, Germany, Costa Rica, Brazil, Guatemala, and Argentina to facilitate marketing of organic products; and participated in technical discussions with Japanese government officials to assess future possibilities for organic equivalency.

International Activities – AMS facilitates international marketing and fair trade through the development of voluntary quality and product description standards for use in commercial transactions. We also offer a variety of fee-based, voluntary product certification services, including domestic and export certification, product testing, and production/processing verification services that provide independent, third-party assurance that contractual agreements, foreign government requirements, and other requirements are met.

AMS supports the Canada-U.S. Regulatory Cooperation Council (RCC), created by President Obama and Prime Minister Harper, through efforts to harmonize meat cut nomenclature and provide financial resolution capabilities on produce traded between the U.S. and Canada. Our efforts successfully achieved an agreement whereby Canada will recognize the Institutional Meat Purchasing Specifications (IMPS) which will facilitate meat trade in North America. We also made significant progress toward creating financial tools in Canada comparable to PACA Trust Provisions. Fresh produce industry stakeholders in both countries support more effective contract management and licensing of fresh produce buyers, as well as regulatory measures that could be adopted to better ensure industry payment to fresh produce sellers in cases of buyer bankruptcy and insolvency. This collaborative effort should bring about the establishment of tools to mitigate financial risk in the sale of fresh and frozen fruits and vegetables in Canada.

All AMS certification programs support the eTrade Document Exchange (eTDE) System to improve the efficiency of document clearance for global trade. This system makes trade documents, including USDA certificates, available via the internet allowing for timely clearance of U.S. product domestically and through ports of entry around the world. In 2013, AMS will issue dairy health certificates to the EU using the eTDE system. Expansion of this system to all global markets is an AMS priority.

Efficiency Improvements – We continuously challenge the status quo and seek enhanced business processes to improve service delivery and efficiency. We have reduced many expenses, including those for travel and supplies, and have carefully managed our hiring and staffing. We are capitalizing on every opportunity to bring greater efficiencies to the Agency by streamlining our operations and cross-leveraging resources. We reorganized our administrative and information technology support personnel and our commodity purchasing staff, combined offices serving livestock and poultry, and combined our fresh and processed fruit and vegetable inspection staff. These changes have enabled us to continue to improve services while operating at reduced funding levels. After sequestration and across-the-board rescissions, our Marketing Services funding for FY 2013 is 16 percent below the FY 2009 level. To operate within budget constraints this year, we are carefully managing hiring, delaying or modifying information technology investments, and reducing agreements to avoid service disruptions as much as possible.

Maintaining the integrity of the organic label is a key priority of AMS. The organic market represents the fastest growth sector of the food industry. To ensure that buyers can trust the organic seal, we focused on enhanced enforcement, regulations, and investigations in 2012. We streamlined our processes which resulted in doubling the number of violation cases closed, bringing greater confidence to consumers that they receive what they pay for when buying organic products.

Through our commitment to process improvement, we were able to operate the Country of Origin Labeling (COOL) program effectively with fewer resources, including reduced travel, training, and partnership costs through the deployment of a Web-based training and program operational system. We used data available through the new Web-based system to more strategically allocate enforcement resources and improve the return on each enforcement dollar. We reduced the number of reviews by targeting facilities with a high occurrence of violations.

In FY 2012, AMS procured $797 million in foods with Section 32 funding and another $647 million worth of food on behalf of FNS. The food commodities we buy are distributed through FNS' nutrition assistance programs. AMS launched redesigned procurement programs for 2012 and used requests for proposals (RFPs), which enabled us to award delivery contracts before specific orders and destinations were known. Securing these contracts—in advance of seasonal planting and harvest schedules—allowed us to lock in volume for over 50 food items from producers who otherwise would have committed much of the acreage and harvest elsewhere in the commercial market.

The improvements in our procurement operations would not be possible without the Web-Based Supply Chain Management (WBSCM) system. We implemented the new system in 2011. We now have over 9,000 users, relying on the system for critical food supplies.

FY 2014 BUDGET PROPOSALS

For FY 2014, AMS proposes a discretionary appropriation of $84.2 million, including $82.8 million for all Marketing Services activities and $1.4 million for Federal-State Marketing Improvement Program (FSMIP) grants. The Marketing Services request includes additional resources for two programs to further USDA's goal to strengthen regional economies and help producers meet consumer demand—an increase to enhance community capacity to improve local and regional food value chains and an increase for the National Organic Program (NOP) to keep up with violation complaints and international agreements.

The requested funding for our Transportation and Market Development Program will enable us to build on our current efforts to create new economic opportunities for producers by helping them access institutional markets, restaurants, grocers, and other buyers of local and regional food. Expanding into mainstream markets can involve aggregation, processing, and distribution, which offers an important opportunity for smaller producers to scale up, for midsized producers to serve a scale-appropriate market segment such as institutions and grocers, and for producers of all sizes to diversify their sales. A recent ERS study of five local food supply chains found that producers received a greater share of the retail price in the local food supply chain, and producer net revenue ranged from roughly equal to more than seven times the price received per unit from mainstream chains. Empirical research has found that expanding local food systems in a community can increase employment and income in that community.

As consumer demand for local food increases, AMS will assist producers and supply chain businesses by identifying innovative and cost-efficient models for regional food distribution. AMS will work through cooperative agreements with other federal agencies, state and local governments, universities, non-profit and other organizations to conduct the majority of these activities.

The request for the NOP is needed to ensure the integrity of the USDA organic seal in the U.S. and throughout the world. As organic sales expand and the number of certified operations rises, the NOP must have sufficient resources to accredit, audit, and oversee the work of certifying agents, keep pace with violation investigation and enforcement, and maintain and expand trade opportunities provided by equivalency agreements with foreign countries. While we have made efficiency improvements, additional funds are needed to meet increased requirements for compliance and enforcement of organic labeling. These resources will allow the NOP to keep up with the quickening pace of incoming complaints and will ensure timely enforcement action where violations are found. The request also includes funding to pursue international agreements with additional countries while fully supporting existing agreements. NOP plays a key role in coordinating international organic equivalency and recognition agreements. The establishment of new agreements requires careful assessment and evaluation of other governments' organic standards and oversight systems. Once established, these agreements require ongoing compliance monitoring and standards coordination. The growth of organic markets internationally opens market opportunities for U.S. exports. With additional funding, NOP will be able to maintain existing agreements while pursuing equivalency arrangements with India, Japan, Korea, and Costa Rica.

This budget request proposes termination of Pesticide Recordkeeping Program activities in FY 2014 to support budget reduction efforts and because the program is not central to the core mission of AMS. Private applicators of federally restricted-use pesticides will still be required to maintain their records, but AMS will no longer conduct compliance inspections and educational activities for non-commercial applicators.

In Payments to States and Possessions, we are requesting an increase for FSMIP competitive matching grant funds to meet demand for marketing projects proposed and co-funded by State agencies that are of practical use to the agricultural industry. This program puts resources directly into rural communities nationwide, which stimulates local economies. FSMIP projects often serve as catalysts for new initiatives that improve farm income and consumer welfare.

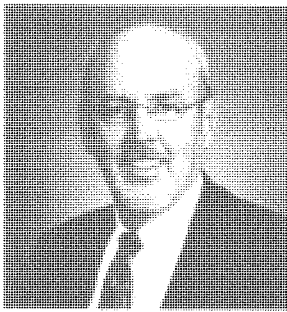
The budget includes a proposal to adequately fund USDA's Web-Based Supply Chain Management (WBSCM) system from within Section 32 program funding. AMS manages the WBSCM system, which has improved the procurement, delivery, and management of more than 200 foods (4.5 million tons) through domestic and foreign feeding programs administered by AMS, FSA, FNS, FAS, and the United States Agency for International Development (USAID).

Additional funds are needed to begin a technical software upgrade that must be completed in 2015 to keep the system operating efficiently and cost-effectively.

CONCLUSION

By facilitating a competitive and efficient market for agricultural products, our programs play a significant role in the ability of agricultural producers, processors, handlers, shippers, and sellers to conduct business efficiently and effectively. We believe the allocation of resources proposed in the FY 2014 Budget represents the most effective use of available funding to accomplish AMS' important mission. Thank you for this opportunity to present our budget proposal.

David R. Shipman
Administrator
Agricultural Marketing Service



David R. Shipman is the Administrator of the USDA Agricultural Marketing Service. He is responsible for a wide range of programs that facilitate the domestic and international marketing of U.S. agricultural products.

Under Mr. Shipman's direction, USDA establishes quality standards and delivers grading services for meat, poultry, eggs, vegetables, cotton, and a variety of other products. He directs the work of a nationwide team of Federal and state personnel who report daily commodity prices used by those selling and buying commodities every day. He also oversees the operation of industry-funded research and promotion programs, such as the Dairy Board with its "Got Milk?" slogan.

Most recently, Mr. Shipman has implemented a variety of programs to further facilitate the marketing of U.S. agricultural products in global markets, including establishing a U.S.–European Union Equivalency Arrangement that has opened up a $24 billion market to U.S. organic producers and handlers; and, implementing an automated certification program makes trade documents, including USDA certificates, available via the internet to allow for timely clearance of U.S. product domestically and through ports of entry around the world.

Mr. Shipman also is responsible for the purchase of over a billion dollars of agricultural products annually for the National school lunch program and a variety of other Federal food assistance programs. In support of these procurement programs, he implemented an interagency web-based supply chain management system that provides an integrated commodity purchasing, tracking, and ordering system for USDA and USAID, as well as customers, vendors, suppliers, and transportation personnel in the United States and around the world. Further, he redesigned the food procurement process to allow USDA to secure contracts in advance of seasonal planting and harvest schedules to ensure the availability of product at an established price.

Prior to joining AMS, Mr. Shipman was the Deputy Administrator of USDA's Grain Inspection, Packers and Stockyard Administration, where he worked with the grain industry to establish quality standards, deliver independent third-party inspection services, and provide technical support to address non-tariff trade barriers and facilitate the marketing of agriculture products around the world.

Mr. Shipman was recognized for his contribution to the U.S. Government and American Agriculture by both former Presidents Bill Clinton and George W. Bush with the President's Distinguished Service Award.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

Statement of Larry Mitchell, Administrator
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Introduction

Mr. Chairman and Members of the Subcommittee, I am pleased to share with you the accomplishments of the Grain Inspection, Packers and Stockyards Administration (GIPSA), and discuss with you GIPSA's fiscal year (FY) 2014 budget proposal.

GIPSA plays an integral role in ensuring the economic viability of America's farmers and livestock producers, and, in turn, of rural America. GIPSA programs directly and significantly impact three key sectors of American agriculture – the livestock, poultry, and grain markets. Our work ensures fair-trade practices and financial integrity for competitive markets, and promotes equitable and efficient marketing across the nation and around the world.

Our two programs are the Packers and Stockyards Program (P&SP) and the Federal Grain Inspection Service (FGIS). P&SP protects fair trade practices, financial integrity, and competitive markets for livestock, meat, and poultry. FGIS facilitates the marketing of U.S. grains, oilseeds, and related agricultural products through its world-renowned grain inspection and weighing system. Moreover, FGIS maintains the integrity of the grain marketing system by developing unbiased grading standards and methods for assessing grain quality.

P&SP is headquartered in Washington, D.C., has three front-line regional offices located in Atlanta, Georgia; Denver, Colorado; and Des Moines, Iowa; and 55 resident agents throughout the United States that are the eyes and ears for our compliance and regulatory presence on the ground.

FGIS is headquartered in Washington, D.C. with its National Grain Center located in Kansas City, Missouri; and 7 field offices, 3 suboffices, and 1 Federal/State office. These field offices are located in Grand Forks, North Dakota; Kansas City, Missouri; League City, Texas; New Orleans, Louisiana; Portland, Oregon; Stuttgart, Arkansas; and Toledo, Ohio; and the Federal/State office is located in Olympia, Washington. FGIS delivers official inspection and weighing services via the national inspection system, a unique public-private partnership comprised of Federal, State, and private inspection personnel. Our partners include 54 State and private agencies authorized by the Secretary to provide official inspection and weighing services on our behalf.

Packers and Stockyards Program

GIPSA's P&SP regulates businesses that market livestock, poultry, and meat under the Packers and Stockyards (P&S) Act, enacted in 1921 to promote fair and competitive marketing in livestock, meat, and poultry for the benefit of consumers and American agriculture. Under the P&S Act, P&SP fosters fair competition, provides payment protection, and guards against deceptive and fraudulent trade practices in the livestock, meat, and poultry markets. By protecting fair-trade practices, financial integrity, and competitive markets, GIPSA promotes marketplace fairness for swine contractors, livestock producers, sellers, and poultry growers for the benefit of all market participants.

GIPSA's P&SP has seen significant improvements in its performance over the last 10 years. A significant component to that improvement has been a business process re-engineering effort initiated in 2006 and subsequent management follow-up and refinement that continues today. The system provides a paperless (electronic) inspection and investigation case file environment hosted through USDA's Internet services. The system allows for P&SP agent workflow case documentation, tracking, and reporting from case inception to completion. The enterprise automation has allowed the P&SP to operate more efficiently and has strengthened its ability to manage case milestones and significantly reduced costs involved with performing investigations.

For example, in 2000, P&SP had 188 full-time employees, who worked to close a total of 579 investigations, resulting in a total of 13 formal complaints decided by an administrative law judge. By comparison in 2012, P&SP had 165 full time employees, who closed 2,545 investigative files, an increase of 440 percent over 2000. An additional 152 were closed that GIPSA had referred to the USDA's Office of the General Counsel, and 25 were closed after referral to the United States Department of Justice. Overall, the improved efficiencies and management capabilities resulting from the business process re-engineering have contributed to significant improvements in performance, and our front-line investigative operation continues to improve the effectiveness of responding to individual complaints and demonstrate a presence at livestock markets around the country.

In carrying out our work, GIPSA works cooperatively with our sister agencies within USDA, particularly with the Economic Research Service, National Agricultural Statistics Service, Agricultural Marketing Service, and Food Safety and Inspection Service, and with the Office of the General Counsel, Office of the Chief Economist and Office of the Inspector General. We also collaborate regularly with the Department of Justice, Commodity Futures Trading Commission, and other State and local law enforcement agencies with their investigations.

GIPSA maintains a toll-free hotline (800-998-3447) to receive complaints and other communications from livestock producers, poultry growers, and other members of the industry or general public. The hotline allows callers to voice their concerns or file a complaint anonymously. GIPSA responds to all received calls.

Federal Grain Inspection Service

GIPSA's grain inspection program facilitates the marketing of U.S. grain, oilseeds, and related agricultural products by providing the market with the official U.S. grading standards, as well as methods to assess product quality; maintaining the integrity of the marketing system by enforcing the U.S. Grain Standards Act (USGSA) and the Agricultural Marketing Act of 1946 (AMA); and providing for America's national inspection system, a network of third-party Federal, State, and private laboratories that provide impartial, user-fee funded official inspection and weighing services under the authority of the USGSA and the AMA. In 2012, the national inspection system provided over 3.2 million inspections on 280 million metric tons of grain. A testament to GIPSA's commitment to providing outstanding service to all segments of the grain industry is the grain market's usage of our terms, methods, and services to export over $43 billion of grains and related products annually.

GIPSA's grading standards help buyers and sellers efficiently identify the quality of grain and grain products and provide a common language for the trade. To ensure that U.S. standards for grain remain relevant, GIPSA regularly reviews the standards and seeks public input. In 2013, GIPSA will finalize its review of the U.S. standards and testing methods for wheat to enhance the marketability of U.S. wheat by accurately differentiating the ability of wheat to meet specific end-use needs. GIPSA, in collaboration with the wheat industry, is pursuing two major avenues to address the need for improved wheat functionality measurements. GIPSA is working to standardize Farinograph testing, the most popular method for measuring how flour dough will behave during processing, and to provide a rapid test of gluten viscoelastic properties to predict how wheat will function as flour in baking or other final processing.

To better serve the dynamic grain marketing system, GIPSA remains attuned to changes in movement of U.S. grain and related products. The shipping of U.S. grain exports in containers has increased significantly over the last few years and, as a result, official inspections of containerized grain increased from 0.7 percent of total grain officially inspected at export locations in 2005 to 3.9 percent in 2012, over a five-fold increase. In order to accommodate the containerized grain trade, GIPSA has remained flexible with regard to sampling containerized lots and certifications procedures. To ensure that GIPSA regulations and service operations effectively address current and evolving market conditions, GIPSA, in 2012, completed a comprehensive review of the policies and procedures governing official inspection and weighing services for grain exported in containers. GIPSA is developing outreach material for current and potential buyers of U.S. grain to enhance understanding of the sampling, inspection, and certification processes for grain exported in containers.

GIPSA also continues to work with exporters, importers, and other end-users of U.S. grain around the world to facilitate the marketing of U.S. grain in global markets. GIPSA helps resolve grain quality and weight discrepancies, helps other countries develop domestic grain and commodity standards and marketing infrastructures, assists importers in developing quality specifications, and, to harmonize international trade, trains foreign inspectors in U.S. inspection methods and procedures. These activities foster a better understanding of the entire U.S. grain marketing system and serve to enhance purchasers' confidence in U.S. grain. Ultimately, these efforts help move our nation's harvest to end-users around the globe. During 2012, GIPSA personnel met with 36 teams from 24 countries.

In addition, GIPSA works with global partners to develop scientifically sound methods for identifying biotechnology-derived grains. GIPSA's Biotechnology Proficiency Program, initiated in 2002, enables organizations to improve their accuracy in identifying transgenic events for grain. Today, 160 organizations—over 80 percent of which are located outside the U.S.—participate in the program.

Our continued success in fulfilling our mission of facilitating the marketing of U.S. grain is directly attributable to our exceptionally skilled, experienced, and dedicated workforce. GIPSA's FGIS continues to experience success using intern programs to ensure the quantity and quality of our current and future workforce. Seventeen new and current employees were selected in our first intern program that began in January 2011. Our interns were recruited from colleges and universities across the nation and reflect a cross section of the U.S. Individuals selected for the two-year internships work rotating assignments and participate in the full range of inspection work acquiring on-the-job experience to give them the necessary experience base. In 2013, FGIS anticipates that all interns will successfully complete the program to become Agricultural Commodity Graders responsible for a wide variety of grain inspection services.

2014 Budget Request

To fund important initiatives and address GIPSA's core mission responsibilities, our budget request for FY 2014 is $40,531,000 for salaries and expenses, and $50 million in spending authority for FGIS Inspection and Weighing Services. The budget includes additional funding to cover salary costs, for enforcement of the Packers and Stockyards Act, and for the Grain Program to purchase necessary grain testing equipment.

We are requesting additional funding to strengthen direct enforcement of the Packers and Stockyards Act and promote greater voluntary compliance with the P&S Act by offsetting past year staff attrition. If provided, those funds would supplement GIPSA enforcement staff with equipment, supplies, and other support expenses needed to successfully complete their jobs. P&SP relies on 55 resident agents and auditors, with assigned duty stations in their homes across the country to conduct a large percentage of its front line regulatory inspections and investigations. These agents must travel, at times long distances, to conduct regulatory and investigative field work. Travel is an essential component of allowing GIPSA's resident agents to successfully perform their job functions. By providing staff with resources to travel and the tools (computers and high speed scanners) needed to successfully conduct their work, GIPSA will be able to improve industry compliance, striving for full, 100 percent compliance levels and in excess of our minimal level of 81 percent industry compliance with the P&S Act, consistent with the projected FY 2013 compliance level established in our strategic plan. Industry compliance can vary because of the continued financial pressures the regulated industry is experiencing, the uncertainty induced in the measure from external factors such as economic conditions, the limitations on enforcement in the poultry sector, and structural changes taking place in the regulated industry such as shifts from spot markets to contract markets. In summary, the funds will assist to offset staff attrition and provide the P&SP staff with the equipment, supplies, and other operating expenses necessary to effectively conduct field operations to achieve target compliance levels in the face of increased economic pressures that have tended to increase regulated entities' incentives to forego compliance with the P&S Act.

GIPSA is also requesting additional funding to purchase necessary scientific equipment for FGIS. To maintain the our worldwide reputation as a leader in grain quality assessment, GIPSA is seeking the increase for equipment necessary to continue research, development and implementation of objective tests for use by the rice industry. One test in development would measure the amount of surface lipids in rice, a factor currently measured by the rice industry but for which no standard means of determining measurement consistency is currently provided by GIPSA. The factor may also be useful as an independent and objective measure of determining the degree of milling in rice, a measure for which the rice industry has expressed a strong market need. GIPSA has made major strides in the last fiscal year towards development of this test, and is in the process of initiating a pilot in FY 2013, with plans for full implementation in FY 2014. However, implementation of the test will require GIPSA to procure near infrared detectors to perform the test at field sites. Another test in development is a systemic process for determining the percentage of broken kernels in rice using optical scanning. These tests are needed to replace the current process of visual inspection used to determine these conditions. Replacing visual inspections with systemic, standardized means to assess these conditions would provide greater stability in determining these conditions, and enhance the overall marketing environment for rice.

GIPSA also seeks funding to refine and expand effective mycotoxin and pesticide residue testing and monitoring programs for U.S. grain exporters. These programs are essential for demonstrating that U.S. grain is wholesome and safer for consumption, thereby confirming the high value of U.S. grain commodities. Foreign governments are implementing more stringent controls on an increasing number of pesticide residues in addition to well established restrictions on levels of harmful mycotoxins such as aflatoxin.

Finally, GIPSA will submit legislative proposals to collect fees for the development of grain standards and to amend the P&S Act to provide authority to collect license fees to cover the cost of the program. These proposals are consistent with the overall effort to shift funding for programs to identifiable beneficiaries.

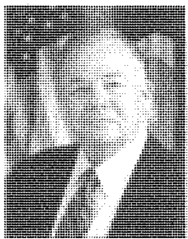
Conclusion

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to share some of the accomplishments of our dedicated staff and to highlight our future plans to facilitate the marketing of U.S. agricultural products and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture.

I would be pleased to address any issues or answer any questions that you may have.

Larry Mitchell, Administrator

Grain Inspection, Packers and Stockyards Administration



Larry Mitchell was appointed Administrator of the United States Department of Agriculture (USDA), Grain Inspection, Packers and Stockyards Administration (GIPSA) on June 3, 2012. He is responsible for a variety of programs that facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products, and to promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA's programs directly and significantly impact two key sectors of American agriculture - the livestock and grain markets. The markets serviced by GIPSA represent a total economic value of approximately $170 billion annually with exports contributing over $28.7 billion to the U.S. economy.

Before joining GIPSA, Mr. Mitchell served as the Associate Director of the Office of Advocacy and Outreach at USDA and previously served as Deputy Administrator for Farm Programs of the Farm Service Agency (FSA) of USDA and Deputy Vice President at Commodity Credit Corporation in the 1990s.

In the interim, Mr. Mitchell served in the private and nonprofit sectors as President of K Street Research, Inc. and as Chief Executive Officer of the American Corn Growers Association. Prior to serving at USDA in the 1990s, Mitchell held the position of Vice President of Government Relations for the National Farmers Union in Washington, D.C., Director of Federal and State Relation for the American Agriculture Movement, Editor of the AAM Reporter and as an independent consultant and writer on American farm issues. Before coming to Washington in 1989, Mr. Mitchell was a grain and cotton farmer in Texas. Mr. Mitchell earned a Bachelor's degree from Tarleton State University in Plant and Soil Science.

Mr. ADERHOLT. And I also failed to mention in my opening remarks also that we could have a series of votes a little bit later in the morning. So we will just cross that bridge when we get there. But I don't expect until probably another hour before that would be the case, so we will go ahead and proceed as normal and see how far we can get before votes are called for the morning.

APHIS BUDGET REDUCTIONS

For the past several years, the APHIS budget will often include some reductions for programs that are typically preferred by the House and the Senate. The agency may come up with either across-the-board reductions or reduction in a particular area that helps offset the increase.

In my opening statement, I referred to the fact that—about the authenticity of some of the budget reductions to help offset the costs of proposed increases. One of the particular proposed decreases totals $12 million and is tied to the centralized support services.

After so many people in Washington and even outside of Washington have spent the past 6 months talking about the shortcomings of across-the-board cuts, I want to ask why APHIS would decide to do something very similar by applying a $12 million reduction across the board in nearly all accounts.

We will, of course, support such efforts, but please explain how the agency can achieve this reduction after the business process reengineering efforts already attempted over the past 2 or 3 years.

Mr. AVALOS. Mr. Chairman, we definitely are operating under very tight budget constraints, and we have had to take many steps, as I mentioned in my opening statement, to cut costs and operate within our budget.

But to better explain the cuts and how they were done at APHIS, I am going to ask our Administrator, Kevin Shea, to answer your question.

Mr. SHEA. Thank you, Mr. Secretary.

Mr. Chairman, we have done several things over the past few years that truly are across-the-board. For example, we looked at how we did contracting, and one thing that really jumped out at us was simply cell phone contracts. We found out that we had many different contracts by our offices throughout the country, and by combining all those contracts, we saved $3 million. That is an example of how we get to $12 million.

Also, we put a pretty strict hiring freeze in place, focused mostly on headquarters positions and administrative positions. So these are the kinds of employees who provide human resources, financial, those kinds of support services to the operating programs in the field. By reducing those kinds of positions, we saved a lot of money.

And, also, we are saving money by reducing the number of supervisors. Our goal is more boots on the ground serving the people in your State and all the States, actually carrying out inspections, doing surveillance, doing testing of animals.

So that is how we get to those kinds of numbers. So we truly can save money by redoing contracts, reducing administrative positions, and things just of that nature.

COST-SHARE/COOPERATOR FUNDING

Mr. ADERHOLT. Also, proposed reductions for a number of accounts are the result of a requirement for more cost-share on behalf of the beneficiaries. However, the agency lacks consistency when applying this principle. Some programs require more cost-share, while other programs require the Federal Government to foot the entire bill for a service.

Mr. Under Secretary, could you talk about the administration's policy on that?

Mr. AVALOS. Let me see if I understand your question correctly. Are you saying that we are asking for cooperator funding for some programs and not for other programs?

Mr. ADERHOLT. Yeah. The agency lacks consistency in applying the principle of proposed cuts for a number of accounts, and some programs require more cost-share while other programs require the Federal Government to foot the entire bill for a service. And what is the overall policy regarding that?

Mr. AVALOS. First of all, on the budget cuts, you know, we did have to go across the board. It was required. Once we got into the specific agency, like at APHIS, APHIS took the initiative to—and they have been doing this for quite some time—to prioritize the programs that they have and tie them into the core mission and tie them into demand at that time. And using that criteria is how they determined how they would fund.

Certainly, across the board—I am going to ask Mr. Shea to better answer this question, but I do know that, like, for example, in Wildlife Services, a lot of the service we provide is through cooperator funding. And it varies from program within Wildlife Services, and it varies from State to State.

And so, anyway, I am going to turn it over to Mr. Shea and have him continue with the answer.

Mr. SHEA. We look at a number of criteria in trying to determine what the cost share is. In a really ideal world, we would probably like a 50–50 cost-share on most programs, and that could be a cost-share with both industry and States.

But it also depends on just what the status of the pest or disease is. For example, when the pest or disease first comes in the country, we assume a larger share of the cost while the State has time and the industry has time to identify more resources to help us with that. So that is one criteria we might bring into play.

Another is just how widespread the pest or disease might be. The more likely that a pest or disease will spread to another State, the more likely we will have a higher share of the cost.

It is possible that sometimes a State could have a pest show up but not have a huge interest in that pest because they may not have that kind of agriculture in their State that the pest harms. And so, in those cases, we might take a larger share of the cost.

So there are any number of things that go into it. And we would ideally, however, certainly like to share cost on most programs.

Mr. ADERHOLT. I see my time is up.

Mr. Farr.

LIGHT BROWN APPLEMOTH

Mr. FARR. Yeah, I want to follow up with LBAM on that, but I want to, first of all, get into the fact that the IG really blasted your agency.

I mean, we appropriate hundreds of millions of dollars. You have the responsibility of eradicating invasive species. You also get some money from the Commodity Credit Corporation to fight invasive pests. But the USDA's Inspector General last August found that 90 percent of the surveys that APHIS undertook did not result in the seizure or trace-back of a prohibited product and that APHIS did not take action to stop further shipments in 96 percent of the surveys that did result in seizure and trace-back. I mean, those figures are shocking.

And I understand you took the IG's recommendations to heart, but I want to know, how did it get so bad in the first place? I mean, who fell asleep at the switch to allow that kind of a—I mean, just, you wonder why the agency has been funded, when you have that kind of a problem.

Mr. SHEA. Mr. Farr, that particular OIG report focused on one component of APHIS, our interdiction team. And this is a group that tries to go back and find out pathways. How did a particular pest get into the country? How did a material that was not supposed to be entered get into the country?

And, frankly, my review of the subject after OIG brought it to my attention was that we simply were doing things the same old way, following the same old methods that we had done in the past, and we needed to change. And when the OIG points that out to me, I take it to heart and we do work on it. And so——

Mr. FARR. You mean all those years, it was 90 percent?

Mr. SHEA. Well, that group has only been in place as such for the last 5 to 10 years, so it is not a group that had been in place forever in APHIS.

And, again, the report was focused on that group's work. It didn't really focus on the number of pests that get into the country or how we follow those up. It focused on this one group that focused on plant pests.

But I certainly take their report to heart, and we are going to fix it.

Mr. FARR. Did this result because of the change in management, essentially shifting a lot of that responsibility to Homeland Security; therefore, as people said, they were more interested in looking for dope than they were for—or drugs rather than bugs?

Mr. SHEA. No, I can't at all lay this at the feet of CBP. This was an internal APHIS group involved that was doing this work. Now, they have to work with CBP to get information, but I have no reason whatsoever to cast any aspersions on CBP's role in this. This is our problem, our problem to solve.

Mr. FARR. Have you plugged the hole?

Mr. SHEA. I believe we have, sir.

Mr. FARR. Okay.

Let me ask you, you know, I represent an area that has been diagnosed—diagnosed, I guess—where we have found light brown apple moth, better known as LBAM. This was, like, a big no-no. We told all these countries, we don't want anything in this country that has LBAM on it, don't send it to us. Now we have it. We did the war on LBAM, and we lost. I mean, it is in many counties in California, big ag counties.

The Department is pulling back, as you indicated. You sort of shift these things to the State. But, I mean, you haven't paid the attention that this is—we don't think we are going to be able to eradicate it. Most growers say it has probably been here a lot longer than anybody ever thought and it really hasn't done that much of a damage. The problem is, they are growing in those counties that want to ship to other States and to other countries. And it seems like the feds have dropped the ball and, you know, still sort of quarantine counties, but you are on your own.

And either we have to delist LBAM, which might not be a bad idea, or, more importantly, you are going to have to help these counties get their products into other States and other—because we grow, you know, 85 different crops in this area, so it is not like we are just growing 1 thing. But the counties are quarantined, obviously, these counties, dozens of them in California.

How are we going to handle this?

Mr. SHEA. Mr. Farr, our goal is your goal, and that is to eventually make it so that other countries and other States will accept products from that area despite the presence of LBAM.

We have already made a lot of progress in that area. For example, we just finished a lot of studies that will prove, we hope, to Canada and Mexico and to the other States that strawberries don't spread light brown apple moth. They don't spread them because of the way they are picked and shipped. The moth won't be on the berry.

Mr. FARR. What about nursery stock?

Mr. SHEA. Nursery stock is a more likely transmission route.

Mr. FARR. Uh-huh.

Mr. SHEA. But, as you said, light brown apple moth has not spread as rapidly as we feared. It has not caused as much damage as we feared.

There are a lot of reasons for that. One, a lot of growers sprayed their lands. That probably held the populations down. And one of the things that made us fear light brown apple moth the most was that it had such a wide host range, over 2,000 hosts. And that, ironically, may have helped, because it spread the pest around a little bit, and it doesn't latch on to any particular product, like, say, medflies would to citrus.

Mr. FARR. We will continue this. My time has run out, but I want to ask some more questions. And then I want to have you come into my office and really drill down into some specifics, because it is still very problematic.

Mr. SHEA. I would be happy to do that, because we definitely are on the path that you want us to be on.

Mr. ADERHOLT. Okay. Mr. Nunnelee.

BOLL WEEVIL AND PINK BOLLWORM

Mr. NUNNELEE. Thank you, Mr. Chairman.

Mr. Avalos, you may remember, although I wouldn't have any reason to expect you to remember, a conversation we had last year concerning boll weevil and the pink bollworm. In fact, this was the conversation in which Ms. Lummis thought I kept saying the "paintball worm," because she couldn't understand my Mississippi language.

But we talked about the eradication of those pests in the Rio Grande Valley, and my concern was that if we didn't deal with them in the Rio Grande Valley, they would spread east of the Mississippi. And we concluded our conversation by saying that I looked forward to hearing about success stories when you came back next year.

Well, I notice your budget for this particular program is cut almost in half. And I presume that is because we have had success in the Rio Grande Valley, and I just want to hear your success stories.

Mr. AVALOS. Congressman, first, before I answer your question, I just have to tell you this. Back in my old marketing days, in Mississippi the marketing slogan was "Make Mine Mississippi."

Mr. NUNNELEE. That is right.

Mr. AVALOS. And every time I see you, I remember that.

Mr. NUNNELEE. Good. And we have a lot of agriculture that we do "Make Mine Mississippi."

Mr. AVALOS. Absolutely.

Anyway, the boll weevil success story. We have pretty much eradicated the boll weevil from this country. We have a little bit of a presence down in Texas along the border, along the state of Tamaulipas on the Mexican side.

And we have continued some work in Mexico trying to control the pest on the Mexican side so it doesn't come over to the U.S. side. In fact, a lot of the cotton production in Tamaulipas has moved more toward the interior of the country.

So, for that reason, we were able to see this as a success story and cut the funding for the boll weevil program.

BIOTECHNOLOGY REGULATORY PROCESS REFORM

Mr. NUNNELEE. Great. Thank you for that work.

Let me shift gears a little bit, concerning the importance of biotech in the ag sector. Last year we also discussed the lag time about reports that were supposed to be completed within 6 months and these were taking as long as 5 and 6 years. And you talked about efficiencies that would be implemented that would help with that backlog and would take the approval process from 3 to 5 years to just a little over a year.

The agency did receive an increase in funding in order to help meet that goal, but despite that funding increase, it seems moving anything through the regulatory process continues to be very slow. And there doesn't seem to be anything that shows concrete improvements in reducing these timelines.

So I just want to know, when are we going to see improvement in this area?

Mr. AVALOS. Congressman, I am going to assure you that process improvement, creating efficiencies continues to be a priority at USDA.

On the biotech issues, I am going to ask Mr. Shea to maybe share some of the things they have done to increase efficiency and to shorten that timeline.

Mr. SHEA. Thanks.

We are seeing progress already. The most important thing we did in reforming our process was to assign time frames to each step in it. You know, it is sort of like everyone understands the long-range part of a program, but there are so many steps in between that unless you put firm guidelines and deadlines on each step, you have a problem.

So since we implemented this, the first step of the process, which is for us to receive a petition from a company, work with them to make sure it is complete, that process used to take as much as a year. And we have already completed most of those within 90 days on the petitions that have gone into the new process.

So we are already seeing lots of progress on the front end, and we are certainly hoping that the other steps will follow in line.

Mr. NUNNELEE. Well, we are interested in having an effective approval process but also an efficient one.

Mr. SHEA. Yes.

Mr. NUNNELEE. So, with that, Mr. Chairman, I yield back.

Mr. ADERHOLT. Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman.

And I want to welcome everyone here today and thank you for your testimony.

Under Secretary Avalos, let me say thank you to you for your hard work on ensuring a fair and transparent market for American producers and through the enforcing of the Packers and Stockyards Act. I also want to thank you and the team, your team, for the quick action and clear communication related to the emerald ash borer in my home State of Connecticut. I really appreciate that a lot.

I continue to oppose the administration's elimination of the Microbiological Data Program. The work carried out by this program has been nothing short of critical to ensuring consumer confidence in the safety of produce. The program has been critical to building State capacity for routine pathogen testing and provided nearly 90 percent of all available data related to bacterial pathogens of fruit and vegetables.

It is simply unacceptable for this program to slip through the cracks and for us to lose this type of data. So I certainly hope the administration does not now look at the Pesticide Data Program through a similar lens. And we will be watching that carefully.

When I read the testimonies for today, I was struck by how much you are accomplishing with significantly less. But I worry that we are now past the point of doing more with less and instead doing less with less, a direct consequence of sequestration and lower spending.

For example, you are reducing Federal funds for the emerald ash borer, and the justification notes that that, and I quote, "if cooperators cannot increase their contributions, APHIS will further reduce EAB activities, impacting APHIS's ability," et cetera. As I discussed with Secretary Vilsack, the impact of our spending reductions are going to be felt in communities across the country.

TRADE EXPORT DISPUTES

Let me get to a question that I have, Mr. Secretary. And I am going to ask, since there isn't anybody here at the moment, if I could get the Secretary to answer this next question, and then I wanted to address it again, as well. I will try to move quickly.

Mr. Under Secretary, I would like to talk about trade for a moment. Your testimony mentions that your staff resolved more than 200 SPS disputes in fiscal year 2012. Can you tell me about the current process for resolving SPS disputes? Particularly, what are the strengths of this system?

Mr. AVALOS. Well, Congresswoman, thank you for the question on trade, because I want to emphasize that exports are a priority for the Administration, and APHIS plays a very, very important role in facilitating this trade.

Ms. DELAURO. Uh-huh.

Mr. AVALOS. You know, we live in a world today of free-trade agreements and trading with so many different countries, but, in reality, APHIS, through sanitary and phytosanitary issues, plays a very, very important role. And so many countries today will use sanitary and phytosanitary issues to restrict trade, they use them as a trade barrier.

So, anyway, I am going to let Mr. Shea——

Ms. DELAURO. But the issue is current process for resolving SPS disputes and particularly the strengths of the system.

Mr. AVALOS. Okay. To make sure we get your question answered correctly, I am going to ask Mr. Shea to answer that for you.

Ms. DELAURO. Okay.

Mr. SHEA. Thank you.

You know, the chairman earlier mentioned the fact that there are all misters here at the table today and yesterday there were all doctors. Or Mr. Farr maybe mentioned that. And the strength, I think, of the current process is that there are scientists and technical folks talking to each other country to country. So our Chief Veterinary Officer talks to the Chief Veterinary Officer for Russia or China or any country.

And that is the real strength of it, that we are exchanging scientific technical information. And I think, that way, we focus on the science and the technology. Certainly, there is a place for all the other trade considerations, and someone else does that. But we focus on the science and technology, on the risk.

Because usually what it amounts to is convincing another country that our products do not pose a disease or pest risk to them, or for us to make it clear to another country that their products do pose a pest/disease risk to us. So I think that is the great strength of it.

Ms. DELAURO. So it sounds to me like, from both your perspective and the Under Secretary's perspective, that we have a system that meets both of our trade and our public health goals. Is that——

Mr. SHEA. We find that it works for us. Of course, sometimes the process takes longer than we would like it to.

Ms. DELAURO. Okay. But we have a system in place which we really do believe has strengths.

Look, I have serious concerns about the binding dispute resolution. And I talked with Secretary Vilsack about this at our hearing. And a binding dispute resolution for SPS standards presents a very real threat, in my view, to the substance of our food safety standards.

You made reference to scientists talking to scientists and coming to a conclusion based on the science of the issue. This proposal would clearly threaten, in my view, the animal and plant health standards that are critical to the productivity of American agriculture if we accept something that is less than the standard that we believe, based on the science, needs to be done for our domestic purposes.

The integrity of the standards is imperative to consumers as well as to producers. Americans want to know that their food is safe, that we are protecting the health of our national herd and our plant stock. Trade and exports are important, I understand that. But, as I said to the Secretary, they should not trump the public health and something that I believe the binding dispute process would clearly enable.

Thank you for allowing me to go further, Mr. Chairman.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Thank you very much, Mr. Chair.

Thank you to the panel. I apologize for not being able to hear your earlier testimony, and I will look forward to catching up and learning more about what was done previously. But, first, I want to make a little statement, and then I have a question.

First, again, thank you to the Under Secretary for your time here today.

When we were lucky enough to have Secretary Vilsack in here just earlier, we had a very positive exchange about some of the work your agency has done in recent years to curb some of the most egregious practices in the livestock and poultry sectors. As I said to him earlier this week, I personally believe that the consolidation of these markets, as well as vertical integration and the increase of our one-sided, take-it-or-leave-it production contracts, is cause for great concern about the impacts on farmers and their communities.

So I just want to thank you for the work that has already been done to this point and just have it on the record that it is my hope that the USDA will be permitted to proceed with those rules to address some of the most abusive practices in these sectors.

I am going to go on to just another topic about that. So I just wanted to have that out there for the record.

So I want to talk to you a little bit about local food and aggregation and distribution. That is a big interest of mine. I know that much of the work that is done at the USDA on local and regional food systems is at the AMS. And I thank you for all the progress that has been made so far.

The expansion of local and regional food systems supports employment, generates income, bolsters economic growth in rural communities. And I think that is one thing that you guys clearly recognize. It certainly has become a critical issue in my home State of Maine, where I love to say the fact that the average age of our farmers is going down, the number of farms under cultivation is going up, the opportunities for finding new markets—which, as I understand, some of these new markets account for over $5 billion annually across the country, and we are reflective of that.

So local food sale is no longer a niche market. It is increasingly where people are seeing opportunities to use their farmland, to come onto farmland. And I think they warrant real examination and support.

One of the biggest challenges are the holes in the supply chain. And problems with distribution and aggregation are the most common issues that I hear about, talking to farmers about the hurdles they experience getting their local food to consumers.

Again, coming from the State of Maine that had a rich agricultural history, has gone through a real downtown but is now seeing this expansion again, even I am old enough to remember when there was a canning facility or a bean-drying facility or a wareage storehouse or a trucking place. There were great opportunities for farmers even just 50 years ago, many of which have been lost, and lost in that infrastructure. And in rural areas, these can be really complicated problems, because the world has moved on and things are somewhat different today.

TRANSPORTATION AND MARKET DEVELOPMENT BUDGET REQUEST

But I was really encouraged to see that there is $4.3 million in the President's budget in transportation and marketing development to start to look at these problems in greater detail. I think it is an area for great potential growth, not just in my State, but really this is happening everywhere, and it is a place of real need across the country.

So I would just like to hear you talk a little bit about how AMS could use this funding that is proposed in the budget. With such great need, how are you going to prioritize the projects? And just hear a little more about it.

Mr. AVALOS. Congresswoman, thank you for bringing up this component of our budget increase, because it really is extremely important, not just to AMS, but to so many small, midsized producers all over the country.

The core mission at AMS really involves all sectors of agriculture, from the large producers, small producers, conventional, organic, and really involves all components of getting the product from the farm to the consumer, the whole supply chain, including your shipper, your packer, your processor, your distributor, your wholesaler, and your retailer. And with this funding request in 2014, that is what we are trying to address. We need to find a way that we can get that small, midsized producer and get his product into local and regional markets.

Having said that, I am going to ask Mr. Shipman, our AMS Administrator, to expand how they visualize using this funding and what they are trying to accomplish with this money.

Ms. PINGREE. Great.

Mr. SHIPMAN. Thank you, Mr. Under Secretary.

Facilitating marketing is a real core part of our operation at AMS. And, again, whether it is small, big, large, biotech, conventional, organic, we are in the business of trying to facilitate marketing. And that is what we—we look at this segment now that you just mentioned and went through and identified. We look at that as something that we really want to look at and work on.

So what some of the things that we are going to be doing is we want to build greater information and make that information very transparent so that folks that are interested in getting involved in this, building business plans, have the resources that they can go out and they can get the capital that they need to actually enter into this marketplace.

So having transparent information available in terms of how do you aggregate the sources so that you meet that demand, that demand of a local restaurant that needs to know what supplies are available locally or regionally, what is the quality of it, how do you aggregate it from multiple farms and efficiently get it to that location on a dependable source. So we are going to be looking at that.

We will be looking wholesale markets. There are wholesale markets out there right now that have available capacity, okay, that they are not necessarily using for this particular supply chain. Or there may be wholesale markets that already are moving local, regional food through, but not necessarily identifying it and extracting that extra value that could be there for the producers.

Ms. PINGREE. Uh-huh.

Mr. SHIPMAN. So some of this will be done through grants that we will be proposing in a competitive grant process. Some of it will be reimbursable or cooperative agreements with universities, institutions that do research. Again, making sure that all that information that is gathered is transparent and available to everybody in the market chain. And then really identifying best practices so that something that may be working in Maine we can transport and use in Virginia or some other part of the country.

So that is generally what we are going to be looking at.

Ms. PINGREE. Great. Well, my time has run out, but I appreciate your thoughts. And I am sure we will follow up on that conversation when we get a chance.

Mr. ADERHOLT. Thank you, Ms. Pingree.

OVERSEAS TECHNICAL AND TRADE OPERATIONS REDUCTION

I wanted to follow up a little bit on the U.S. trade aspect of it that has already been mentioned briefly. But, of course, APHIS is the lead USDA agency for fighting nontariff trade barriers overseas and helping U.S. exporters to open up markets.

Toward the beginning of your written testimony, Mr. Under Secretary, you note that the administration is strongly committed to programs that create jobs and expand markets. Further on in your testimony, you go on to say that APHIS resolved the 207 sanitary and phytosanitary trade issue in fiscal year 2012, including opening, retaining, and expanding existing markets for U.S. agricultural products valued at $2.56 billion.

With these few data points alone, USDA makes a case for applying more of our limited Federal resources to resolve nontariff trade barriers, open markets, and create more jobs. What I wanted you to talk about a little bit is why USDA's decision would propose a decrease of nearly half a million dollars for overseas technical and trade operations in fiscal year 2014, especially when steady funding or increased funding could contribute toward jobs.

Mr. AVALOS. Mr. Chairman, again, I want to emphasize that exports are a priority for the Administration. Last year, we had the second-highest record on exports of $136 billion, and APHIS plays a very, very important role. As I mentioned earlier, as we move forward with free-trade agreements and trading with so many different countries, the phytosanitary-sanitary issue becomes very, very important.

But before I get into answering your question, you know, we are all talking about exports and we are giving this big figure of $136 billion, but I just wanted to take this opportunity to recognize the number-one reason we are successful, and that would be the producer—the producer that puts together either a fruit, a vegetable, a feed grain, a commodity, a livestock meat product that the whole world wants to buy. And they are the number-one reason that we are so successful in the international arena. Now, APHIS, we play a small but a very, very important role in facilitating that trade.

But to expand on my answer, I am going to ask Mr. Shea to help me. Thank you.

Mr. SHEA. Mr. Chairman, that reduction would not go to any of our work reducing trade barriers. This reduction has to do with some funds we provided to Central American and South American countries to fight against foot and mouth disease and other foreign animal diseases.

So we provided them funds to help build their capacity, to teach them, train them in how to fight these diseases. So that is where the reduction would come from, not from the work that our attachés do in other countries and that our folks here at headquarters who negotiate with other countries. It would not affect that.

LACEY ACT REQUIREMENTS

Mr. ADERHOLT. Once again, USDA has proposed a decrease in funding for trade and technical assistance but proposed an increase of $725,000 for Lacey Act activities. The Lacey Act, of course, amend amendments where it is involved to address illegal logging in foreign countries.

A question we would have is USDA's proposal to cut core mission activities, such as technical trade operations, while asking to increase funding for illegal logging in foreign countries. And, you know, you may want to expand on that from what your answer was just a minute ago.

Mr. SHEA. Mr. Chairman, as far as the Lacey Act is concerned, we have a very prescribed role in that and a very limited one. And we designed the form that folks have to fill out declaring what their product is, how much plant product it may contain, where it came from. We collect those forms and keep them in a repository.

It is a really limited role, but one that costs money. And it is required by the Farm Bill from 2008. We are a relatively minor player in that Lacey Act enforcement. The bigger role goes to the Interior Department and Justice Department. But we have this piece of it, and we need some more money to carry that role out.

FREE TRADE AGREEMENTS

Mr. ADERHOLT. What role does the MRP mission area have in the technical support of the two ongoing free-trade agreements, the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership?

Mr. AVALOS. Our role in those initiatives are in sanitary and phytosanitary issues.

Mr. ADERHOLT. Okay. All right. I see my time has expired.

Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman.

Mr. Shea, I would like to have you come to my office, and I am going to submit a whole bunch of questions for you. But I just wanted to point out that the LBAM pest has been established in California for a number of years, and I think what the Department ought to do is conduct a new risk assessment. And it seems that the pest hasn't really developed any serious problems with any crops, with the exception, perhaps, of organic berries. So when you come in, let's see what we can do to do that.

And I had a lot of other questions about what you can do to help those crops that are grown in the quarantined counties or the affected counties. But I don't want to take up all that time.

I do want to thank APHIS. You did a marvelous thing, and I want to compliment you on it. I have long, even before I got to Congress, fought this puppy-mill production of puppies in cages like chickens, and then just every time they are in heat, they breed them and sell them at puppy stores. And we closed it all down in California, but there was a loophole that people found, and that is that they could sell them on the Internet.

And there was a bill in Congress, and as we introduced it, you took the administrative action to close that down, and I want to thank you for your efforts. You saved us having to do a whole piece of legislation. And I think you did the thing which you are supposed to do, and I want to publically acknowledge your leadership in that. I thank you very much.

NATIONAL ORGANIC PROGRAM

You know, I also authored in California the organic legislation that Leahy authored here—in fact, he took it from the California model—and then worked to get the rules implemented for organic agriculture here, and I have been following it. So we have seen incredible growth since the Department adopted the rules.

And yet we have seen the growth also slow down in the last year or 2, because USDA's strategic plan includes a performance objective to increase the number of certified operations to 20,000 by 2015. That is not why it slowed down, but that was your goal, and I applaud you for that. But what I have heard is some of the small growers are leaving the USDA National Organic Program because of the burdensome cost and paperwork associated with the certification.

What is the USDA doing to streamline the program to ensure a diverse size and scope of operations are able to participate in NOP and meet the USDA growth objectives for the organic sector, that is, building 20,000 certified growers by 2015?

Mr. AVALOS. Congressman, first, you are exactly right, the organic industry has grown tremendously and continues to be one of the fastest-growing sectors in the food industry. But as we move forward and we work to maintain consumer confidence in that "organic" label and to protect the integrity of the "organic" label, many times there are some hardships, some obstacles that are in front of us, especially the smaller producers.

And I am going to ask Mr. Shipman to explain some of those obstacles, perhaps, and maybe see how we are addressing that concern.

Mr. FARR. Well, I think the concern here is how do the smaller growers, who may not have the resources to pay the costs and do all the background information that is necessary for certification—the regulatory process is growing exponentially, and so is the cost.

Mr. AVALOS. I will ask Mr. Shipman to help me answer that question.

Mr. SHIPMAN. Thank you, Mr. Under Secretary.

We initiated a program just this year, what we are calling Sound and Sensible. We heard the same thing; we had the same concerns that entry into the market was becoming more difficult as we developed the regulations around the program. And having the regulations has been very important to maintain that integrity in the label, but we recognize that entry was more difficult.

So we initiated and launched a program that we call Sound and Sensible. Part of it is working with all of the certifying agents, the 85 certifying agents, to make sure that when they go out to a certified operation and do their audits that they are using common sense. And we had a meeting just last month down in Florida with all the certifiers and started that process of really looking at what is the barrier, what are some of the problems that are occurring that are making it more difficult for operations.

So we are looking at it from an auditing standpoint, and we are also looking at how can we make it more affordable and accessible to get into the system and stay in the system.

Mr. FARR. Do you set the fees, or does the certifying organization set the fees?

Mr. SHIPMAN. The certifying organization sets the fees.

Mr. FARR. And they are collecting fees to pay for the administrative costs——

Mr. SHIPMAN. Correct.

Mr. FARR [continuing]. And then some.

Mr. SHIPMAN. Right.

Mr. FARR. So we have to keep a cap on those.

Mr. SHIPMAN. Okay.

Mr. FARR. All right.

Mr. ADERHOLT. Ms. DeLauro.

Ms. DELAURO. Thank you, Mr. Chairman.

First, let me associate myself with Ms. Pingree's remarks on fairness for American producers.

Based on some of the concerns discussed today and my belief that we must continue the Microbiological Data Program, it sounds like we should take a serious look at the Animal Disease Traceability Program. I can think of several places in your mission area, like the MDP, where the $5 million increase that you are requesting could be better spent.

Let me say why. I have been involved in this issue since 2004, where, if I am correct, the objective was to decrease the amount of time needed to complete tracing animals. And I fought long and hard to see that that was going to happen. Unfortunately, where we now are at with this program is—what I am reading here in the background is, "The new approach, while advancing traceability for disease response"—we have gone from using the standard in the performance measure from 48 hours in traceability to down to "advancing."

I suggest that this program is really of not very much use in terms of what we need to do. And let's take that $5 million and, in my instance, let's go to the Microbiological Data Program, which gives us real information when we are trying to track down pathogens in terms of saving people's lives. This $5 million is, in my view, useless in terms of the goal of achieving a 48-hour trace-back. You cannot meet that standard. You are not going to meet that standard.

SHELL EGG VIOLATIONS REPORTING

Let me move to questions about the USDA OIG audit on the USDA controls over shell egg inspections. The IG found some alarming disconnections within USDA and between USDA and the FDA. I was especially taken by the IG's observation that USDA personnel are often the only Federal officials who are in a position to be aware of potential safety issues at laying barns, but those same officials, quote, "are not under any obligation to report potential violations."

What have you done since the audit to improve communication with FSIS and FDA? What have you done to ensure that AMS does not apply the USDA grade mark to unsafe eggs?

Mr. AVALOS. Congresswoman, first, I want to say that we did take to the report very serious, and we made some changes to address their concern.

I want to ask Mr. Shipman to answer your question.

Ms. DELAURO. Thank you very much.

Mr. SHIPMAN. Since that audit report and a couple others too, we have actually established a new cooperative agreement, or a reimbursable agreement, MOU, with FDA. And as part of that, we put in place an actual reporting system, okay, so that when our inspectors in the field identify something that is inconsistent with FDA requirements, that day they actually put it into a system, an automated system; it goes to FDA.

And we can look at the system to find out what has FDA done with that information. If we find that there is no response, we can loop back. So it is a closed loop. In the past, information would flow one way, and you wouldn't understand what the reaction was. So that is probably the most important——

Ms. DELAURO. But we are reporting the violations now.

Mr. SHIPMAN. Yes.

Ms. DELAURO. Okay.

Mr. SHIPMAN. They are reporting, and we are following up.

The other thing that I would like to clarify, though, is when you go to a poultry facility, our folks are in the packing area, okay. Many times, they don't even go—aren't allowed to go into the barns, for reasons of biological control. We are looking at the production of the eggs as they are coming out, and we are in the packing facilities, not necessarily in the barns.

When we do go in the barns, on occasion, if there is something that is inconsistent with FDA requirements, again, it gets reported into this new system that has been established.

SHELL EGG REPORTING

Ms. DELAURO. And I just was handed a piece of information that said that the weakness was—such as SE stereotyping, are voluntary, and they are not under any obligation to report potential violations.

Are we still dealing with voluntary considerations here rather than some sort of a mandatory effort in terms of reporting information? Are we dealing with having a mandatory standard which then has to be reported versus a voluntary and you can do it or you don't have to do it?

Mr. SHIPMAN. In terms of the SE testing?

Ms. DELAURO. Yes.

Mr. SHIPMAN. Okay. That falls under the FDA requirements. Okay, so in terms of the SE testing and the reporting to FDA——

Ms. DELAURO. I have to ask them?

Mr. SHIPMAN [continuing]. You will have—it falls under FDA.

Ms. DELAURO. Okay.

Now, Mr. Chairman, you haven't heard me comment on this before, but I think that this is one of the clearest examples of why we need to have a single food safety agency. No one, Mr. Chairman, no one has the ultimate responsibility overall for food safety in the Federal Government. We have 15 agencies that have some piece of the safety of our food. And USDA and FDA have the lion's share of that effort.

But here we are, trying to come to some policy of safety in terms of eggs, and we have two agencies that have jurisdiction and one agency—don't answer the questions for the other agency and back and forth, instead of where we can get a single determination, if there is something wrong, that the single agency can focus on it and get the thing resolved one way or another.

Mr. Shipman.

Mr. SHIPMAN. Let me just add one thing.

Ms. DELAURO. Sure.

Mr. SHIPMAN. FDA is the agency that requires the facilities to do the SE testing in the barns. Okay. If they get a positive test result in the barns, they do notify us so that we know that——

Ms. DELAURO. But they are not required. According to this, it is voluntary. You do not have to deal with that.

And I am sorry, Mr. Chairman. My time is up. My time is up, but——

Mr. SHIPMAN. Okay. We require them to give us that information as part of the contract that we have with them to grade their eggs. Under a voluntary grading program, if they want our services, they have to provide us with that information.

But you are correct, if they are not asking for our voluntary grading services, then they do not have to provide that information to us.

Ms. DELAURO. Thank you very much, Mr. Shipman.

Thank you, Mr. Chairman.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chairman.

A think a couple of these things we have been around about a little bit, so I will throw two topics out there, Mr. Under Secretary, and just get your comments.

I think you were talking a little bit before about invasive species, which is a growing concern, of course. And particularly in the Northeast, I seem to hear increasingly about Drosophila, the invasive fruit fly species that is turning a lot of our valuable berry crops into empty shells of fruit.

So there are a lot of people coping with that in our forest products industry, our farming industry. And I was disappointed to see a $27 million reduction in the President's budget for plant and forest health in a time when I think it is critical and particularly when people are looking for new ways to take care of pest problems.

NATIONAL ORGANIC PROGRAM

Which leads me into a little bit into the thing you talked a little bit about with the ranking member, the National Organic Program. So people are looking for solutions, lots of different solutions. And we talked a little bit about how critical this program is, again, what a growing market it is. A lot of the growth, in everything from dairying to fruits and vegetables, in our State has come because of the organic program, the ability for organic certification.

And I know there is, you know, a little bit of a balance in not making it too bureaucratic but making it a dependable and trustworthy label. I own an organic farm myself, so I know all too well what you pay and what you go through to be sure you are certified and why you can't screw up.

But, that said, I am pleased to see there is a $2 million increase in this part of the National Organic Program. So I would just like to know a little bit more about what the plans are for doing with that, how to make it more useful to the farmers, and how to make sure that we are really being careful and protecting this label, because it means a lot. It is very expensive to the producers who are in it to comply with the laws to buy organic feed or whatever components you need to do what you are doing, and we certainly don't want the label ever not there.

So those are my two, kind of, topics.

Mr. AVALOS. Congresswoman, on the organics, where there is substantial growth and continued growth, the responsibility and the requirements for our service at USDA also grows. In order to maintain that confidence in the label and maintain that integrity in that "organic" label, we have to continue the enforcement and compliance. So this funding request, this additional request, is primarily for enforcement and compliance.

We are asking for a small portion of that to pursue equivalency agreements with several countries. We have one now with the European Union, but we are looking at developing equivalency agreements with countries like Germany, India, Korea, and Costa Rica.

Ms. PINGREE. Did you say we have one with the EU?

Mr. AVALOS. We do, yes.

Mr. Shipman, is there anything you want to expand on that?

Mr. SHIPMAN. I would just add that, in the past year, the complaints that we have received have increased 54 percent. I think the reason for that—we are attributing the reason to that is that people are seeing that we actually are serious and we are enforcing the requirements. The market is expanding. These complaints come in from competitors in the marketplace; they come in from some of the certifying agencies. And if we are not able to keep up with that workload that is coming in, I think we run the risk of the integrity of that label degrading. So that is a big reason why we are requesting the additional funding.

And then we do get into the international market. We have a number of countries, as the Under Secretary said, asking for equivalency agreements, to enter into negotiations. And that takes time, to work through that, to see if we can make the two systems equivalent.

Ms. PINGREE. I will just say briefly, I am sure at least 10 percent of the 54 percent of the complaints came first to my office. In a State that has an active organic market, there is a huge range of people who say, how come that guy got away with that, and how come I had to do this, and why is the fee so high, and why do we really have to do this, and couldn't it be that? And it is complicated, and I am sympathetic.

I will yield back. Thank you, Mr. Chair.

Mr. ADERHOLT. Mr. Fortenberry.

OLD AND NEW INITIATIVES

Mr. FORTENBERRY. Thank you, Mr. Chairman.

Good morning, everyone. Sorry to join you a little late. So I didn't have the benefit, obviously, of your testimony, so I am sorry if this appears redundant.

A broad and wide question, first of all. We are living in very difficult budgetary times, as you all are quite aware, so it is incumbent upon all of us to think creatively, entrepreneurially, as to how we are going to deliver smart and effect governmental services with less money. And government budgets are always going to be under tension, and so it should compel us to think creatively about letting go of that which is old and no longer applicable, but always looking ahead and trying to think creatively as to how to reshape policy to appropriately ensure, particularly in your areas, food safety in a more creative fashion.

So what is old that you are letting go of? What is new that you are looking to invest in, in terms of policy initiative?

Mr. AVALOS. Congressman, that is a good question. And you are right, we are living in a world of very tight budgets. We have cut expenses, we have created efficiencies, we have reduced staff. And we have done our part to try to address the government spending and the deficit and the budget.

MRP, we have done just that. We have taken programs that we felt were no longer necessary—for example, in APHIS, there are programs where we have had success and we don't need to put the funding into it anymore. There are programs where we have not had success, and we don't have the tools to eradicate that pest, so we haven't put that funding into them.

And then we have new threats that came in—for example, feral hogs. This is an invasive species that has spread into 38 States, causes $1.5 billion in damage, and it keeps growing. It has gone from a million to 5 million. In 4 years, it will be 10 million.

Mr. FORTENBERRY. And now it is the subject of TV reality shows, as you have probably seen.

Mr. AVALOS. Yes, it is.

But, anyway, so this is something new. And we have other pests that have come up that we are still trying to eradicate, so we still have to maintain that support—for example, the Asian long-horned beetle and the European grapevine moth. And you never know, on the APHIS side, when we are going to have another challenge. You just never know.

And then on the AMS side, we looked at our core mission. We eliminated the Microbiological Data Program. That is the old. It is not part of our core mission. We don't have the money. They are great programs, okay, just as the Congresswoman was saying earlier. They are very important programs, but we just didn't have money.

But we have new needs, as we just talked about. Organic keeps growing——

ORGANIC PRODUCER LAWSUIT

Mr. FORTENBERRY. Let me segue there for a moment to a very specific question. We have an organic producer, who I represent, who was concerned about another organic producer's practices and informed the USDA. Subsequently and then consequently, that individual who told USDA about potentially problematic practices is being sued by the individual he turned in or spoke to the USDA about. The individual gathered information from the USDA which had inadvertently included his name on some document. So he is being sued and he is seeking recourse from the USDA but has gotten limited help, if not none.

Mr. AVALOS. I am not aware of the situation.

Mr. Shipman, are you aware of this at all?

Mr. SHIPMAN. Yeah.

Mr. AVALOS. I am going to ask Mr. Shipman to help answer.

Mr. SHIPMAN. Yeah. We made a mistake. We should have redacted that name before it was released under Freedom of Information. It is really regrettable.

I have looked at this case a number of times and sat with legal counsel trying to figure out how can we in some way help that individual. And I think we have provided some documents explaining exactly what occurred, but the avenue to actually help in a financial way, I have not found a path forward on that yet. It is an extremely regrettable situation, and we are aware of it.

Mr. FORTENBERRY. Keep looking for that pathway. Because here is an individual who was assisting you on your mission——

Mr. SHIPMAN. I know.

Mr. FORTENBERRY [continuing]. Who is now incurring the potential of significant—well, is incurring significant financial cost defending himself from a lawsuit that is not his own fault, in effect. So, thank you.

The third—Mr. Chairman, am I okay on time? I can't see the monitor.

Mr. ADERHOLT. Go ahead. You have about 30 seconds.

IMPORT INSPECTIONS

Mr. FORTENBERRY. All right.

Well, answer this in 30 seconds. Regarding imported food, how much do we inspect?

Mr. AVALOS. I am going to ask Mr. Shea to answer that for you.

Mr. SHEA. And I hate to pass the buck, but we don't inspect imported food. FDA would do that. I think you have a chance to ask him that question.

Mr. FORTENBERRY. Well, I did, but you are a participant in this process.

Mr. SHEA. Let me say this. Through our colleagues at Customs and Border Protection, we are looking for agricultural pests. So we are looking for diseases and pests of agriculture, not human food threats, although, obviously, there could be some overlap.

And our colleagues at CBP do look at up to 20 percent of shipments of things that come in on a risk basis, look at the flights or shipments that are the most at risk for the pests and diseases we are looking for. And so there is quite a bit of that that goes on. But food itself is just not us, and I really couldn't answer that.

Mr. FORTENBERRY. All right.

Thank you, Mr. Chairman.

Mr. ADERHOLT. And let me say, too, we had a little bit of a problem with the lighting system. They were at one point all three green and red and yellow and all coming on at the same time. So I said we will just unplug it, so that is why it was—it was getting rather confusing, and the red would come on right after——

Mr. FORTENBERRY. I was trying to adhere to the rules, Mr. Chairman.

Mr. ADERHOLT. Yeah. Well, our lights are out today, our technology is a little down, so we are going to have to go the old-fashioned way.

GIPSA PERFORMANCE MEASURES

But let me turn to GIPSA. I know Ms. DeLauro had asked about this, had mentioned this in some of her questions that she asked earlier. But according to MRP agency testimonies, GIPSA may have gained an edge on some other agencies by starting reengineering efforts in 2006, despite fiscal challenges. Your testimony and budget justification contained indicators of improved performance over the past couple of years in areas such as aggregate industry compliance, poultry payment review, and elsewhere.

I will direct this question to Mr. Mitchell.

Can you provide us with a few particular performance measures over the past years as an indicator of your agency's progress?

Mr. MITCHELL. Probably our best performance measure is the compliance. Our in-house analysis shows that our compliance rate last year actually had a spike of 87 percent. We are not positive that that is a trend or just a spike. But a lot of the changes that have happened, of course, has been the automation of how we assembled the data to do the analysis for whether it is a financial integrity issue or a competition issue.

But—I am not sure if I am answering your question correctly. But the automation has helped significantly, in that our resident agents, those people that are out there on the ground, those 55 individuals that work a State or a region, are very closely in contact with their regional offices so that the information that they are collecting is available for analysis much quicker.

PACKERS AND STOCKYARDS PROGRAM COMPLIANCE RATES

Mr. ADERHOLT. Your testimony also points out that a slight increase can lead to improved industry compliance, as you strive for 100 percent compliance levels from the current rate of 87 percent. Can you confirm that you are on track to exceed performance within the packers and stockyards area of responsibility?

Mr. MITCHELL. Well, of course, we establish a strategic plan, and our target was actually below the 87 percent. We always want to have 100 percent compliance, but we also know that if you put out goals and targets that may be beyond our reach, you are setting yourselves up for failure to start with. And, as I mentioned earlier, I believe last year's goal was 81 percent, and we had 87.

We don't know yet how this year will turn out. There is some concern, given the reductions in resources, that those resident agents are not in a position to travel quite as much as they did to the various sale barns, packer houses, and the folks that we review. It is a little early to tell whether or not we are going to meet our initial strategic plan target or whether we are going to be closer to last year's 87 percent.

FERAL SWINE PROGRAM

Mr. ADERHOLT. Mr. Under Secretary, you mentioned in your opening comments about the—talked a little about the Feral swine program. And I have had people contact me in my office and we have had discussions about this very issue. APHIS's largest proposed increase is for the Feral swine control program. The agency is requesting $20 million and 95 staff-years to support a multifunction program aimed at containing and controlling the animal population. Your budget request gives two primary reasons for the request: one, to reduce the damage caused by these animals; and, two, reduce the health risk posed to humans, domestic animals, and wildlife.

If you could help me and, of course, the members of this subcommittee to understand the agency's primary goal or priority here, because the request falls under the Wildlife Service and not the Animal Health.

Mr. AVALOS. Mr. Chairman, as I mentioned earlier, feral swine has become a real, real problem in this country, you know, where they have reached 5 million; in 4 years, 10 million. They went from 15 States to 38 States. So it has become a national problem.

The Department of Agriculture is addressing the issue, but it is also a health issue. You know, feral hogs carry 20 diseases that they can transmit to wildlife, transmit to livestock, and transmit to humans. And then they do extensive damage to crops, extensive damage to public property and private property, $1.5 billion in damage.

We are at a point to where, even though we have tight budgets, we just can't wait. This invasive species is spreading so quickly and causing havoc all over the country. We really need a national plan to address this problem. To try to take it State by State would not work. We need a national plan that is comprehensive, that has everyone on the same page trying to eradicate this invasive species in some cases, trying to prevent the spread in other cases, but in all cases maintain populations at a level where we can manage them.

So, anyway, I hope that is answering your question. This is a priority to us. It is primarily because of agriculture, from our perspective, but it is also a health benefit that is outside of USDA.

Mr. ADERHOLT. So that is the reason it falls under Wildlife Services?

Mr. AVALOS. Yes, it does.

Mr. ADERHOLT. As opposed to Animal Health.

Mr. AVALOS. Well, I will let Mr. Shea explain that.

Mr. ADERHOLT. Sure, absolutely.

Mr. SHEA. Mr. Chairman, it falls under our Wildlife Services because they have the experience and the expertise to deal with wildlife. And this is, indeed, wildlife. So they know how to handle it.

I just want to add one quick thing, if I could, in terms of the animal health threat. This committee provided us hundreds of millions of dollars to eradicate pseudorabies in swine, and these feral swine could spread it back and ruin all of that work. So that is another example of why we need to put a stop to the spread of feral swine.

They are already to New Hampshire. That is how far they have spread in the last few years.

Mr. ADERHOLT. Thank you. My time has expired.

Mr. Farr.

Mr. FARR. I think they originated in California because they have come a long way.

RED BLOTCH DISEASE

Recently, we have a new virus in our wine grape area. It is called Red Blotch. It is primarily on red varietals of wine grapes. These grapevines produce clusters with reduced sugar content, causing delayed harvests and increasing acidity in the wine and the grape.

The Department was very effective at creating a technical working group to combat the European grapevine moth as opposed to the light brown apple moth. And I want to know if you can put together that technical working group again to help us inform our State plant health officials and the industry on appropriate responses, on research, on surveillance, on recommended industry practices, and to us in Congress if we need regulatory activities to combat the Red Blotch Disease.

Mr. SHEA. Mr. Farr, we have learned over the past few years that the wine drinkers of America are a powerful, powerful constituency. And we have every intention of setting up the panel as you suggest.

Mr. FARR. Thank you very much. That is what I wanted to hear. And we will get the details on that.

ORGANIC PRODUCTION AND MARKET DATA INITIATIVE

Let me ask you another question. The Organic Production and Market Data Initiative, ODI, is a multiagency organic data collection initiative that collects information vital to maintaining stable markets, creating rich management tools, and negotiating equivalency agreements with foreign governments for the growing of organic crops.

In 2011, I cosponsored a successful amendment with strong bipartisan support to fund this data collection and price reporting at the Agricultural Marketing Service. How does the agency plan to continue the price data collection and dissemination to support the growing organic sector in U.S. Agriculture?

Mr. AVALOS. Mr. Shipman, could you answer this for the Congressman?

Mr. SHIPMAN. I will certainly try.

We have continued to expand our reporting of organic crops through our market news reporting system. Some of the area that we have had cuts, our budget compared to 2010 is 20 percent lower this year than it was, but we have continued to be able to report on the organic market news reports.

I had a figure here. I think we have over 200 organic reports right now that are being provided to the marketplace to help them do that market transparency and information.

Mr. FARR. So despite all this sequestration and across-the-board cuts, you are going to continue to try to collect the data and disseminate it——

Mr. SHIPMAN. We are making every——

Mr. FARR [continuing]. In the same way that you have been?

Mr. SHIPMAN. Yes. We are making every effort to do that in all of the programs. Over the past couple years, we have done a lot of business process reengineering, and market news was one of the areas. We believe that we have been able to drive some efficiencies into it. While we are reducing reports, it hasn't been as drastic as it would have been if we hadn't made those changes.

Mr. FARR. Thank you. Appreciate the use of technology in that, as well.

I have some other questions. I am just going to submit them for the record. I have to go across the hall to Secretary Shinseki.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Mr. Chair, I can kind of wrap up here, too.

FERAL SWINE

I hadn't given thorough consideration to the topic of the swine problem that you were talking about earlier, but I certainly am aware, having heard quite a bit about how significant the problem is, how much it is growing. It doesn't appear to me to be an issue we have had to deal with much in Maine, but much more confined to southern and sort of bigger hog-producing States.

But I have heard about it a little bit from the side of people concerned about how the process goes to make sure that we are eradicating wild swine, that we are dealing with the health issues around it, and not interfering with the people who produce heritage breeds.

So you hear a few horror stories about this. As I always say, I have a tiny little farm. We grow 18 pigs a year and sell them for slaughter. And they get a good price because they are heritage breeds, they are not the most wild-boarish heritage breeds. But I certainly hear and I get a lot of letters from people who say, don't come take my hogs. And I think there has been a little bit of activity.

So how are you dealing with the issues around this very significant problem, particularly in areas that have a lot of hog production, and a lot of them become wild, and then you have this big issue, yet not overstep the bounds into those people who are legitimately—they are not letting their pigs loose, they are raising them in sufficient confinement and appropriate technique, but they are finding significantly good markets, either for heritage breeds or let's—you know, also, you know, it has become increasingly popular to have wild boar on restaurant menus. Much of the wild boar are just those hogs that got loose and somebody caught them and then they shot them and then they brought them in and they are making money off of them. Now, I don't think that is enough to fix the problem.

But I just want to make sure that you guys fill me in a little bit about how you are protecting those legitimate producers who see themselves as protecting heritage breeds or getting a good market for a slightly different kind of hog.

Mr. AVALOS. Absolutely. It is a good question for clarification, because we are talking about wild pigs, feral hogs. We are not talking about heritage breeds that are being raised under, you know, under a fenced-in condition or in a pen. We are talking about animals that run wild, that run with no boundaries.

And so there is a big difference. We would never, ever look at going to what I would call a domestic pig, even if it is a heritage breed, that is on someone's property in someone's fenced in area. We are talking about pigs that are running wild. So it would definitely not impact on the type of production you are talking about.

Ms. PINGREE. And I appreciate you saying that. And I believe the problem is so big you are focusing on that. But the next time I get an impassioned call from someone who claims that the reverse is happening, I will be directly in touch, just so you can help walk me through it.

These things become urban and rural myths that grow out of proportions, and sometimes perhaps they are true. So I think it is important to give people confidence because they lack trust in their government around issues like this.

Mr. AVALOS. I would be more than happy to discuss it with you anytime.

Ms. PINGREE. Great. Thanks.

Mr. ADERHOLT. Thank you, Ms. Pingree.

Let me just wrap up. As you heard the buzzers, we are going into votes here in the next few minutes.

AVIAN INFLUENZA/H7N9 IN CHINA

But your budget notes that the poultry industry is valued at $35 billion or more, while some economists have calculated the total estimated impact on the U.S. Economy could be around $257 billion. Not only is this industry a vital part of our national economy and the economies of the very district that I represent, north Alabama, but it provides many Americans and people across the world with an affordable source of valuable protein.

What my question would be would be to explain a little bit to the subcommittee here why the President's budget proposes a decrease of $2.5 million, especially in light of the continued incidence of high- and low-path avian influenza in places like Mexico and the avian influenza outbreak in China that has been linked to, I think, at least 10 deaths or more.

So could you speak to that a little bit, or one of your colleagues that may have some more detailed information on it?

Mr. AVALOS. Mr. Chairman, I am going to take a crack at it, and then I might have to turn it over to Mr. Shea.

Mr. ADERHOLT. Okay.

Mr. AVALOS. First, on the budget reductions, it does not impact whatsoever on the surveillance for the commercial poultry industry. That level of surveillance would not be impacted by reductions. The reductions are a result of previous investments that we had internationally and on surveillance that we had for wild birds. So the domestic surveillance would not be impacted.

Now, on the H7N9 in China, I just want to say that at USDA we are part of a multiagency group. APHIS, Mr. Shea had some of his people that are on this committee that are monitoring this situation in China. We receive daily situation reports.

And the risk of spread of H7N9 from China to the U.S. is very low. And it is very low because the U.S. does not import poultry, we do not import unprocessed poultry products, and we do not import nondomestic birds from China.

Do you want to expand on that, Mr. Shea?

Mr. SHEA. I would just say that some of the funding that we have already finished the project for was some work in Southeast Asia. We helped some countries there, Laos and others, set up their capacity to deal with avian influenza, again, things like technical ability, how to set up their laboratories. So some of the things that we spent money on, we feel like we have finished that part of the work. But, absolutely, we will not cut back one bit on surveillance.

And this industry is especially valuable to us in the sense—we were talking earlier about cost-sharing—that this industry spends a lot of money itself. This industry works with us very carefully to set up the regulations. There is the National Poultry Improvement Plan, which is essentially a grower-managed group that we work with. And they get together every year and decide what sanitary standards are going to be in place on how product moves and how birds have to be tested. So we have complete devotion to this project, I can assure you.

Mr. ADERHOLT. Thank you.

Well, again, we appreciate your testimony this morning and for coming before the subcommittee to answer questions.

As Mr. Farr had mentioned, there may be some questions that all of us will have that we may want to submit for the record that we would request your response to. And we appreciate your answering those.

Mr. ADERHOLT. So, again, we look forward to working with you as we move forward on the fiscal year 2014 budget.

And, at this time, the subcommittee is adjourned.

UNITED STATES DEPARTMENT OF AGRICULTURE
MARKETING AND REGULATORY PROGRAMS MISSION AREA
QUESTIONS FOR THE RECORD
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING
April 18, 2013

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT ADERHOLT

MICROBIOLOGICAL DATA PROGRAM

Mr. Aderholt: The President's fiscal year 2014 budget proposes once again to eliminate funding for the Microbiological Data Program (MDP) as well as the Pesticide Recording Keeping Program. Congress was very clear in both the fiscal year 2012 and 2013 appropriations that funding was not provided for MDP.

Please provide a status of the Microbiological Data Program and confirm for the record if USDA did in fact close MDP in fiscal year 2013.

Response: The Microbiological Data Program was shut down as of December 31, 2012.

Mr. Aderholt: What are the estimated savings from shutting down MDP alone?

Response: The estimated savings from shutting down the MDP is $4.3 million based on the funding provided in FY 2012.

Mr. Aderholt: Did AMS work with the Food and Drug Administration (FDA) to ensure that the activities previously conducted in MDP would be shifted over to or covered by FDA in their sampling programs?

Response: The Food and Drug Administration (FDA) was made aware that USDA planned to terminate the Microbiological Data Program.

MANDATORY COUNTRY OF ORIGIN LABELING
(COOL)

Mr. Aderholt: On March 12, 2013, USDA published a proposed rule in the Federal Register that modifies the mandatory COOL labeling regulations. A final rule must be in place by May 23, 2013 to be in compliance with a World Trade Organization (WTO) decision prompted by complaints from Canada and Mexico. When Congress first passed COOL legislation over ten years ago, the intent was to provide consumers with additional information to help them make purchasing decisions. There have been a number of delays and changes in this program over these ten years. The changes proposed in March of this year may have a major impact on meat and poultry production as well as an economic burden on retail establishments with increased costs for new labeling and packaging.

Please inform the Committee of what other options are available, irrespective of current law or regulation, to inform the U.S. retail consumer of a products' country of origin, so as to prevent the Canadian and Mexican governments from retaliating against U.S. exports at the WTO.

Response: The WTO found that the United States has the right to adopt mandatory COOL requirements. We are confident that the proposed changes will improve the overall operation of the program while also bringing the current COOL requirements into compliance with the WTO ruling. These proposed changes will ensure that consumers are provided with more detailed origin information for muscle cut meats to allow them to make informed purchasing decisions.

Mr. Aderholt: Does USDA believe there is an inconsistent policy here where the labeling for an animal based product must state where the animal was born, raised, and slaughtered if other such products are simply required to declare where a product is imported from?

Response: USDA does not believe there is an inconsistent policy for labeling meat cuts. For imported meat covered commodities, the Country of Origin Labeling (COOL) regulations retain the requirement to label products with the origin information as declared to Customs and Border Protection under the Tariff Act. When meat is produced in the United States from an animal that has been born, raised, and/or slaughtered in more than one country of origin, however, the COOL statute does not allow such meat to be labeled with a single country of origin. Instead, the statute lays out three categories of labeling that require several countries of origin to be declared on the label for such covered meat commodities to reflect the different countries in which the animal was born, raised and/or slaughtered.

Mr. Aderholt: Does USDA have information to show that U.S. consumers use the Country of Origin Labeling (COOL) for meat and poultry and 'for other products to make their purchase decisions? Please provide a summary of related studies on the matter.

Response: A number of comments on the March 12, 2013, proposed rule contained references to various consumer studies. The findings of these studies are summarized below.

One survey of consumers in Louisiana pre-mandatory COOL found that 93 percent of the consumers surveyed supported mandatory origin labeling of fresh and frozen beef in retail stores (Schupp and Gillespie, 2001).

A 2003 Purdue University study found that if processors and retailers shouldered a mid-level implementation cost (as in the proposed rule), a very small increase in demand of 0.23 percent would generate an economic surplus for farmers (VanSickle, et al, 2003).

A 2003 survey found that 73 percent of consumers in Denver and Chicago were willing to pay more for beef labeled "USA: Guaranteed born and raised in the U.S." and were willing to pay 42¢ per pound more for COOL-labeled steak (an 11 percent premium) and 36¢ per pound (a 24 percent premium) more for COOL-labeled hamburger. When a specific label stating "U.S.A. Guaranteed: Born and Raised in the U.S." was offered, consumers were willing to pay an average $0.81 per pound more for the labeled steak than for an unlabeled steak (Umberger, 2003).

A 2005 survey found that nearly two-thirds of consumers (60 percent) preferred the country of origin labeling to be administered by a government policy rather than by companies marketing the meat. This same survey revealed consumers were willing to pay 9¢ per pound more (a 2.5 percent premium) for certified U.S. pork and 20¢ per pound more for COOL beef (a 2.9 percent premium) (Loureiro and Umberger, 2005).

A national poll in 2007 found that 94 percent of those surveyed believe that consumers have a right to know the country of origin of the foods that they purchase, and 85 percent of consumers say knowing where their food comes from is important (Gunn and Gray, 2008).

A 2009 study estimated that either a 2 percent increase in demand or a 2 percent increase in willingness to pay for U.S.-origin beef or pork would provide a net economic surplus to both livestock producers and to consumers if the cost of implementing COOL was in the mid-range (Chung, Zhang and Peel, 2009).

A 2012 survey found that consumers were willing to pay $1.77 more per 12 ounce portion for a meat product labeled "Product of United States" compared to an unlabeled product. By contrast, consumers were only willing to pay an additional $1.07 per 12 ounce portion for a meat product with a less precise "Product of Canada, Mexico and US" compared to an unlabeled product (Tonsur, 2012).

Mr. Aderholt: Please provide the Agency's assessment of the impact of not having Country of Origin Labeling (COOL), for meat and poultry products.

Response: The World Trade Organization (WTO) found that the United States has the right to adopt mandatory COOL requirements. USDA received over 450 comments, including four petitions signed by more than 40,000 individuals, which expressed their opinion that the proposed rule makes labels more informative for consumers. If COOL was not required, consumers would not have information on most of the meat products they purchase.

Mr. Aderholt: What activity is AMS conducting related to surveillance and enforcement of Country-of Origin Labeling? What is the total cost and what enforcement actions has the Agency been involved in during fiscal year 2012 and fiscal year 2013 to date?

Response: The Agricultural Marketing Service has conducted retail surveillance activities and supplier traceback audit activities since the implementation of the final rule in March 2009.

In 2012, 3,694 retail reviews were completed by State cooperators; 521 follow up retail reviews were completed by federal employees; and 225 covered commodity items were audited through the supply chain by federal employees. Enforcement actions include 2,783 initial notices of non-compliance sent to retail store locations which required written corrective actions and preventative measures to be submitted. Additionally, 496 final notices of non-compliance were sent to retailers that were non-responsive to the initial notices.

In 2013, 2,061 retail reviews have been assigned to State cooperators; 558 follow up retail reviews have been assigned to federal employees; and 200 products are currently being audited through the supply chain by federal employees.

The cost of retail enforcement actions in 2012 was approximately $2.5 million. The total anticipated cost for retail enforcement activities in 2013 is $1.68 million.

WEB-BASED SUPPLY CHAIN MANAGEMENT SYSTEM

Mr. Aderholt: The Web Based Supply Chain Management system (WBSCM) is a USDA system designed to manage the purchase of USDA commodities for school feeding and international food aid programs. USDA started to receive funding for this system in 2006. The system finally went "live" in FY 2011 and supported full operations in FY2012. The FY 2014 budget requests an increase of $6.8 million for an upgrade to WBSCM software.

Please provide the total cost of designing, building, and operating WBSCM by the end of fiscal year 2013. Please explain how AMS' estimate differs from resources reported to OMB in the Exhibit 300, if any.

Response: The total cost of designing, building and operating WBSCM from inception to FY 2013 is $187,664,701. The current Exhibit 300 does not deviate from the listed total cost.

Mr. Aderholt: This project began in the fall of 2006 and rolling implementation began June 30, 2010 with full functionality available April 1, 2011. Why would USDA suggest that this system's success would be severely threatened unless the Department receives an increase of $6.8 million for a technical upgrade after only being in operation for a very short timeframe?

Response: The Web-Based Supply Chain Management System (WBSCM) functionality will be severely threatened unless the Department spends an additional $6.8 million for a technical upgrade because of the aged commercial software platform on which the system is built. WBSCM is based on SAP commercial software that was purchased shortly after the project began in 2007. The as-built SAP version utilized in the development of WBSCM does not support newer browser versions, is not compatible with newer software applications used by external users, such as schools, food banks, international recipients, and vendors, which make up 95% of WBSCM users, and the platform will not be supported by SAP after fiscal year 2015. An upgrade will make the system current and supported by SAP long-term, thereby extending its life expectancy.

Mr. Aderholt: Provide the Subcommittee with a status of the Web-Based Supply Chain Management System operations as well as the operating costs for fiscal years 2012 and estimated for fiscal years 2013 and 2014.

Response: In FY 2012, WBSCM directly supported the order, procurement and delivery of 9.5 billion pounds of farm food commodities at a cost of

$2.9 billion to the following programs: Commodity Supplemental Food Program (CSFP), The Emergency Food Assistance Program (TEFAP), Food Assistance in Disaster Situations, Food Distribution Program on Indian Reservations (FDPIR), National School Lunch Program (NSLP), School Breakfast Program, Summer Food Service Program (SFSP), Child and Adult Care Food Program (CACFP), Titles II and III of Public Law 480, Food for Progress, Section 416(b) of the Agriculture Act of 1949, McGovern-Dole International Food for Education and Child Nutrition Program and the United Nation's World Food Programme. Total WBSCM operating cost for FY 2012 is $28 million and is currently estimated at $33 million for FY 2013 and at $39 million for FY 2014.

PESTICIDE RECORDKEEPING PROGRAM

Mr. Aderholt: Please update the table that appears in the last year's hearing record showing states in the Pesticide Record Keeping Program, federal funds, state funds for fiscal year 2012, and estimates for fiscal years 2013 and 2014.

Response: The information is submitted for the record for fiscal years 2012 and 2013. The program is proposed for termination in fiscal year 2014.

[The information follows:]

Pesticide Recordkeeping Program				
	FY 2012 Funding		Est. FY 2013 Funding	
State	Federal	State	Federal	State
Alabama	$40,000	$2,000	$40,000	$2,000
Arkansas	60,000	3,298	45,000	2,250
Georgia	47,482	3,309	47,000	2,350
Idaho	-	-	24,000	1,200
Illinois	36,318	1,913	24,180	2,000
Iowa	49,879	2,625	48,998	2,579
Kansas	33,000	2,000	-	-
Kentucky	40,000	3,250	40,400	2,100
Louisiana	-	-	40,000	2,105
Michigan	40,000	2,860	40,000	2,000
Minnesota	58,718	5,085	45,000	2,300
Mississippi	26,969	4,050	26,940	5,942
Montana	38,000	3,070	34,450	1,723
Nevada	-	-	-	-
New Mexico	40,000	3,127	30,124	1,586
North Carolina	46,400	3,492	45,000	2,363
Oklahoma	50,000	3,250	40,000	2,106
Oregon	-	-	40,905	2,045
South Carolina	30,918	3,101	31,000	1,550
South Dakota	30,500	2,047	28,000	2,000
Tennessee	32,168	2,427	25,000	1,250
Utah	30,000	1,579	-	-
Virginia	26,252	1,382	18,427	970
West Virginia	25,779	1,766	-	-
Wyoming	12,680	2,000	-	-
Subtotal, State	795,063	57,631	714,424	42,419
Subtotal, Direct	795,063	57,631	714,424	42,419
Federal Administration	1,035,937	-	1,013,576	-
Total	1,831,000	57,631	1,728,000	42,419

Note: State funding represents only those States that have agreements with the Federal program.

Mr. Aderholt: Please provide an explanation of how the state programs without federal funding currently operate and how those states receiving federal funds can function without federal funding and do so without negative effects.

Response: There are 23 States that operate their own programs without federal funding. These states operate under state regulations that are federally recognized. The states have implemented procedures to inspect certified applicators when complaints are filed or they combine pesticide recordkeeping inspections with other state and federal inspections during one visit to a certified applicator. These state programs produce and distribute their own educational outreach materials and information.

The 27 states that receive federal funding operate under Federal regulations would have to revise their current programs to operate without this funding. While each state may implement this change differently, it is likely they would follow the precedent set by the 23 States that currently receive no federal funding.

TRANSPORTATION AND MARKETING PROGRAMS

Mr. Aderholt: Please update the table in last year's hearing record that presents a list of all programs and initiatives, mandatory and discretionary, which provide related support for the marketing of locally produced food.

Response: USDA has a number of programs that support marketing of locally produced food and the Transportation and Marketing Program initiative complements ongoing programs. The Department is taking a coordinated approach to local food access, including connecting food producers to new market opportunities. These programs provide producers with financing and technical assistance to expand their operations, to improve their marketing opportunities through regional food hubs and farmers markets, and to develop innovative techniques unique to their needs.

The USDA programs below support local food production, marketing and access opportunities. For many of them, local food is a small part of their overall portfolio.

[The information follows:]

USDA programs where some projects may support local food production, marketing and access opportunities	
USDA Agency	Programs
Agricultural Marketing Service	• Farmers Market Promotion Program Grants • Specialty Crop Block Grants • Federal-State Marketing Improvement
Farm Services Agency	• Microloans program
Food and Nutrition Service	• WIC and Senior Farmers' Market Nutrition Programs
National Institute of Food and Agriculture	• Community Food Projects • Beginning Farmer and Rancher Development Program • Sustainable Agriculture Research and Education Program • Small Business Innovation Research Program
Rural Development	• Business and Industry Guaranteed Loans • Value-Added Producer Grants
Natural Resources Conservation Service	• Environmental Quality Incentives Program
Forest Service	• Urban and Community Forestry Program

Other Federal agencies and programs that support local foods market development opportunities are:

Federal programs where some projects may support local food production, marketing and access opportunities	
Federal Agency	Programs
National Oceanic and Atmospheric Administration	• Seagrant Market Development and Branding
Farm Credit Administration	• Educational materials for institutions in the Farm Credit System about meeting the credit and services needs of local food farmers and certain farm-related businesses, such as food hubs
Environmental Protection Agency	• Website designed to assist in converting brownfields into urban agriculture sites • Urban Farm Business Plan Handbook
Department of the Treasury	• Financing Healthy Food Options Resource Bank
Department of Housing and Urban Development	• Sustainable Communities Regional Planning Grants
Centers for Disease Control and Prevention	• Healthier Foods in Communities web page

TRANSPORTATION AND MARKETING PROGRAMS

Mr. Aderholt: Please update the information in last year's hearing record that lists recent research or studies that show support for as well as arguments against the statement in the FY 2013 President's Budget: "small and medium-sized producers have experienced a substantial improvement in farm income as a result of these direct sales to consumers, restaurants, schools and other institutional outlets." Please add any additional studies or reports that speak to the advantages and disadvantages of the push for local and regional food hubs.

Response: Evidence continues to build that direct-to-consumer food marketing and intermediated (producer-to-intermediary-to-consumer) local food marketing channels offer higher incomes and more control to the farmers in negotiating prices. Food hubs serve as aggregation and distribution centers for local producers to access larger and more diverse markets, often paying higher prices, than they would be able to reach through direct-to-consumer options or working with brokers or wholesalers. In some situations, food hubs also provide smaller retailers such as corner stores and bodegas with access to local foods in quantities that are manageable for their smaller scale of operations, as well as supplying larger buyers such as institutions, restaurants, larger retailers, and other commercial buyers.

Supports the Claim

Barham, J., Tropp, D., Enterline, K., Farbman, J., Fisk, J., Kiraly, S. (2012). Regional Food Hub Resource Guide, U.S. Department of Agriculture, Agricultural Marketing Service, Washington, DC. (In-depth case studies of food hubs and compilation of nation food hub survey results)

Brown, C., and Miller, S. (2008). The impacts of local markets: A review of research on farmers markets and Community Supported Agriculture (CSA). American Journal of Agricultural Economics, 90(5),1298-1302 doi:10.1111/j.1467-8276.2008.01220.x (Multiple jurisdictions, focused on economic impacts)

Diamond, A., Barham, J. (2012). Moving Food Along the Value Chain: Innovations in Regional Food Distribution. U.S. Department of Agriculture, Agricultural Marketing Service, Washington, DC. (Lessons learned about strategic distribution of local foods from detailed case studies)

Martinez, S., Hand, M., Da Pra, M., Pollack, S., Ralston, K., Smith, T., Vogel, S., Clark, S., Lohr, L., Low, S., and Newman, C. (2010). Local Food Systems: Concepts, Impacts, and Issues, ERR 97, U.S. Department of Agriculture, Economic Research Service, Washington, DC. (National scale literature review)

Mattson, J., Sullins, M., and Cook, K. (2013). The Role of Food Hubs in Local Food Marketing. Special Report 73, U.S. Department of Agriculture, Rural Development, Washington, DC. (Analysis of supply chain and rural development benefits associated with food hubs)

Onozaka, Y., and McFadden, D.T. (2011). Does local labeling complement or compete with other sustainable labels? A conjoint analysis of direct and joint values for fresh produce claims. American Journal of Agricultural Economics 93(3),693-706. doi: 10.1093/ajae/aar005. (National consumer study on willingness to pay for local foods)

Tayler, D.F., and Miller, C.R. (2010). Rethinking local business clusters: the case of food clusters for promoting community development. Community Development, 41(1), 108-120 doi: 10.1080/15575330903548778. (ME - Local Produce business cluster economic impact on farms and related agribusinesses)

Does not support the Claim

Abatekassa, Getachew & Peterson, H. Christopher. (2011). Market access for local food through the conventional food supply chain. International Food and Agribusiness Management Review, 14(1):63-82. (highlights differences in local food perceptions, buying experiences and perceived benefits and risks associated with local food sourcing activities, and sourcing competition)

Jablonski, Becca B. R., Perez-Burgos, Javier & Gomez, Miguel I. (2011). Food value chain development in central New York: CNY Bounty. Journal of Agriculture, Food Systems, and Community Development, 1(4). (gives cautions for market development)

Lev, L., Gwin, L. (2010). Filling in the gaps: Eight things to recognize about farm-direct marketing, Choices Magazine, 25 (1).

Lohr L., and Park T. (2010). Local selling decisions and the technical efficiency of organic farms. Sustainability 2(1), 189-203 doi:10.3390/su2010189.

Uematsu, H., and Mishra, A.K. (2011). Use of direct marketing strategies by farmers and their impact on farm business income. Agricultural and Resource Economics Review 40(1), 1-19.

SHELL EGG SURVEILLANCE PROGRAM

Mr. Aderholt: Please explain how AMS's Shell Egg Surveillance Program provides the Food and Drug Administration and/or the Food Safety and Inspection Service with support for the respective agency's food safety activities.

Response: The Shell Egg Surveillance (SES) Program provides for routine inspections of shell egg handlers to control the disposition of certain types of loss and undergrade eggs. It also mandates that shell eggs sold to consumers contain no more restricted eggs than permitted in U.S. Consumer Grade B and that restricted eggs be disposed of properly.

AMS implemented an electronic system that provides immediate notification to the Food Safety and Inspection Service (FSIS) when a violation of the Egg Products Inspection Act occurs - such as improper storage or refrigeration temperature violations. The collaborative efforts of AMS and FSIS through the SES Program help ensure storage and transport of shell eggs under required refrigerated conditions, which is a mitigation step to reduce the risk associated with the presence of Salmonella Enteritidis.

In 2011, AMS and the Food and Drug Administration modified their interagency agreement (MOU) after the passage of the Food Safety Modernization Act to improve and expand the exchange of information between the two agencies. AMS graders and SES inspectors report observation of potential violations of the Federal Food Drug and Cosmetic Act (FFDCA) that reflect a high risk or probable contamination while conducting grading or inspection activities. FDA notification of potential violations is accomplished through the use of an electronic Interagency Referral Report.

Mr. Aderholt: What resources are exchanged via reimbursable agreements between AMS and FSIS related to the inspection of shell eggs?

Response: No financial resources are exchanged between AMS and FSIS related to the inspection of shell eggs.

Mr. Aderholt: Please provide a five year history, including estimation for fiscal year 2013 that shows the number of handlers, total inspections, inspection rates, and compliance rates for both egg handling operations and hatcheries to control the disposition of certain types of under grade and restricted eggs.

Response: The table below includes the information requested.

[The information follows:]

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Est.
Number of Handlers	840	829	855	834	818
Inspections: Producer/Packer and Grading Stations (1 visit per quarter)	2,061	2,063	2,114	2,043	1,980
Hatchery, Exempt Breaking Station, Cooked Egg Operation, & Inedible Collection Facility (1 Visit per year)	349	349	373	368	232
Compliance Rates	86%	85%	85%	87%	88%

PESTICIDE DATA PROGRAM

Mr. Aderholt: Please provide a summary of the results from the latest Pesticide Data Program annual report, including a summary of positive results/statistics and results needing further review or action.

Response: The latest Pesticide Data Program (PDP) annual report summarizes data collected in 2011 and was published on the PDP website in February 2013.

In 2011, residues exceeding the tolerance in food were detected in 32 of the 11,894 samples tested (0.27 percent). Of these 32 samples, 25 were imported and 7 were domestic. Residues with no established tolerance were found in 399 samples of the total samples tested (3.4 percent). Of these 399 samples, 280 were imported, 115 were domestic, and 4 were of unknown origin.

For water in 2011, of the 239 (treated and untreated) drinking water samples collected at water treatment facilities in 3 States and a total of 604 groundwater samples collected from private domestic wells and school/childcare facilities, only low levels of residues, measured in parts per trillion, were detected in both drinking water and groundwater. No detections, in either treated or untreated water, exceeded established Maximum Contaminant Levels, Health Advisories, Human Health Benchmarks for Pesticides, or Freshwater Aquatic Organism criteria.

Although results for 2011 did not require further action, USDA felt it was important to keep industry and regulatory agencies updated on findings so that they could take appropriate action, if deemed necessary. To this end, PDP reached out to stakeholders such as baby food manufacturers, crop groups representing apple and pear growers, mushrooms, tomatoes, watermelon and other crops to inform them of results and to provide data to address trade issues. PDP also prepared monthly pesticide tolerance reports for the Environmental Protection Agency (EPA) and the Food and Drug Administration (FDA) to keep them informed of pesticide residue findings.

Mr. Aderholt: Provide a table for the record showing the funding for the Pesticide Data Program since fiscal year 2008 to include estimates for fiscal years 2013 and 2014. Please include both direct and reprogrammed appropriations, if applicable.

Response: The information is submitted for the record.

[The information follows:]

Pesticide Data Program
(Dollars in Thousands)

Fiscal Year	Funding
2008[1/]	$15,348
2009	15,527
2010	15,908
2011[1/]	15,367
2012	15,937
2013 Estimate[2/]	14,471
2014 Estimate	15,347

[1/] Net of Rescission

[2/] Net of Sequestration & Rescission

Mr. Aderholt: Please provide a complete list of states that are participating in the Pesticide Data Program and the amount of federal funds spent in each state for fiscal years 2008 through estimated fiscal years 2013 and 2014. If the Department spent additional funds for the testing of water, please include a list of those states and the amount spent per state for this same period.

Response: There are thirteen States participating in the Pesticide Data Program. As of June 1, 2013 three States - Minnesota, Montana and Wisconsin - will cease to participate and ten States will remain in the program.

[The information follows:]

PESTICIDE DATA PROGRAM
Obligations in Participating States
(Dollars in Thousands)

State	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
California	$2,490	$2,600	$2,600	$2,624	$2,583	$2,413	$2,600
Colorado	69	440	390	292	70	65	70
Florida	1,350	1,195	1,421	1,345	1,300	1,195	1,250
Maryland	85	93	85	80	85	85	85
Michigan	1,245	1,270	1,260	1,245	1,705	1,168	1,250
New York	1,655	1,625	2,075	1,976	2,047	1,810	1,875
North Carolina	-	-	26	20	20	20	30
Ohio	995	995	1,193	1,040	1,516	956	1,050
Texas	1,200	1,160	1,160	1,260	1,473	1,156	1,200
Washington	1,060	1,080	1,000	1,300	1,300	1,185	1,300
Wisconsin	90	98	98	92	80	47	0
Other, foods	101	224	86	50	15	10	10
SUBTOTAL, FOODS	10,340	10,780	11,394	11,324	12,194	10,100	10,720
Colorado	321	-	-	-	-	-	-
Minnesota	395	320	345	335	348	127	-
Montana	399	360	365	335	335	132	-
New York	195	200	200	-	-	-	-
Other, water	75	78	82	-	-	-	-
SUBTOTAL, WATER	1,385	958	992	670	683	259	-
Federal Expenditures	3,463	3,789	3,522	3,373	3,060	4,112	4,627
TOTAL	15,188	15,527	15,908	15,367	15,937	14,471	15,347

Mr. Aderholt: What data was provided to the Environmental Protection Agency (EPA) in fiscal year 2012 or fiscal year 2013 to date as it relates to dietary risk assessments?

Response: During FY 2012 and FY 2013, PDP provided data for 49 pesticides, plus their metabolites/breakdown products, that were scheduled for registration review by EPA and required pesticide residue data for dietary risk assessment.

These 49 pesticides included compounds in the following pesticide classes: carbamate insecticides, neonicotinyl insecticides, pyrethroid insecticides, triazine herbicides, sulfonyl urea herbicides, and phenoxy acid herbicides. PDP also supplied data for more than 400 additional pesticides, including metabolites/breakdown products, which are scheduled for review after FY 2013 and whose assessments will include FY 2012 and FY 2013 PDP data.

PDP data on drinking water also supports EPA dietary risk assessments. The drinking water data covers more than 200 pesticides, including metabolites and breakdown products.

Mr. Aderholt: Does EPA reimburse AMS for any data or services provided to EPA for registration or any other activities as it relates to pesticides? If so, please provide details.

Response: EPA does not reimburse AMS for any data or services related to pesticides; however, the EPA Biological and Economical Analysis Division (BEAD) Analytical Chemistry Laboratory provides laboratory resources for specific projects as agreed upon between AMS and EPA. These projects are carried out in conjunction with PDP sampling activities.

Mr. Aderholt: Please describe what data is exchanged between AMS, FSIS, EPA, and FDA exchange pesticide data on a regular basis? If so, what data and for what purpose.

Response: AMS' Pesticide Data Program (PDP) regularly provides data to EPA for use in dietary risk assessments. During FY 2012, PDP provided data for more than 400 pesticides, including metabolites/breakdown products, for use in dietary risk assessments. PDP catfish and milk residue data were specifically requested by EPA for use in reviewing the effects of bio-accumulation and bio-magnification, which have implications for endangered species.

PDP provides data to FDA on presumptive violations. FDA uses this data to assist in guiding its regulatory sampling and testing program.

In return, EPA and FDA provide information to PDP on pesticide usage in countries other than the U.S., particularly where there is a significant import component for a given crop. These pesticides may not necessarily have a U.S. tolerance, and therefore would not otherwise be included in the PDP testing profile.

PDP exchanges methodology and technical information with FSIS. For example, PDP recently provided analytical method training for testing meat and poultry to FSIS scientists in preparation for their expansion of testing profiles to include new chemistries.

Mr. Aderholt: Please provide a table that shows spending, by agency, for pesticide use and data collection and analysis to include fiscal year 2012 actuals and fiscal years 2013 and 2014 estimates.

Response: AMS's Pesticide Data Program (PDP) conducts pesticide data collection and analysis through agreements with States, USDA and other partners. The details on spending are provided for the record.

[The information follows:]

Pesticide Data Program Obligations (Dollars in Thousands)			
Partners	**FY 2012 Actual**	**FY 2013 Estimate**	**FY 2014 Estimate**
States[1/]	$12,877	$10,369	$10,710
AMS[2/]	2,910	3,930	4,447
NASS[3/]	35	30	30
GIPSA[4/]	100	132	150
Other[5/]	15	10	10
Total	**15,937**	**14,471**	**15,347**

[1/] Includes 13 cooperating States in fiscal year 2012: California, Colorado, Florida, Maryland, Michigan, Minnesota, Montana, New York, North Carolina, Ohio, Texas, Washington and Wisconsin. Three States - Minnesota, Montana and Wisconsin - ceased participation as of June 1, 2013 and are not expected to return in fiscal year 2014.

[2/] AMS expenditures include testing performed by AMS' National Science Laboratory in Gastonia, North Carolina.

[3/] Statistical and sampling support.

[4/] Sampling and Testing of grains in fiscal years 2012, 2013, and 2014.

[5/] Quality assurance service providers

NATIONAL ORGANIC PROGRAM

Mr. Aderholt: How many certifying agents have been accredited in the organic program to date? What is the estimated percentage of the organic industry with accreditation? Of the total number accredited, how many have been evaluated on-site?

Response: There are currently 84 certifying agents accredited under the National Organic Program (NOP). All certifying agents overseeing certified organic operations and products must be accredited. This accreditation ensures that all certified organic producers and handlers are operating in accordance with the USDA organic regulations. On-site evaluations have been conducted on all 84 accredited certifying agents, and are repeated approximately every 2.5 years, at the midpoint and at the renewal point of the five-year accreditation term.

Mr. Aderholt: Please update the table that appears in last year's hearing record showing how much has been spent by year for the Organic Certification Program, along with a brief description of the purpose.

Response: The information is submitted for the record.

[The information follows:]

Organic Certification Program Activity	Year	Funding ($ in Millions)
The Department allocated $120,000 for NOSB activities, which included three NOSB meetings and eleven NOSB subcommittee meetings following Federal Advisory Committee Act (FACA) procedures. AMS continued to provide communication to the organic community and encouraged them to work together with the NOSB to assist the program.	1992	0.12
The Department allocated $45,646 for NOSB activities which included three NOSB meetings. AMS continued to serve as liaison with other agencies and the organic community.	1993	0.05
AMS received $500,000 in Marketing Services for the National Organic Program to arrange meetings, prepare public notices of the meetings, prepare minutes, and help private certifiers develop and submit technical dossiers. We arranged and conducted livestock hearings across the country, issued contracts to technical advisers to coordinate the materials review process, participated in international standards development at Codex, and coordinated with other agencies and Departments on program activities related to their missions. The Department allocated $57,571 for NOSB activities from the Department's advisory committee account for two Board meetings.	1994	0.50

Organic Certification Program Activity	Year	Funding ($ in Millions)
AMS drafted regulations, communicated with the organic community on issues and concerns, provided mailings on USDA recommendations, and participated in development of international guidelines development under Codex. Coordinated and implemented the required Technical Advisory Panel reviews of substances under consideration for the National List of Allowed and Prohibited Substances. The Department allocated $40,000 for NOSB activities from the Department's advisory committee account for two Board meetings.	1995	0.54
AMS' NOP drafted regulations subsequent to NOSB recommendations for the program. Participated in a Codex meeting to develop international guidelines for organic production and processing, continued to provide support for the NOSB, and discussed the proposed organic rule with other agencies that may be affected, such as the Environmental Protection Agency and the Food and Drug Administration. The Department allocated $33,000 for NOSB activities from the Department's advisory committee account for one Board meeting.	1996	0.53
NOP continued drafting the proposed rule for publication and public comment. No additional funds were available from the Department's advisory committee account.	1997	0.50
The proposed rule was published December 16, 1997. The public comment period was extended to April 30, 1998. NOP supported a meeting of the NOSB in March of 1998 to review the proposed rule.	1998	0.50
Over 275,000 public comments were received on the initial publication of the proposed rule, mostly in opposition. A second public comment period was opened for 45 days to receive input on three issue papers concerning animal confinement, animal medications, and termination of certification. NOP again participated in the Codex Committee on Food Labeling and provided support for two NOSB meetings.	1999	0.92
A re-proposed rule was published on March 7, 2000, with a 90 days public comment period. There were 40,774 public comments received during that period. In addition, NOP held three public meetings on organic seafood production. The program participated in one industry-only meeting sponsored by Alaska governor Tony Knowles and Senator Ted Stevens. NOP participated in the Codex Committee on Food Labeling, Organic Food Working Group in Ottawa, Canada and supported three NOSB meetings.	2000	1.00

Organic Certification Program Activity	Year	Funding ($ in Millions)
A final rule was published on December 21, 2000, became effective on April 21, 2001, and was fully implemented on October 21, 2002. Again NOP participated in the Codex Committee on Food Labeling. With additional funding approved, one full-time employee was hired to assist NOP staff with the accreditation of certifying agents. Initial accreditation began of domestic and foreign certifying agents and policy directives were developed and compiled into program manuals. In addition, there were three NOSB meetings this year.	2001	1.56
AMS continued the implementation process and announced the first group of accredited certifiers on April 21, 2002. Once these State and private certifying agents were certified, they began inspecting participating producers and handlers to certify compliance with the National Organic Standards. NOP continued to provide staff support for the NOSB which held two meetings this year. NOP staff assisted these Board meetings through the review of substances for addition to the National List and publication of proposals to amend the National List.	2002	1.60
AMS continued the implementation of the organic regulations including onsite evaluations of accredited certifying agents; developing organic standards equivalency Agreements with foreign governments; enforcement of the National Organic Standards; completion of guidance documents to clarify existing standards; consultations with industries on additional production and handling standards; identifying issues and developing curricula for regional training for accredited certifying agents; and the development of consumer information. NOP continued to provide staff support for the NOSB which held two meetings.	2003	1.52
AMS continued the accreditation process, including onsite evaluations of certifying agents to examine their operations and to verify compliance with the National Organic Standards. FY 2004 activities also included the accreditation of additional applicants; development of organic standards equivalency agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and rulemaking to clarify existing standards; continued development of production and handling standards; continued training for accredited certifying agents; and staff support for the NOSB which held two meetings. AMS used funding increase to hire additional staff, increase support activities for the NOSB and finance peer reviews and Technical Advisory Panel reviews of petitioned materials.	2004	1.97

Organic Certification Program Activity	Year	Funding ($ in Millions)
AMS administration of NOP including, as a part of the accreditation process, onsite evaluations of accredited certifying agents to examine their operations and to verify their compliance with the National Organic Standards. Additional activities included: accreditation of additional applicants; development of organic standards, equivalency agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents to clarify existing standards; establishing task forces for the development of production and handling standards for aquatic species and pet food; and conducting training sessions for certifying agents. NOP continued to provide staff support for the NOSB which held 3 meetings during fiscal year 2005.	2005	1.98
FY 2006 activities included the accreditation of additional applicants; continued development of organic standards equivalency/recognition agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and possible rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species; regional training for accredited certifying agents; and development of consumer information. The National Organic Program continued to provide staff support for the NOSB which held two meetings.	2006	1.99
FY2007 activities included the accreditation of additional applicants upon completion of accreditation requirements; continued development of organic standards; development of additional recognition agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species and pet food; regional training for accredited certifying agents; and development of consumer information. The NOP continued to provide staff support for the NOSB which held two meetings.	2007	2.00

Organic Certification Program Activity	Year	Funding ($ in Millions)
AMS continued NOP administration, including conducting an ongoing series of onsite evaluations of accredited certifying agents. Additional activities included: accreditation of additional applicants; continued development of organic standards; development of additional recognition agreements with foreign governments; enforcement of the National Organic Standards; development of guidance documents and rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species and pet food; training for accredited certifying agents; and development of consumer information. The NOP provided staff support for the NOSB which held one meeting along with an aquaculture symposium in November 2007 and conducted another board meeting in May 2008.	2008	3.13
AMS conducted a series of onsite evaluations of accredited certifying agents; accredited additional applicants; continued development of organic standards; development of additional recognition agreements with foreign governments; enforced the National Organic Standards; developed guidance documents and rulemaking to clarify existing standards; continued cooperation in the development of production and handling standards for aquatic species and pet food; conducted training for accredited certifying agents; and development of consumer information. The NOP provided staff support for the NOSB which held two meetings.	2009	3.88
In FY 2010, AMS received a $3.1 million increase for the NOP which was used, in part, to hire 14 new staff to carry out the enforcement and administration needs of the program. NOP issued new operating procedures designed to increase the effectiveness of enforcing organic standards; increased the use of civil penalties, issuing eight civil penalties (more than all of the civil penalties issued during the first seven years of the program) and closed 123 complaint cases. The program conducted several international compliance assessments and audits, and published a Program Handbook, which provides those who own, manage, or certify organic operations with guidance and instructions to support regulatory compliance.	2010	6.97

Organic Certification Program Activity	Year	Funding ($ in Millions)
In fiscal year 2011, the NOP continued accreditation, standards development, and compliance and enforcement activities. This included new rulemaking related to the National List, new draft and final guidance documents for the NOP Program Handbook, ongoing accreditation activities, assessments related to international agreements, support for two NOSB meetings, and compliance and enforcement activities. The NOP received and began investigative activities on 181 complaints, representing a 15 percent increase from 2010. The NOP completed 128 complaint investigations, issued ten civil penalties for willful violations of the NOP regulations. The NOP also improved outreach, communication, and provided an on-line list of organic operations. The NOP Appeals team implemented process improvements that led to a reduced average appeal decision time from 709 to 416 days.	2011	6.92
In FY 2012, the NOP continued its standards development activities, accreditation program, and compliance and enforcement activities. The NOP released several rules and guidance documents; conducted audits of USDA-accredited certifying agents, including 45 accreditation renewal audits, three midterm audits, two initial audits, three surveillance audits, and a recognition assessment audit; supported the launch of the U.S.-European organic equivalency agreement; and issued nine civil penalties totaling more than $120,000 through settlement agreements for willful violations of the USDA organic regulations. The NOP also supported two National Organic Standards Board meetings.	2012	6.92
To date in FY 2013, NOP has continued to administer the USDA organic regulations, including developing and releasing multiple rules, instructions, and guidance documents; managing the National List petition and evaluation process; overseeing accredited certify agents; conducting compliance and enforcement activities; supporting the National Organic Standards Board meetings; conducting training programs with both certifiers and auditors. The NOP also manages the NOP appeals process and engages in a variety of communication and outreach activities to describe organic certification and educate stakeholders on the standards.	2013 Estimate	6.53

Mr. Aderholt: How much do you plan to spend in the current year on organic certification implementation and for what purpose?

Response: In fiscal year 2013, $6.5 million has been allotted for the National Organic Program. This funding will be utilized to support three primary functions: 1) organic certification, standards development, accreditation, 2) international activities, 3) compliance, and enforcement. All are necessary to ensure that certifying agents and certified operations are implementing the organic standards with high levels of quality and integrity.

Mr. Aderholt: Provide a table showing the resources, both dollars and staff, which have been expended on the Organic Certification Program since its inception, including fiscal year 2013 and 2014 estimates.

Response: The information is submitted for the record.

[The information follows:]

Organic Regulatory and Certification Activities
(Dollars in Millions)

Fiscal Year	**Staff Years**	**Funding**
1992	2	$0.12
1993	2	0.05
1994	5	0.50
1995	7	0.54
1996	7	0.53
1997	7	0.50
1998	14	0.50
1999	15	0.92
2000	11	1.00
2001	15	1.56
2002	11	1.60
2003	13	1.52
2004	13	1.97
2005	11	1.98
2006	13	1.99
2007	13	2.00

Fiscal Year	Staff Years	Funding
2008	14	3.13
2009	19	3.88
2010	28	6.97
2011	35	6.92
2012	33	6.92
2013 est.	34	6.53
2014 est.	43	9.03

MARKETING NEWS SERVICE

Mr. Aderholt: Under Market News Services, how much did AMS spend for mandatory price reporting in FY 2011 and 2012 and how much does the Agency plan to spend in FY 2013 and FY 2014?

Response: The information is submitted for the record.

[The information follows:]

Agricultural Marketing Service Market News Mandatory Reporting (Dollars in Thousands)			
Fiscal Year	Livestock Mandatory 1/	Dairy Mandatory	Total Mandatory Market News
2011	$6,459	$558	$7,517
2012	6,355	588	7,803
2013 Estimate	5,999	605	6,720
2014 Estimate	6,398	502	6,617

1/ Funding for Livestock Mandatory Reporting (LMR) were included in the total market news budget beginning in 2001. Funding for LMR continues to be included in Market News. Funding levels in fiscal years 2012, 2013 and 2014 reflect overall Market News Program budget changes. Expenditures include dedicated reporting activities and reporting system costs.

Mr. Aderholt: Did AMS eliminate or consolidate any market news reports in fiscal year 2011 or 2012, or does the agency plan to do so in fiscal year 2013 or fiscal year 2014?

Response: In FY 2011 and FY 2012, AMS eliminated approximately 40 individual Livestock, Poultry, and Grain Market News (LPGMN) reports. Most of these reports were redundant or underutilized; several reports were discontinued due to the closure of the auction market covered. In almost all cases, the information contained in those reports is still being captured and is still available to users via the AMS Market News Portal database.

In FY 2012, Fruit and Vegetable Market News eliminated the Pittsburgh Wholesale Market Report due to the significant decline in size and importance of the market. Cotton and Tobacco Market News eliminated the Long Staple Cotton Review report.

In FY 2013 AMS has or plans to eliminate or consolidate 30 more LPGMN reports. The majority of these reports will be consolidated into national or regional summary reports, eliminating any redundant individual reports. Dairy Market News plans to eliminate 5-10 reports with minimal impact; to include reports with AMS sourced information on two wholesale commodities, and a few summary reports.

For FY 2014, additional changes in the number of reports may occur depending on resources and the recommendations of an internal review committee, after consultation with stakeholders and report users. Cotton and Tobacco Market News will look at alternative methods to streamline the data collection and reporting for the Cotton Varieties Planted Report and the monthly forward contracting and cottonseed price components/sections of the Weekly Cotton Market Review. This could include issuing the reports less frequently or reducing the quantity of data reported.

SECTION 32

Mr. Aderholt: Please provide a ten-year table, including fiscal year 2012, showing Section 32 end-of-year unobligated balances.

Response: The information is submitted for the record.

[The information follows:]

Section 32 Commodity Purchases End-of-Year Unobligated Balances (Dollars in Thousands)	
Fiscal Year	Unobligated Balances
2003	$134,322
2004	408,051
2005	286,160
2006	146,760
2007	500,000
2008 1/	293,530
2009 2/	375,374
2010 3/	0
2011	0
2012	0

1/ The 2008 Farm Bill (P.L. 110-246, Section 4222) required that all unobligated balances be transferred to the Food and Nutrition Service (FNS), effective FY 2009.
2/ The FY 2010 Appropriations Bill (P.L. 111-80) required a portion of this balance be transferred to FNS and the remaining amount was to be rescinded (Section 721).
3/ Beginning in FY 2010, this program no longer reports unobligated balances at the end of the fiscal year since all funds above the Section 32 authority are transferred to FNS the following fiscal year.

Mr. Aderholt: Please provide a ten-year table, including projected fiscal year 2013 and 2014, that shows total obligations for Section 32 purchases, and obligations that were incurred in September of each fiscal year for those ten years.

Response: The information is submitted for the record.

[The information follows:]

Section 32 Obligations (Dollars in Thousands)		
Fiscal Year	Total Purchases	
	Annual Obligations	September Obligations
2004	$626,475	$324,287
2005	548,818	76,744
2006	630,805	144,273
2007	721,751	53,271
2008	699,369	95,549
2009	906,813	90,823
2010	939,658	201,323
2011	683,717	326,256
2012	796,812	269,305
2013 Estimate 1/	881,767	196,651
2014 Estimate 1/	873,967	216,872

1/ Section 32 September purchases are estimated for FY 2013 and FY 2014 based on a five year average since purchasing decisions are dependent on market conditions which we are unable to predict. The annual purchase estimates do not include funds set aside for the removal of defective commodities, State Option Contracts, or disaster assistance. Note: The National School Lunch Program purchases support the operational schedule of the Nation's public school system.

Mr. Aderholt: How much did AMS spend in fiscal years 2008 through 2012 on removal of defective commodities? How much does AMS plan to spend on this effort in FY 2013 and 2014? Have any of these funds been obligated in fiscal year 2013 to date? Please include the definition of defective commodity and explain what AMS does with those commodities after they are removed.

Response: A defective commodity is defined as any commodity purchased for distribution under the various domestic nutrition assistance programs that the Secretary determines poses a health or safety risk. After a commodity has been removed for health or safety reasons, it is disposed of according to the type of commodity involved.

AMS uses Section 32 funds for the removal of all defective commodities delivered through USDA domestic nutrition assistance programs. At the beginning of each year, the Secretary authorizes $2,500,000 for the removal of defective commodities, which is reserved in the event AMS has to respond quickly to a public health risk. Through May 10, 2013, $2,300,000 of the $2,500,000 has been allocated for removal and destruction costs related to the recall of peanut butter products announced by the Food and Drug Administration on September 24, 2012.

[The information follows:]

Section 32 Defective Commodities (Dollars in Thousands)	
Fiscal Year	Amount
2008	$49,914
2009	29
2010	-
2011	-
2012	-
2013 Estimate	2,500
2014 Estimate	2,500

Mr. Aderholt: What plans does AMS have to spend funds on the Section 32 direct payment program in fiscal year 2013? Have any of these funds been obligated to date? What commodities qualify for the direct payment program? How does AMS evaluate what commodities are approved for this program?

Response: For fiscal year 2013, there are no plans to spend Section 32 funds on any direct payment program, as general provision 722 in the FY 2013 Appropriations Bill prohibits direct payments under clause 3 of Section 32 (7 USC 6120).

Mr. Aderholt: How much did AMS spend in fiscal years 2008 through fiscal year 2012 to date on directed purchase, emergency surplus removal, direct payment program, and diversion payment program? Please provide a breakout of these obligations by each of these categories and by commodity. How much does the Department expect to spend in all of these categories by the end of fiscal year 2013?

Response: AMS did not have any directed purchases or diversion payment programs in fiscal years 2008 through 2013 to date.

Emergency surplus removal activity is often seasonal in nature due to crops and environmental impacts. It is difficult to predict the need that will arise in a current year. See the tables below for specific emergency surplus removal purchases and direct payments to producers to restore purchase power.

[The information follows:]

EMERGENCY SURPLUS REMOVAL
(Dollars in Millions)

Commodity	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 (Thru April)
Apple Products	-	$13.9	$49.7	-	-	-
Apricots	$5.2	-	-	-	-	-
Beans	-	24.9	-	-	-	-
Beef	-	-	37.4	-	-	-
Blueberries	-	11.0	7.0	-	-	$16.0
Catfish	-	5.0	8.3	-	$9.9	-
Cherries	11.2	-	33.1	-	-	-
Chicken	-	46.4	13.6	$39.9	50.0	-
Cranberries	-	-	17.9	-	-	5.0
Dates	-	-	2.7	-	-	-
Figs	-	-	5.0	-	-	-
Grapefruit Juice	11.0	-	-	-	-	4.3
Lamb	0.6	-	1.9	-	11.8	-
Orange Juice	-	29.5	-	-	-	-
Peaches & Mixed Fruit	-	-	30.9	11.3	-	-
Pears	3.8	-	7.8	-	-	-
Plums	-	-	10.8	4.9	-	-
Pork	17.9	96.5	36.7	-	100.0	-
Potatoes (incl. sweet)	-	-	25.3	-	-	25.0
Strawberries	-	3.3	7.0	-	-	6.6
Tomatoes	3.9	2.7	5.8	-	-	4.5
Turkey	-	58.6	-	-	-	35.0
Walnuts	-	27.7	-	-	-	-
Total	53.6	319.5	300.9	56.1	171.7	96.4

Direct Payment Program*
(Dollars in Thousands)

Description	FY 2009	FY 2010	FY 2011
Producers in North Dakota as a result of flooding that ravaged the region	$750	-	-
Support to South Dakota's Cheyenne River and Standing Rock Sioux Tribes as a result of severe winter weather conditions	-	$3,375	-
Support to poultry producers in Arkansas who suffered losses in December 2008	-	60,000	-
Support to farm-raised aquaculture producers in Arkansas during calendar year 2009	-	20,000	-
Support to producers of upland cotton, rice, soybeans, and sweet potatoes who suffered losses during the 2009 crop year	-	-	$268,000

* No direct payments were made in FY 2008 and FY 2012 and none will be made in FY 2013.

Mr. Aderholt: Please provide a table showing the amounts expended for Emergency Surplus Removal and Disaster Relief for fiscal years 2008 through 2012. Add a similar table showing the amounts expended from Section 32 to restore producer purchasing power.

Response: The information is submitted for the record.

[The information follows:]

Selected Section 32 Activities
(Dollars in Thousands)

Description	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Emergency Surplus Removal	$53,654	$319,513	$300,888	$56,115	$171,726
Disaster Relief	1,722	-	282	4,321	447
Restore Producer Purchasing Power	-	750	83,375	268,000	-

DETERMINATION OF AGRICULTURAL COMMODITY SURPLUS

Mr. Aderholt: The Secretary has the authority to use Section 32 funds to remove surplus commodities from the market and bolster producer prices. Provide a list of each time the Secretary used this authority and the amount used for fiscal years 2008 through 2012, and to date in fiscal year 2013. Please describe the procedure by which USDA determines that a surplus exists in the marketplace.

Response: USDA constantly evaluates individual commodity markets for cyclic downturns in prices and negative returns to producers that jeopardize the long- term viability of the Nation's production capacity. Agricultural production varies from year to year. Weather, growing conditions, and cyclical production patterns contribute to variations in supply. USDA conducts emergency surplus removal of commodities, also known as bonus commodity purchases, to help stabilize prices in agricultural commodity markets.

Decisions on whether or not to support a particular market through Section 32 purchases are based on an objective analysis of market factors. To determine the need for a specific surplus commodity purchase, AMS conducts an economic assessment of commodity market conditions. Demand factors such as domestic consumption and exports are examined in relationship to supply factors such as domestic production, imports, and inventories. Prices paid to producers relative to the cost of production also play an important role in determining whether the industry is in a state of excess supply. Recommendations for a surplus commodity purchase generally address current market conditions that can be improved in the short term by that purchase.

The information is submitted for the record.

[The information follows:]

EMERGENCY SURPLUS REMOVAL
(Dollars in Millions)

Commodity	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 To date
Apple Products	-	$13.9	$49.7	-	-	-
Apricots	$5.2	-	-	-	-	-
Beans	-	24.9	-	-	-	-
Blueberries	-	11.0	7.0	-	-	$16.0
Cherries	11.2	-	33.1	-	-	-
Cranberries	-	-	17.9	-	-	5.0
Dates	-	-	2.7	-	-	-
Figs	-	-	5.0	-	-	-
Grapefruit Juice	11.0	-	-	-	-	4.3
Orange Juice	-	29.50	-	-	-	-
Peaches & Mixed Fruits	-	-	30.9	11.3	-	-
Pears	3.8	-	7.8	-	-	-
Plums	-	-	10.8	4.9	-	-
Potatoes (incl. sweet)	-	-	25.3	-	-	25.0
Strawberries	-	3.3	7.0	-	-	6.6
Tomatoes	3.9	2.7	5.8	-	-	4.5
Walnuts	-	27.7	-	-	-	-
Subtotal, Specialty Crops	35.1	109.7	203.0	16.2	-	61.4
Beef	-	-	37.4	-	-	-
Catfish	-	5.0	8.3	-	9.9	-
Lamb	0.6	-	1.9	-	11.8	-
Pork	17.9	96.5	36.7	-	100.0	-
Subtotal, Livestock & Seed	18.5	104.8	84.3	-	121.7	-
Chicken	-	46.4	13.6	39.9	50.0	-
Turkey	-	58.6	-	-	-	35.0
Subtotal, Poultry Products	-	105.0	13.6	39.9	50.0	35.0
Total, Surplus Removal	53.6	319.5	300.9	56.1	171.7	96.4

Mr. Aderholt: Provide a table showing the details of the administrative expenses account to include fiscal years 2009 through estimated 2013.

Response: The information is submitted for the record.

[The information follows:]

Section 32 Administrative Obligations (Dollars in Thousands)					
Activity	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Commodity Purchase Services	$31,092	$22,276	$33,538	$27,151	$27,731
Marketing Agreements and Orders	17,124	19,802	19,279	19,849	20,056
Total	48,216	42,078	52,817	47,000	47,787

RESEARCH AND PROMOTION PROGRAMS

Mr. Aderholt: Please provide a status of AMS' actions as it relates to any OIG reports covering research and promotion reports in fiscal years 2012 and fiscal year 2013 to date. List all recommendations and a status of the recommendation.

Response: The USDA Office of Inspector General (OIG) conducted two audits pertaining to research and promotion programs overseen by AMS in fiscal years 2012 and 2013:

I) <u>Agricultural Marketing Service's Oversight of Federally Authorized Research and Promotion Board Activities</u> (Report No: 01099-0032-Hy, Issued 3/28/12)

The following two recommendations have been implemented by AMS:

- AMS has strengthened internal controls related to its oversight of board activities and develop Standard Operating Procedures;
- AMS has developed guidance to conduct periodic internal reviews of its progress in strengthening oversight.

II) <u>AMS Oversight of the Beef Research and Promotion Board's Activities</u> (Report No 01099-001-21 Issued 3/29/13)

The following two recommendations are being implemented by AMS and are on schedule:

- Development and implementation of standard operating procedures for management reviews specific to the Beef Board: AMS is developing procedures specific to the Beef Board and will conduct a management review by October 2013.
- Direct the Beef Board to require detailed estimates of project implementation costs (from its contractors) prior to authorizing the projects/contracts: AMS is working with Beef Board management to develop the necessary criteria and documentation for this which will be implemented by September 2013.

Mr. Aderholt: Provide a list of all research and promotion programs that receive funding from FAS, including how much each receives, for fiscal year 2011 and 2012 and estimated for 2013.

Response: In 2011, 2012, and 2013 three research and promotion programs chartered under authority of the Agricultural Marketing Service received funding from the Foreign Agricultural Service (FAS). Funding levels are as follows:

Research & Promotion FAS Funding - Market Access Program (Dollars in Thousands)			
Commodity Board	FY 2011	FY 2012	FY 2013 Est.
National Watermelon Board	$253	$280	$300
Popcorn Board	314	392	397
National Potato Promotion Board	5,260	6,600	6,000

Mr. Aderholt: Were any new research and promotion programs added in fiscal year 2011 and 2012? Does the Agency expect to add any in fiscal year 2013 or 2014?

Response: In 2011, AMS implemented the Softwood Lumber Research Promotion, Consumer Education and Industry Information Order. The Christmas Tree Research and Promotion Program was established in 2011, however, the program was delayed indefinitely to provide additional time for USDA to reach out to the Christmas tree industry and the public.

The Processed Raspberry Promotion, Research and Information Order took effect in May 2012.

AMS does not anticipate any programs for fiscal year 2013, however, Paper and Paper-Based Packaging and Hardwood and Hardwood Plywood may be initiated in fiscal year 2014.

RESEARCH AND PROMOTION PROGRAMS

Mr. Aderholt: Provide a table that displays research cooperative agreements for FYs 2009 through 2012.

Response: AMS enters into cooperative agreements that support applied research on marketing issues, rather than basic scientific research. Below is a listing of the agreements for fiscal year 2009 through 2012.

[The information follows:]

Fiscal Year 2009 Cooperative Research Agreements			
Agreement Number	**Cooperator**	**Project**	**Amount**
A-5068	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	$34,470
A-5069	Agricultural Transportation Research Institute	Agricultural Shippers Workshop and Summary Report	8,900
A-5082	University of Sao Paulo, Brazil	Brazil Soybean Transportation Report - 2009	26,000
A-5104	Board of Trustees of the University of Illinois	5th National Small Farm Conference, Springfield, Illinois	10,000
A-5107	Pacific Coast Farmers' Market Association	Target marketing project with Pacific Coast Farmers Market Association	29,500
A-5194	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	55,660
A-5195	Michigan State University	The 2010 National Survey of US Farmers Market Managers, Phase I	22,000
A-5197	Agricultural Transportation Research Institute	Agricultural Shippers Workshop and Summary Report	33,000
A-5204	Graham Avenue business Improvement District	Strengthening the Graham Avenue Farmers Market: Increasing Healthy food Access and Enhancing Marketing Opportunity for Farmers Market Vendors	94,000
A-5205	FamilyFarmed.Org	Safeguarding Our Food - Preparing Farmers for Food Safety Audits	10,000

Agreement Number	Cooperator	Project	Amount
A-5222	Wallace Center at Winrock	Value Chain Research Collaboration Project	11,000
A-5092	Project for Public Space	7th International Public Markets Conference , San Francisco, CA	10,000
Total			$344,530

Fiscal Year 2010 Cooperative Research Agreements			
Agreement Number	**Cooperator**	**Project**	**Amount**
A-5254	University of Sao Paulo, Brazil	Brazil Soybean Report	$26,000
A-5263 Amd I and Amd II	Michigan State University	National Survey of U.S. Farmers Market Managers Phase II	106,800
A-5268	Agricultural Transportation Research Institute	Agricultural Shippers Workshop and Summary Report	39,000
A-5269	Wallace Center at Winrock	Value Chain Research Phase II	16,000
A-5277	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	57,860
A-5355	Texas AgriLIFE Research	Impacts of Improvements in Brazil's Transportation Infrastructure on the U.S. Cotton Industry	15,500
A-5358	Eastern Market Corporation	Detroit Fresh Food Network: Developing a Model Urban Healthy Food Hub	100,000
A-5388	Wallace Center at Winrock	Regional Food Hub Collaboration	37,400
Total			$398,560

Fiscal Year 2011 Cooperative Research Agreements			
Agreement Number	**Cooperator**	**Project**	**Amount**
A-5355 Amd 1	Texas AgriLIFE Research	Impacts of Improvements in Brazil's Transportation Infrastructure on the U.S. Cotton Industry	$15,500
A-5388	Winrock International Wallace Center	Collaborate on research to understand food hubs	37,400
A-5478	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report 2011	20,000
A-5480	Upper Great Plains Transportation Institute	Agricultural Transportation Center for Research and Policy	47,800
A-5481	Winrock International Institute for Agricultural Development (Wallace Center)	National Food Hub Phase II	30,000
A-5554	Agricultural Transportation Institute	Ag Shipper Workshops	37,500
A-5555	Texas AgriLIFE Research	U.S. Grain and Soybean Exports to Mexico by Final Destination	25,000
A-5563	Soy Transportation Coalition	2012 Agricultural Transportation Conference	25,000
A-5567	Upper Great Plains Transportation Institute	Grain and Oilseed Export Profile	15,000
A-5568	Cornell University	Assessing the economic impact of food hubs	17,000
Total			$270,200

Fiscal Year 2012 Cooperative Research Agreements			
Agreement Number	**Cooperator**	**Project**	**Amount**
A-5388	Winrock International Wallace Center	Collaborate on research to understand the scope and scale of food hub operations	$37,400
A-5481	Winrock International Institute for Agricultural Development (Wallace Center)	National Food Hub Phase II	30,000

Agreement Number	Cooperator	Project	Amount
A-5568 Amd 1	Cornell University	Assessing the economic impact of food hubs	15,000
A-5624	Fundacao de Estudos Agrarios Luiz de Queiroz, University of Sao Paulo, Brazil	Brazil Soybean Transportation Report 2012	20,000
A-5625	Michigan State University	USDA National Farmers Market Directory - 2012 Update	40,500
A-5628	Board of Trustees of Tennessee State University	6th National Small Farms Conference, Memphis, TN	10,000
A-5629	Upper Great Plains Transportation Institute	Agricultural Transportation Information Center for Research and Policy	47,800
A-5631	Project for Public Space	8th International Public Markets Conference,Cleveland,OH	10,000
A-5633	Fresh Moves	Facilitating Expanded Food Access and Research Through Mobile Markets	45,000
A-5634	Gorge Grown	Facilitating Expanded Food Access and Research Through Mobile Markets	25,000
A-5636	Agricultural Transportation Institute	Ag Shipper Workshops	45,000
A-5637	University of Wisconsin- Madison	Measuring Effects of Mobile Markets on Healthy Food Choices	64,465
A-5639	University of Wisconsin- Madison	Local and Regional Food Supply Chain Match Making Event	45,000
A-5640	Kansas State University	U.S.-South America Ocean Grain Freight Spreads	20,000
A-5641	Michigan State University	USDA 's National Farmers Market Directory -- 2013 Continuous Update Form	131,000
A-5660	University of Kentucky Research Foundation	National Study of Community Supported Agriculture (CSA) Operations	49,840
A-5661	Lehigh University	Impacts of Relationship-Based Online Marketing and Social Media Use on CSA Programs	19,940
A-5662	University of Maryland	Impacts of Relationship-Based Online Marketing and Social Media Use on CSA Programs	39,800

Agreement Number	Cooperator	Project	Amount
A-5663	Farmers Market Coalition	Assessing the Return on Public Investment in the USDA Farmers Market Promotion Program	20,000
Total			$715,745

PLANT VARIETY PROTECTION ACT

Mr. Aderholt: Provide a table for the Plant Variety Protection Act that shows the number of applications received, the number of applications pending action, the number of applications approved, the number of certificates issued, and the number that expired to include fiscal year 2012 and estimates for 2013. Also include the average time it takes AMS to approve of an application- from the time of receipt to final approval.

Response: The information is submitted for the record.

[The information follows:]

Plant Variety Protection Program Status of Application		
	FY 2012	FY 2013
Applications Received	491	450
Applications Pending Action	1,109	800
Applications Approved 1/	570	700
Certificates Issued	315	600
Applications that are abandoned, denied, ineligible, or withdrawn	20	50
Expired Certificates 2/	208	112

1/ Includes certificates issued plus those recommended for issuance by the examiner.
2/ Certificates expire after 18 to 20 years.

In fiscal year 2012, 315 certificates were issued with an average processing time of 2.9 years (processing time increased while the office is working at eliminating cases from the inventory that are more than 4 years old). The Plant Variety Protection Office (PVPO) has instituted process improvements to help reduce the average time for application approval based on an analysis conducted in 2011. Several factors affect the number of applications approved and processing time including:

- number of applications received, which fluctuate based on:

  - o economics of seed developers
  - o value of the developed varieties
- number of applications pending action
- number of staff available within the PVPO to complete the analysis, and
- quality of the applications submitted.

REIMBURSABLES

Mr. Aderholt: Please update last year's hearing record to show reimbursement made to OCIO for support in fiscal years 2012 through estimates for fiscal year 2014?

Response: The information is submitted for the record.

[The information follows:]

OCIO (Dollars in Thousands)			
OCIO ACTIVITIES	FY 2012	FY 2013	FY 2014 Estimate
e-Gov Initiatives	$485	$484	$492
Network Services	788	864	880
Telecom Services	1,700	1,853	1,886
Enterprise Data Center Cost Management (NITC)	8,391	8,668	8,824
Total	$11,364	$11,869	$12,082

STANDARDIZATION PROGRAM COSTS

Mr. Aderholt: Please provide a table showing standardization program costs by commodity for fiscal years 2012, 2013, and 2014.

Response: The information is submitted for the record.

[The information follows:]

Standardization Program Cost (Dollars in Thousands)			
Programs	**FY 2012**	**FY 2013 Estimate**	**FY 2014 Estimate**
Cotton and Tobacco	$1,407	$1,373	$1,404
Dairy Products	702	686	745
Fruits and Vegetables	1,400	1,367	1,540
Livestock, Poultry and Seed	1,145	1,121	1,187
Science	125	120	100
Total	$4,779	$4,667	$4,976

COMMODITY PROCUREMENT ACTIVITIES

Mr. Aderholt: What steps are being taken to correct and improve management controls, accountability for contaminated products, corrective actions, and sampling procedures concerning AMS' oversight of the commodity purchases? Please address each issue separately.

Response: AMS continually reviews management controls, accountability for contaminated products, corrective actions, and sampling procedures concerning AMS' oversight of the commodity purchases. Products that have been found to be non-compliant with purchase requirements are diverted from USDA purchase programs and must be accounted for through traceability reporting as to the disposition of the product. AMS has various programs in place to ensure any corrective actions identified through internal or external audits are documented and found to be effective through on-going verification and monitoring audits performed by AMS.

Mr. Aderholt: Please provide the Subcommittee with information discovered over the past year on state and local purchases of lean finely textured beef as part of the National School Lunch Program.

Response: AMS does not collect statistics on purchases made at the state and local levels, and therefore cannot provide information on state and local purchases of lean finely textured beef.

However, USDA does purchase beef for schools participating in the National School Lunch Program. Although lean finely textured beef is a safe and nutritious source of beef, USDA offered recipients the option to order items that do not contain lean finely textured beef starting with deliveries in July 2012. This decision was in response to concerns by a number of customers. In fiscal year 2012, schools ordered 3.2 million pounds of products containing lean finely textured beef out of a total of 316.7 million pounds of beef ordered by schools, representing 1 percent of total orders.

FARMERS' MARKET PROMOTION PROGRAM

Mr. Aderholt: Please update the Committee on the costs and activities of the Farmers' Market Promotion Program.

Response: In fiscal year 2012, 131 grants were announced on September 21, 2012. These awards totaled $9,003,831.

[The information follows:]

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	**Recipient and Purpose**	**Award**
ALASKA	Juneau Arts and Humanities Council, Juneau, AK, to expand the Juneau Farmers Market, enabling local fishermen to sell fish at the farmers market and attract a larger clientele through advertising, purchasing refrigeration and market display equipment, and buying promotional materials.	$17,687
ARIZONA	Historic Globe Downtown Association, Globe, AZ, to increase vendor participation and customer shopping through the purchase of promotional materials, signage, and vendor equipment or use at the Globe-Miami Farmers Market.	$11,103
	Baja Arizona Sustainable Agriculture, Tucson, AZ, to purchase supplies, educational materials, advertising and promotional items, develop an advertising campaign and community and producer education programs, and market and promote four farmers markets in Cochise County.	$78,739
	Tempe Community Action Agency, Tempe, AZ, to establish a new farmers market, increase marketing opportunities for local growers, and improve food access to residents of a food desert by hiring a market manager and promoting the market to residents with an advertising campaign.	$49,522

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		Recipient and Purpose	Award
ARKANSAS		La Lucha Space, Conway, AR, to increase the supply and availability of healthy local food to the region's food desert residents by establishing six new retail food stores and a new vendor development program, holding a lessons-learned workshop for market managers, and publishing a manual for local food system workers.	$87,425
CALIFORNIA		Fresh Approach, Concord, CA, to develop and operate a mobile farmers' market in five food desert communities in Contra Costa County, California, and to provide culturally appropriate health and nutrition education for mobile market customers to promote healthy food choices.	$89,496
		Northern California Regional Land Trust, Chico, CA, to build an online direct-marketing website to take customer orders that will be filled by a network of small and mid-size farmers in the Northern California counties of Butte, Glen, and Tehama.	$78,300
		Siskiyou County Economic Development Council, Yreka, CA, to develop a marketing campaign to increase the direct sales volume of small farmers in Siskiyou and Shasta counties by creating a database of producers and products, building a website, and creating a printed map showing the locations of farms, farmers markets, farm stands, and U-pick operations.	$80,045
	EE	Heart of the City Farmers Market, San Francisco, CA, to increase access of SNAP, CalFresh and conventional customers to fresh food and increase EBT usage by: 1) opening the Market one additional day weekly, 2) increasing outreach to SNAP recipients, 3) purchasing market supplies, and 4) installing signage.	$93,778

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	Recipient and Purpose	Award
	Venice Action Committee, Venice, CA, to create an online community of farmers markets and others to serve farmers markets and unite the farmers market industry by purchasing an enterprise computer and developing algorithms, software, and user interfaces to better serve communities in need and act as a communications tool for farmers markets managers.	$97,175
	Charles R. Drew University of Medicine and Science, Los Angeles, CA, to purchase supplies, advertising, and needed equipment to open and operate a monthly farmers market at the 20,000-member Crenshaw Christian Center in South Los Angeles.	$81,240
	East Stanislaus Resource Conservation District, Modesta, CA, to expand the season of operation for its West Modesto Farmers Market to a year-round farmers market, create a marketing campaign and website, purchase signage, and make public service announcements to promote Stanislaus County farms, farmers, farm products, and residents.	$84,778
	West Enterprise Center, dba West Company, Fort Bragg, CA, to encourage Community Supported Agriculture (CSA) operations in Mendocino County with an analysis of the potential CSA market, training and support of local producers to participate in CSAs, and promotion of CSAs to the community.	$94,016
	Plumas Rural Services, Quincy, CA, to increase the number and skill of small farmers in the Northern Sierra area by creating a farmer marketing network and training farmers in production and marketing techniques.	$91,446
	To City of Woodland, CA, for a marketing and promotional campaign to heighten public awareness of and increase vendor participation in the Woodland Farmers Market.	$42,976

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	Recipient and Purpose	Award
	Trust for Conservation Innovation, San Francisco, CA, to promote direct producer-to-consumer marketing through CSAs and farm stands to faith-based groups in Northern California with a conference, outreach, technical assistance, training, and resource materials.	$87,209
	City of Lancaster, CA, to promote its farmers market through workshops and an educational campaign that will increase low-income and low-food-access consumers' access to healthy food and increase market sales.	$27,000
COLORADO	Southern Ute Community Action Programs, Inc., Ignacio, CO, to support five publicity events to promote local producers in La Plata County, which includes the organization of chef competitions, bike tours, translators, and producer-buyer workshops.	$42,709
	Sherwood Project, Denver, CO, to expand sales of local farmers by purchasing cooling and storage equipment, signage, and training personnel to distribute weekly boxes of fresh organic food to 70 families who live in a food desert using food sourced from local farms and 10 micro-farms that will be established in the targeted area.	$87,548
CONNECTICUT	Hartford Food System, Hartford, CT, to study promotional methods at six successful farmers market and apply the lessons learned to the North End Market, which serves a nearby high-poverty area and to supply the market with promotional materials.	$77,208
	Central Connecticut Regional Planning Agency, Bristol, CT, to expand Urban Oaks Farmers Market capacity to serve more of the low-income, low food-access surrounding community and enable more farmers to participate in the market by	$70,533

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		Recipient and Purpose	Award
		increasing storage and display capacity at the market and increasing the market's service range by purchasing a refrigerated truck to make deliveries of fresh produce to markets.	
DISTRICT OF COLUMBIA	EE	DC Greens, Inc., Washington, DC, to: 1) increase customer participation at 4 farmers markets; and 2) reach low-income and Federal nutrition benefit recipients in the market neighborhoods, with a targeted outreach into neighboring communities, direct mailings, cooking demonstrations, and improved market signage, resulting in better health for market patrons and an increase in sales for 40 farmers.	$94,150
		University of the District of Columbia, Washington, DC, to establish two new farmers markets in a low-income neighborhood of Washington, DC, and provide transportation options for seniors.	$73,500
FLORIDA	E/EE	Earth Learning, Inc., Miami, FL, to create Harvest Markets, a food hub for sustainably-grown local foods in southern Florida that will make local farm products available to low-income communities through an expanded farmers market and a new mobile market, both of which will accept SNAP/EBT.	$93,902
		Broward Regional Health Planning Council, Hollywood, FL, to create three new farmers markets and form a network of farmers and farmers markets in food desert areas in Broward County.	$89,736
		Health Foundation of South Florida, Inc., Miami, FL, to open three new farmers markets that will give residents of low-income regions of Miami-Dade County access to fresh, local food, provide an education program in healthy eating for youth, and develop a community outreach program with signage, advertisements, and TV commercials.	$91,267

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State		Recipient and Purpose	Award
		City of Tallahassee, FL, to increase the amount of fresh, local food in a low-income food desert by providing educational workshops to train farmers in direct sales and marketing value-added products and demonstrating to residents the benefits of fresh, locally grown food.	$68,600
		Clara White Mission, Inc., Jacksonville, FL, to develop a farm, farmers market, and vocational training program that will help train food desert residents as producers and market vendors and give access to fresh, local food to residents of a low-income community.	$81,040
		Florida West Coast RC&D Council, Inc., Ellenton, FL, to aid local food co-ops that provide fresh, locally grown food by developing a new single-point delivery system consisting of refrigerated storage and refrigerated transportation to the four co-ops located adjacent to food desert area, training the co-ops to recruit new members, and promoting the co-ops to consumers.	$23,968
GEORGIA		Georgia Organics, Inc., Atlanta, GA, to promote six farmers markets, five of which are in low-income communities, by employing welcome activities, online engagement, and an advertising campaign to increase healthy food access for low income individuals and communities.	$73,203
		Telfair County Board of Commissioners, McRae, GA, to develop a new farmers market and enable a wider variety of vendors including limited-resource and minority farmers to sell at the market by enhancing product storage capacity and securing necessary market equipment.	$63,153
	EE	Health Care Central Georgia dba Community Health Works, Macon, GA, to promote the expansion of the Mulberry Street Market through: 1) an extensive marketing and educational campaign, that	$87,165

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT   EE = existing EBT project   E/EE = new and existing EBT

State		Recipient and Purpose	Award
		will also increase access of SNAP recipients with EBT; and 2) provide a mobile market to bring wholesome food to customers in food deserts.	
		Clarkston Community Center, Clarkston, GA, to provide marketing and information exchange opportunities and increased market capacity for refugee farmers by creating a food hub, implementing promotional and advertising campaigns, purchasing cold storage equipment, and expanding the Clarkston Farmers Market from monthly to weekly operation.	$89,875
	E	Truly Living Well Center for Urban Agriculture, East Point, GA, to serve consumers living in Atlanta food deserts and train new farmers to sell at farmers markets by: 1) expanding the delivery system from local urban farms to several farmers markets, 2) purchasing equipment to swipe EBT cards and train vendors in its use, enabling its markets to accept SNAP and EBT, 3) training new farmers to sell at the markets, and 4) developing a marketing campaign with signage and promotional materials to inform residents in Atlanta food deserts.	$68,750
		Community Farmers Markets, Inc., Atlanta, GA, to enlarge the capacity of the Grant Park and East Atlanta Village Farmers Markets, located in food deserts, by providing training and mentoring in farm-to-market for farmers and expanding outreach into nearby low-income areas to promote a "Double SNAP" program.	$87,041
		Athens Land Trust, Athens, GA, to establish a farmers market in a low-income part of Athens and promote the market to the community by recruiting and training vendors, conducting outreach and marketing to consumers, installing cold storage equipment, and initiating educational programs to promote healthy cooking and eating practices.	$89,529

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	**Recipient and Purpose**	**Award**
	Lowndes County Partnership for Health, Inc., Valdosta, GA, for a community-supported agricultural center that will serve as a food hub and educational center to increase access to affordable, nutritious, local food in low-income food deserts in South Georgia by purchasing a mobile farmers market van, offering a series of workshops to train vendors, and establishing community gardens for resident use.	$96,858
HAWAII	Hawaii's Volcano Circus, Pahoa, HI, to increase the availability of fresh local foods and increase the economic activity of the region by establishing a mobile commercial kitchen rental program for farmers and conducting outreach to expand the products available at the SPACE Farmers Market.	$86,433
ILLINOIS	Fuller Park Community Development Corporation, Chicago, IL, to develop the Eden Place Nature Center Farmers Market by increasing the number of market days and recruiting more vendors to provide pre-sold CSA vegetables boxes to low-income residents.	$90,130
	Coalition of Limited English Speaking Elderly, Chicago, IL, to offer business and marketing training and to create a CSA to be operated by urban refugee farmers in Chicago for consumers in a low-income neighborhood.	$28,108
	Angelic Organics Learning Center, Caledonia, IL, to develop two farmers markets, two farm stands, and a CSA operation in food desert areas, to conduct direct marketing training and promotions, and pilot a food aggregation center.	$97,440
	Loyola University of Chicago, Chicago, IL, for a promotional campaign to increase patronage at the Loyola Farmers Market by members of its low-income and elderly community through targeted	$47,583

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		Recipient and Purpose	Award
		direct mailing to announce food benefits programs accepted by the market and to educate consumers about food preparation.	
		Catholic Charities of the Archdiocese of Chicago, Chicago, IL, to increase a low-income area's access to local fresh fruit and vegetables by establishing and promoting a mobile farmers market that will offer fresh local products and provide cooking demonstrations and nutrition information.	$92,833
	E	Joliet Junior College District, Joliet, IL, to expand a farmers market into a weekly event, purchase market supplies and equipment, secure promotional materials and advertising, conduct training and outreach for farmers and consumers, and obtain EBT capacity to serve the neighborhood's low-income residents.	$92,059
		Jacksonville Main Street, Jacksonville, IL, for a campaign to promote the Farmers Market on the Square to downtown residents, low-income residents in food deserts, and visitors.	$18,058
		City of Freeport, IL, to create and establish the Food Enterprise Center, a shared-use community kitchen, food business incubator, and public market serving a low-income area in Freeport.	$80,504
INDIANA		Plainfield Chamber of Commerce, Plainfield, IN, to promote and expand the Plainfield Farmers Market and to develop a comprehensive marketing plan for vendor and customer recruitment.	$18,358
IOWA		City of Davenport, IA, to establish a year round market for local and regional foods at the Freight House Farmers Market by purchasing: 1) refrigerated storage and value added processing and packaging equipment, 2) infrastructure for electronic purchasing, and 3) creating a certified kitchen incubator	$100,000

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	**Recipient and Purpose**	**Award**
	for educational training and classes for producers and consumers.	
	Iowa League of RC&D's, Inc., Oakland, IA, to increase sales of local food within Iowa communities by building 120 producer profiles for use in promotional materials and web applications to be used in building closer producer-consumer connections.	$57,681
KENTUCKY	Farm & Garden cooperative Association dba Lexington Farmers Market, Lexington, KY, to promote the Lexington Farmers Markets in low-income communities through two outreach programs targeted at low-income residents in food deserts and farm-to-school vendors and consumers, better serve local farmers and residents, and educate school children on the benefits of healthy eating habits.	$86,820
	Western Kentucky University Research Foundation, Inc., Bowling Green, KY, to serve the area's farmers and consumers by promoting the Community Farmers Market with a local food directory available in print and mobile app versions, biannual conferences, and a mobile kitchen for healthy food demonstrations.	$82,194
LOUISIANA	Imperial Calcasieu Resource Conservation & Development Council, Jennings, LA, to increase the number of vendor/farmers and consumers at the Coushatta Farmers Market by hiring a market manager and implementing an advertising and marketing campaign.	$81,288
	New Orleans Food & Farm Network, New Orleans, LA, to provide interactive and hands-on training to new urban farmers in New Orleans by sponsoring two 14-week training modules that cover business management, marketing strategies, farm management, and legal principles related to urban farming.	$86,501

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		**Recipient and Purpose**	**Award**
MAINE	EE	Cultivating Community, Portland, ME, to create and promote six farm stands in low-income areas that accept Federal nutrition benefits by: 1) training refugee growers and vendors; 2) procuring EBT terminals and basic infrastructure for the stands; and 3) marketing the farm stands with targeted outreach, promotional materials, and advertising programs.	$96,204
MARYLAND		Suitland Family and Life Development, Lanham, MD, to buy equipment and infrastructure to establish a new farmers market with a professional market manager that will serve low income residents of a food desert.	$77,863
MASSACHUSETTS	E	Essex Agricultural Society dba Northeast Harvest, Topsfield, MA, for providing wireless Electronic Benefits Transfer machines to five farmers markets that do not have them, increasing sales at the markets and providing Federal benefit recipients access to healthy, locally grown food.	$30,852
	E/ EE	Regional Environmental Council, Inc., Worcester, MA, to: 1) improve the Main South Farmers Market with various management, marketing and training programs; 2) extend the market's reach in neighborhoods with an additional 15 stops by the mobile market; and, 3) provide each farmers market and mobile market location with terminals to accept EBT, SNAP, WIC and senior coupons.	$77,010
		Nuestras Raices, Holyoke, MA, to build the capacity of an existing farmers market in a food desert, establish a new mobile market to serve the food desert community, provide nutrition education and outreach to consumers, and promote and advertise the markets to build opportunity for beginning refugee and immigrant farmers as well as existing farmers.	$53,302

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		Recipient and Purpose	Award
MICHIGAN		YMCA of Greater Grand Rapids, Grand Rapids, MI, to implement a strategic marketing plan to increase use of food assistance benefits such as SNAP and WIC at a farmers market and mobile market with the goal of enhancing low-income residents' buying power and local farmers' sales.	$86,159
		Dixboro Village Green Inc. dba Dixboro Farmers Market, Ann Arbor, MI, to better serve area consumers and farmers by expanding the Dixboro Farmers Market with a usage-based promotional campaign to attract new vendors and customers and by ensuring that the market manager obtains Serve Safe certification to meet local health department requirements.	$37,377
		ProMedica Bixby Hospital, Adrian, MI, to establish a mobile market, and conduct outreach, education, and networking among corner stores and local producers to increase the availability of local, healthy foods in direct-market food retail outlets in food deserts and low-income areas.	$66,035
		Barrien-Cass-Van Buren Workforce Development Board, Inc., Benton Harbor, MI, to increase sales of locally grown products by establishing collective marketing group for Southwest Michigan farmers to build a regional agritourism brand and operate a year-round market that takes advantage of tourism opportunities.	$76,144
	E	City of Warren, MI, to improve the access by consumers to fresh, locally grown food by: 1) starting a new farmers market, 2) purchasing EBT equipment and supplies, and 3) conducting outreach to educate consumers in a low-income area about the benefits of fresh food.	$23,598
		People's Education for a Sustainable Future, Kalamazoo, MI, to expand local food access in a low-income community of Kalamazoo by expanding the Douglass	$49,609

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	Recipient and Purpose	Award
	Farmers Market from a monthly to a weekly market, supporting business needs of local farmers, and providing a part-time market coordinator.	
	City of Westland, MI, to implement a transportation initiative and promotional campaign to increase food desert residents' access to and use of the Westland Farmers Market.	$81,020
MINNESOTA	Farmers Legal Action Group, Inc. (FLAG), St. Paul, MN, to expand immigrant farmers' direct marking opportunities by providing farmer education on accepting food assistance benefits and food safety and handling regulations and practices, and by conducting farmer outreach and recruitment to expand available direct market outlets in a food desert.	$74,387
	Rural Advantage, Fairmont, MN, to increase the number of vendors and consumers in 11 direct-market outlets in Southern Minnesota by promoting local markets, improving farmers' marketing skills, risk management, and safe food handling skills through training, and educating consumers about nutritional density of foods to improve understanding of produce value.	$72,153
MISSISSIPPI	Real Food Gulf Coast, Long Beach, MS, to assess market needs and barriers to participating in the Gulfport area farmers markets and to address identified constraints with an outreach campaign to encourage participation by vendors and consumers, particularly low income consumers.	$56,792
	Mississippi Delta Council for Farmworker Opportunities, Inc., Clarksdale, MS, to aid small and limited-resource farmers and food desert residents by establishing a farmers market and a family farm business center, and organizing and promoting community healthy food events.	$75,515

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	Recipient and Purpose	Award
MISSOURI	Cedar County Memorial Hospital, El Dorado Springs, MO, to establish two new farmers markets in local food deserts and to provide training for vendors in production, marketing, and food safety management.	$56,825
	International Institute of Metropolitan St. Louis, St. Louis, MO, to create Hodiamont Farmers Market for refugee and non-refugee farmers to serve a low-income area of St. Louis, to provide market training for vendors, and to increase nutritional literacy among customers who shop at the market.	$77,160
	Winona R-III School District, Winona, MO, to assist gardeners and residents of a food desert area by building a community garden, establishing a farmers market, hiring a market manager, and running an education and training program for community members, gardeners, and new farmer's market vendors.	$41,720
MONTANA	Intertribal Agriculture Council, Billings, MT, to establish a mobile farmers market that will increase the availability of healthy traditional foods in food deserts, and allow American Indian food producers to market their products to customers and native populations in urban areas.	$96,800
	Yellowstone City County Health Department dba RiverStone Health, Billings, MT, to increase the number of farmers/vendors and consumers participating in the Healthy by Design Gardeners' Market by developing and implementing a targeted promotional program for food desert residents.	$52,287
	Western Montana Growers Cooperative, Arlee, MT, to expand the local producer cooperative's Community Supported Agriculture (CSA) coordinated delivery program and improve storage and packaging efficiencies, and to initiate	$66,050

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State	**Recipient and Purpose**	**Award**
	a targeted marketing campaign and customer relationship management program to facilitate participation by food desert residents.	
NEW HAMPSHIRE	Merrimack County Conservation District, Concord, NH, to create a system to make the Cole Gardens Winter Farmers' Market sustainable by providing technical assistance and training to farmers to improve product quality, targeting marketing and promotions to the customer base, and educating consumers in a food desert on the benefits of using healthy, local foods.	$55,968
	Miles Smith Farm LLC, Loudon, NH, to facilitate a partnership with 20 to 30 New England meat producers to educate about and sell fresh, locally-raised meat to health care institutions in local food deserts.	$70,735
	Cheshire County, Keene, NH, to launch a Buy Local campaign with targeted outreach to food desert areas through community partners, increase Community Supported Agriculture participation, and provide professional development and assessment of marketing skills for farmers.	$62,422
NEW JERSEY	Brick City Development Corporation, Newark, NJ, for a marketing and educational campaign targeted at federal nutrition benefit recipients to increase the number of patrons at Newark's farmers markets using culturally appropriate marketing and educational materials.	$89,521
NEW MEXICO	Taos County Economic Development Corporation, Taos, NM, for new storage and retail units and a new year-round farm stand for the Taos Food Center, giving producers year-round access to consumers in Taos and surrounding mountain communities.	$86,234

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		Recipient and Purpose	Award
		La Semilla Food Center, Anthony, NM, to expand and strengthen three farmers markets serving food desert and low income areas through an advertising campaign that promotes farmers markets, local agriculture, educational programs, healthy cooking, and market training for socially-disadvantaged farmers.	$93,946
NEW YORK		Rensselaer County, Troy, NY, for a print advertising campaign to increase the number of customers and local sales at farmers markets, farm stands, and Community Supported Agriculture operations (CSAs) in Rensselaer County.	$23,174
		Southern Tier West Regional Planning and Development Board, Salamanca, NY, to create a local food brand and certification program to increase sales, and to start a new farmers market in the village of Alfred, a low-income, low-access community in southwestern NY.	$77,663
		GardenShare, Canton, NY, to expand and strengthen 10 farmers markets in St. Lawrence County, and to improve Federal food assistance redemption rates by collective market promotion, training market managers and farmers, recruiting more direct market farmers to accept EBT, WIC, and FMNP, and establishing satellite markets outside WIC clinics.	$55,590
		United Community Centers, Brooklyn, NY, to provide educational tours of urban farms adjacent to farmers markets in East New York to highlight nutritional benefits of local food, and to increase awareness of and traffic to local farmers markets.	$25,786
	EE	Harvest Home Farmers Market, Inc., New York, NY, for: 1) a borough-wide advertising campaign to encourage SNAP participants to use EBT at nine farmers markets in the Bronx, including bus shelter ads and articles in a local electronic newspaper, and 2) diversify the mix of vendors and products to make	$98,257

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT EE = existing EBT project E/EE = new and existing EBT

State		Recipient and Purpose	Award
		the market more attractive to current and low-income customers.	
		Cornell Cooperative Extension Association of Jefferson County, Watertown, NY, to increase direct sales of local foods through two new farmers markets and two new Community Supported Agriculture operations (CSAs) in food deserts in Jefferson and Lewis Counties and to support purchase of local food by Federal food benefit recipients and local institutions through farmer, consumer, and institutional training and technical assistance.	$95,883
		Downtown Jamestown Development Corporation, Jamestown, NY, to increase Federal food benefit participants' use of the Jamestown Farmers Market through targeted advertising, education, and outreach in food deserts, workshops to improve consumers' food identification skills, and establishment of an online ordering system.	$48,673
	EE	Myrtle Avenue Commercial Revitalization & Development Project Local Development Corporation, Brooklyn, NY, for increasing access of low income consumers to fresh food at the Myrtle Avenue Farm Stand through innovative outreach efforts, including: 1) distributing EBT market maps and information through direct-mail, posters and postcards, 2) recruiting new farmers/vendors, 3) making market presentations at various community meetings, and 4) organizing tours of the market.	$56,082
		Cornell Cooperative Extension Association of Tompkins County, Ithaca, NY, to expand access to affordable, locally-raised meats and other local foods through consumer education, outreach, and a meat locker facility to serve as a food distribution hub.	$81,083

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

E = new EBT   EE = existing EBT project   E/EE = new and existing EBT

State		Recipient and Purpose	Award
NORTH CAROLINA	E	WakeMed, Raleigh, NC, to improve food access in Wake County by: 1) purchasing EBT equipment, 2) providing training to farmers, and 4) hiring EBT management staff at two farmers markets that serve low-income residents of Wake County.	$62,770
		Foothills Farmers Market Inc., Shelby, NC, to expand production, storage, and distribution of perishable food in a food desert by equipping a market facility with refrigeration and starting a multi-farm Community Supported Agriculture (CSA) operation.	$44,768
		Town of Huntersville, NC, to enhance the Huntersville Farmers Market with new infrastructure and signage at the market, to promote the market with an advertising campaign, and to educate consumers about healthy meals with local produce.	$57,750
OHIO	E	The Ohio State University Office of Sponsored Programs, Columbus, OH, to expand the consumption of locally grown farm products, particularly among SNAP recipients by: 1) developing and conducting producer training and outreach, 2) providing technical assistance to 100 farmers, 3) tracking the progress of markets that have established new EBT capacity; and 4) sharing lessons learned through printed reports and online publications.	$89,544
	EE	City of Kent, OH, to promote the use of EBT at the Haymaker Farmers Market, and educate low-income residents about the availability and use of EBT through newspaper and other print advertising.	$38,855
	EE	Famicos Foundation, Inc., Cleveland, OH, for a promotional campaign in two designated food deserts, including mailings, door-to-door canvassing and automated phone calls to educate Federal food program recipients about the use of EBT at the Gateway 105 Farmers Market to increase market sales.	$39,995

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State	Recipient and Purpose	Award
	Logan County Farmers Market, Zanesfield, OH, to broaden support of the Logan County Farmers Market through outreach to low-income residents to increase awareness, vendor workshops to teach growing, handling, and packaging, and educational events planning and community fundraising.	$82,553
	Flying HIGH Inc., Youngstown, OH, to recruit and train young urban adults as farmers to grow and sell produce at new farmers markets throughout the City of Youngstown and Mahoning County by providing production and marketing education, technical support services, supplies, and professional development for entrepreneurs in market urban homesteads.	$100,000
	Rural Action, Trimble, OH, to coordinate a collaborative effort to increase market access for small rural farmers markets in southeastern Appalachia Ohio through improving storage and distribution for farm vendors, increasing market sales through social media marketing that links rural markets and vendors, and providing training and assistance in financial management, branding, food safety, and entrepreneurship.	$75,642
OREGON	Umpqua Community Development Corporation/dba NeighborWorks, Roseburg, OR, to assist five farmers markets to increase sales to communities and tourist traffic in Douglas County through technical assistance in marketing and management, local branding, and extensive advertising.	$100,000
	Friends of Zenger Farm, Portland, OR, to increase market outreach to low-income communities in food deserts by developing multi-lingual marketing materials to attract consumers and producers, and by creating a tool kit and training program for market managers	$83,597

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State	Recipient and Purpose	Award
	and Community Supported Agriculture (CSA) farmers throughout Oregon.	
	Warm Springs Community Action Team, Warm Springs, OR, to increase agriculture-based employment on the Warm Springs Reservation by training tribal members in growing, marketing and promoting at farmers markets throughout Oregon and providing infrastructure, supplies, advertising, and technical assistance needed to develop a farmers market on the reservation to supply locals and tourists with healthy fresh foods.	$96,095
	Confederated Tribes of Siletz, Siletz, OR, to develop a community food program that will initiate a farmers market and community food processing and preservation facility and establish cooperative relations with other Tribal and non-Tribal groups to increase availability of healthy food and improve farm income for low-income residents of the Siletz area.	$42,547
	Port Orford Ocean Resource Team, Port Orford, OR, to expand Port Orford Sustainable Seafood's Community Supported Fishery operation and create a direct-to-consumer fisherman marketing cooperative by recruiting and training new members, developing a business plan, and purchasing operational equipment that will increase healthy food access in food deserts and low-income communities.	$88,966
	Adelante Mujeres, Forest Grove, OR, to increase sales and enhance product values of limited-resource Latino immigrant farmer by developing a community kitchen to produce value-added products, and providing business and marketing training for local farmers.	$30,115
	Central Oregon Intergovernmental Council, Bend, OR, to develop a legal and binding private/public partnership and create a working food hub model to	$37,100

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State		Recipient and Purpose	Award
		address fresh local food access for vulnerable populations in low income communities.	
PENNSYLVANIA		Pennsylvania Association for Sustainable Agriculture, Millheim, PA, to expand a direct producer-to-consumer marketing program in Pennsylvania by broadening the messaging of Buy Fresh Buy Local® (BFBL) to include low-income and minority populations, creating web and print toolkit resources, mounting a promotional campaign, and providing training for farmers, market managers, BFBL chapters and community organizations.	$89,546
		Nurture Nature Center, Inc., Easton, PA, to provide affordable Community Supported Agriculture (CSA) delivery to an Hispanic food desert, to educate students about healthy foods through personal contact with farmers and classroom activities, and to expand food availability by training farmers in direct retail practices and advertising farm products.	$73,413
PUERTO RICO		La Tierra Prometida, Aguadilla, PR, to initiate a program of farmer-led workshops related to gardening, food preparation, and healthy nutrition in a low-income area farmers market to increase knowledge about and awareness of local foods.	$84,625
SOUTH CAROLINA	E	SCF-Organic Farms, Ltd., Sumter, SC, to supply locally grown, fresh and organic foods, to local area residents in low-income communities by: 1) initiating a new mobile farmers market under the banner "Midlands Organics Mobile Farmers Market" 2) purchasing appropriate cooling equipment, promotional materials, and supplies, and 3) setting up mobile market to accept SNAP, EBT, and WIC.	$100,000

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State		Recipient and Purpose	Award
SOUTH DAKOTA		Lakota Fund, Inc., Kyle, SD, for a mobile farmers market and promotional campaign on the Lakota Reservation to help farmers on the Pine Ridge Reservation, a food desert, increase direct producer-to-consumer sales.	$71,041
		Value Added Agriculture Development Center, Pierre, SD, for a multi-phase introduction of new farmers markets in rural and Tribal reservation communities in food deserts, and for technical assistance to sustain the markets and design a tool kit for market managers.	$73,041
TENNESSEE	E	City of Jackson, TN, to improve access to healthy, local food at the West Tennessee Farmers Market by: 1) purchasing an EBT machine and related transaction equipment; 2) training vendors to use EBT equipment; and 3) conducting marketing and community outreach to increase awareness about the famers market and its EBT capacity.	$12,985
		Downtown Crossville, Inc., Crossville, TN, to improve and expand a young and growing farmers market through producer-to-consumer promotion and marketing activities and by increasing sales among participating farmers through the enhancement of market amenities and advertising.	$10,000
TEXAS		Plant It Forward, Bellaire, TX, to establish a Community Supported Agriculture (CSA) program, build storage and refrigeration capacity, and provide training and mentoring for refugee farmers.	$93,170
		The Montalvo House, Brackettville, TX, to increase efficiency and quality control for produce delivered to the Community Farmers Market by improving refrigerated transportation capacity and scheduling capabilities.	$59,320

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State		Recipient and Purpose	Award
		Town of Little Elm, TX, to establish a new farmers market to bring locally grown fresh food to residents, to hire a professional market manager, develop a website, and to provide advertising and promotion.	$86,559
	E	The University of Texas - Pan American, Edinburg, TX, to increase SNAP/WIC participation at The Market at Alhambra and The Market at Weslaco, in Hidalgo County, TX, by: 1) conducting bi-lingual marketing and outreach campaigns, 2) initiating training workshops for vendors, and 3) implementing educational seminars for residents that will improve access to fresh, locally grown food for nearby low-income populations and increase the customer base for area farmers.	$59,475
		City of El Paso, TX, to establish a farmers market in downtown El Paso in conjunction with an existing artists' market to provide low-income consumers access to healthy, affordable locally-grown food.	$66,979
		Harris County Hospital District, Houston, TX, to promote clinic-based produce markets in food deserts using educational and promotional materials targeted at low-income communities.	$64,705
		Westchase District Farmers Market, Houston, TX, to launch an advertising and marketing campaign to promote a new year-round farmers market in the Westchase District that offers local food access and serves as an economic development anchor for the District.	$65,040
UTAH		Downtown Alliance, Salt Lake City, UT, to provide additional revenue opportunities for farmers during the off season and alternative outlets to purchase local food by establishing a	$90,000

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State	Recipient and Purpose	Award
	winter farmers market and training farmers in winter food production.	
VIRGINIA	Grayson LandCare, Inc., Fries, VA, to professionalize the Independence Farmers Market with a permanent market manager and Board of Directors and to promote it as a viable, self-sustaining retail outlet for local growers and a venue for consumers to buy local fresh produce, meats, and eggs.	$26,488
	Five Points Partnership, Inc., Norfolk, VA, to establish a weekly mobile market and deliver Community Supported Agriculture (CSA) produce to low-income community members.	$61,160
	Christopher Newport University, Newport News, VA, to establish an on-campus farmers market, and advertising campaign for that market, and farm internships to increase the revenue of local farmers and producers and educate students about farming.	$84,756
	Market Central, Inc., Charlottesville, VA, to promote the Charlottesville City Market and to sponsor cooperative canning businesses for low-income communities that will provide jobs, skills, and income to low-income individuals and offer a new market for produce seconds from local farmers.	$76,020
	Enrichmond Foundation, Richmond, VA, to enhance the viability of the La Plaza Farmers Market by professionalizing the market management, recruiting Latino and African-American vendors, and providing healthy food and lifestyle promotions for the low-income food desert community served by the market.	$83,125
WASHINGTON	Twisp Public Development Authority, Twisp, WA, to develop a local brand and logo, design and implement a marketing campaign for retailers and consumers,	$40,916

FY 2012 FARMERS MARKET PROMOTION PROGRAM GRANTS

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State		**Recipient and Purpose**	**Award**
		and train farmers in marketing skills to bring local food into the existing food desert and boost sales to consumers and tourists.	
	E/ EE	Washington State Farmers Market Association, Seattle, WA, to: 1) train market managers; 2) provide support to farmers markets using wireless EBT technology, 3) institute a "lead regional managers" program, 4) improve data availability regarding the use of Federal nutrition benefit programs at farmers markets, and 5) increase public awareness about using benefits at farmers markets.	$71,105
WISCONSIN	E	West Wind Community Co-op, Cumberland, WI, to improve access to locally grown, healthy food by: 1) developing two new storage hubs, 2) purchasing refrigeration equipment, 3) acquiring a refrigerated delivery truck, 4) expanding its Local Ordering System, and 5) enabling and promoting EBT usage at numerous, convenient locations around the area.	$34,256
	E E	Appleton Downtown Street, Appleton, WI, to sustain the Downtown Appleton Farm summer and winter markets; and increase consumer traffic, market sales, EBT usage, and consumption of locally grown produce by partnering with two local television stations for the production and airing of targeted advertising, public service announcements and live news segments.	$22,270
Total, FY 2012 FMPP Grants			9,003,831

PAYMENTS TO STATES

Mr. Aderholt: Provide for the record a state-by-state funding table for the Payments to States program to include fiscal years 2012, 2013, and estimates for 2014.

Response: The FY 2012 and 2013 amounts for the Federal-State Marketing Improvement Program (FSMIP) matching grants under Payments to States is $1,198,000, and $1,234,690 respectively. The request for FY 2014 is $1,336,000. Funding levels by State for fiscal years 2013 and 2014 will not be available until projects have been selected (late September) during the fiscal year in which the funding is received.

[The information follows:]

FSMIP FY 2012 Grants	
District of Columbia	$34,500
Hawaii	28,100
Illinois	97,982
Kentucky	69,230
Massachusetts	53,560
Mississippi	52,920
Missouri	59,678
Montana	39,115
Nevada	45,747
New Jersey	62,713
New Mexico	43,000
North Carolina	30,000
Pennsylvania	94,947
South Dakota	31,725
Tennessee	90,000
Vermont	47,250
Virginia	108,039
Washington	143,969
Wisconsin	65,525
Total	1,198,000

Mr. Aderholt: Please provide for the record a list of the projects that were approved for the Payments to States and Possessions program during fiscal year 2012. Also, provide a brief description of each project. Lastly, include a brief description of how AMS evaluates the merits of a proposal.

Response: In fiscal year 2012, AMS awarded $1,198,000 in Federal-State Marketing Improvement Program matching grants under this program.

[The Information follows:]

Federal-State Marketing Improvement Program Fiscal Year 2012 Grants		
State	Purpose	Award
District of Columbia	To assess consumer and restaurant demand for traditional African crops grown by local farmers/producers.	$34,500
Hawaii	To develop a strategy for marketing three unique varieties of Hawaiian vegetables to U.S. mainland retailers, and to determine the optimum packing methods for preserving quality and nutritional content over long distances.	28,100
Illinois	To survey consumers about the value they place on biomass heating fuels and appliances for residential heating, determine which consumer segments have the highest interest and sales potential, and disseminate the results to producers and biomass heating appliance manufacturers and dealers.	97,982
Kentucky	To assist in the development of frozen and value-added Kentucky grown blueberry food products, and evaluate demand for these products in direct, institutional, and retail markets.	69,230
Massachusetts	To create a consumer-oriented website that will support "Plant Something" campaign to promote the state's horticulture industry and to research the benefits, costs, regulatory requirements and options for meat-cutting and processing businesses that serve local meat producers in Massachusetts in order to expand the sector to meet growing consumer demand for high-value meat products.	53,560
Mississippi	To provide training to vegetable producers about the food safety and quality standards required by major retailers, strengthen the capacity of producers to respond effectively to the demand for local, sustainably-produced food, and inform producers about the benefits of participating in the *Make Mine Mississippi* program.	52,920
Missouri	To study the economics of producing high-quality cattle, and develop a marketing strategy for premium beef that facilitates producer cooperation and coordination of supply.	59,678

Federal-State Marketing Improvement Program Fiscal Year 2012 Grants		
Montana	To expand market opportunities for Montana farmers by determining the best methods for processing and preparing fruits and vegetables to make them available year-round to supply the state's K-12 schools.	39,115
Nevada	To assess demand for locally grown fruits and vegetables in the Hispanic community of northern Nevada, and provide insights to Nevada growers seeking to improve their effectiveness in marketing to diverse consumers.	45,747
New Jersey	To develop and launch New Jersey grown and processed value-added products that meet the nutritional and cost requirements of the National School lunch program.	62,713
New Mexico	To document the diversity of the New Mexico cattle sector in terms of size and demographics, assess prices and other relevant factors in the various marketing channels, and conduct workshops and training sessions for New Mexico ranchers that will enable them to optimize their production and marketing strategies.	43,000
North Carolina	To provide direct marketing training to small-scale growers to enable them to access new markets.	30,000
Pennsylvania	To document baseline consumer wine purchase and consumption patterns, and examine the impact on consumer demand for wine produced in the mid-Atlantic region in response to different promotion and marketing approaches.	94,947
South Dakota	To assess factors that influence consumer preferences for and purchases of bison meat to assist bison producers better target their promotions and devise appropriate pricing strategies.	31,725
Tennessee	To survey consumers about their preferences and buying patterns for locally raised beef, conduct consumer focus groups to determine preferences for product labeling and packaging, complete an economic analysis of farm-based beef production systems, and incorporate findings into producer outreach and educational venues.	90,000

Federal-State Marketing Improvement Program Fiscal Year 2012 Grants		
Vermont	To facilitate development of a branded, value-added meat sector in New England through technical assistance, marketing support and encouragement of profitable producer-processor partnerships.	47,250
Virginia	To determine the requirements for selling live shrimp to distributors, develop and improve handling protocols and packing methods for waterless shipping, and conduct field tests to assess the effectiveness of these handling methods and to conduct a pilot project at grocery stores to evaluate consumer acceptance of locally-produced freshwater shrimp, and train producers on food safety and handling requirements to sell freshwater shrimp to retail markets.	108,039
Washington	To assess barriers to exporting, determine what types of assistance programs are needed to overcome export barriers, and inform food companies about export assistance available at the local state department of agriculture and to assist industry managers develop strategic marketing plans, and to conduct market research aimed at identifying new and emerging markets for value-added U.S. wood products in China, Vietnam and Thailand.	143,969
Wisconsin	To develop international markets for value added hardwood lumber products from Wisconsin and other lake states.	65,525
Total, FY 2012 FSMIP Grants		$1,198,000

FSMIP PROPOSAL SELECTION CRITERIA

Applications meeting the basic eligibility requirements for FSMIP funding are reviewed and evaluated by subject matter specialists within AMS and elsewhere within USDA and as appropriate by other Federal agencies. Proposals must deal with some aspect of marketing, include a significant research component, and must potentially benefit multiple producers or agribusinesses. Proposals that do not meet these basic requirements will not be considered. As a basis for allocating available funds among competing proposals, AMS is guided by the following criteria:

- The relative need for the proposed activity or the relative importance of the problem to be addressed.
- The benefits likely to be derived from the project in relation to the amount of FSMIP funds requested.
- The level and nature of State and other non-Federal support (including, but not limited to, the required matching funds or in-kind resources) pledged to the project or activity.
- The potential impact of an individual project on other States or on issues of national importance.
- The adequacy and appropriateness of measures which will be used to evaluate the project outcome.
- Unique and innovative features of the project, particularly if the project is similar to others funded in the past.
- Evidence provided in a clearly written narrative that the proposal brings together the appropriate resources necessary to meet the project objectives.

Proposals that reflect a collaborative approach among the States, academia, the farm sector, and other appropriate entities are of particular interest to the program. States are urged to consider developing proposals that have regional or National significance.

LIMITATION ON ADMINISTRATIVE EXPENSES

Mr. Aderholt: Provide a table showing the object class breakout for the limitation on administrative expenses account to include fiscal year 2011 and 2012 actuals and fiscal years 2013 and 2014 estimates.

Response: The information is submitted for the record.

[The information follows:]

Limitation on Administrative Expenses
Cotton & Tobacco User Fee Activity - Object Class Breakout

		2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
11.1	Full-time permanent	$8,210,079	$7,683,848	$12,977,000	$13,116,000
11.3	Other than full-time permanent	9,388,724	6,896,937	10,853,000	11,013,000
11.5	Other personnel compensation	2,068,246	1,303,780	2,113,000	2,228,000
11.0	Total personnel compensation	19,667,049	15,884,565	25,943,000	26,357,000
12.0	Personnel benefits	4,057,163	3,178,264	5,540,000	5,640,000
13.0	Benefits for former personnel	1,839,664	1,532,853	2,190,000	2,114,000
	Total, personnel comp. and benefits	25,563,876	20,595,682	33,673,000	34,111,000
Other Objects Classes:					
21.0	Travel 1/	480,534	928,124	821,000	821,000
22.0	Transportation of things	2,402,870	2,638,481	3,314,000	3,639,000
23.1	Rental payments to GSA	-	6,845	111,000	113,000
23.2	Rental payments to others	3,433,346	6,590,929	7,416,000	8,091,000
23.3	Communications, utilities, and misc. charges	2,215,038	2,196,227	3,637,000	3,029,000
24.0	Printing and reproduction	21,366	28,128	23,000	23,000
25.1	Advisory and assistance services	-	-	-	-
25.2	Other services from non-Federal sources	1,325,124	1,514,392	1,591,000	1,144,000
25.3	Other purchases of goods and services from Federal sources	2,336,398	1,326,764	1,895,000	1,830,000
25.4	Operation and maintenance of facilities	-	4,293	5,000	5,000
25.5	Research and development contracts	6,337	4,140	5,000	5,000
25.6	Medical care	910	531	1,000	1,000
25.7	Operation and maintenance of equipment	1,872,048	2,166,746	3,095,000	2,988,000
26.0	Supplies and materials	666,030	694,361	410,000	410,000
31.0	Equipment	3,634,853	4,675,673	6,574,000	4,204,000
32.0	Land and structures	-20,847	-	-	-
41.0	Grants, subsidies and contributions	-	392,000	-	-
42.0	Insurance Claims and Indemnities	509	47,000	21,000	21,000
43.0	Interest and Dividends	-	1,684	-	-
	Total, Other Objects	18,374,516	23,216,317	28,919,000	26,324,000
	Total, Limitation on Administrative Expenses	43,938,392	43,811,999	62,592,000	60,435,000

The limitation on administrative expenses applies only to the cotton and tobacco user funded activities. Obligations in this account fluctuate with crop size; the agency is expecting increased demand for services in fiscal years 2013 and 2014.

FEDERAL-STATE MARKETING IMPROVEMENT PROGRAM

Mr. Aderholt: Please provide a table showing obligations by geographic area to include fiscal years 2007 through estimates for 2013.

Response: The information is submitted for the record. FY 2013 obligations will not be made until the selection process is complete (late September).

[The information follows:]

Federal-State Marketing Improvement Obligations by State

	2007	2008	2009	2010	2011	2012
Alabama	$14,995					
Alaska	59,845	$45,750				
Arizona	49,275					
Arkansas	30,000				$60,660	
California			$198,250			
Colorado	58,000	30,500	48,500	$42,000		
Connecticut					89,320	
Delaware		64,170				
District of Columbia						$34,500
Florida	72,000	27,600		118,915		
Georgia		68,090		63,275	55,373	
Guam		26,900				
Hawaii	50,000	54,400	41,500			28,100
Idaho	54,500		48,000		67,220	
Illinois					55,000	97,982
Indiana			60,500			
Iowa						
Kansas		83,150			144,200	
Kentucky	33,375	55,780		38,550	49,000	69,230
Louisiana			69,000	61,295	87,326	
Maine		55,805	65,000		64,145	
Maryland	50,000	50,800		121,445		
Massachusetts	105,425	37,520	38,000	38,870	24,640	53,560
Michigan	47,410	48,000		48,000	150,101	
Minnesota			92,500		60,000	
Mississippi	55,875		47,150	43,690		52,920
Missouri		42,000			61,026	59,678
Montana				142,085		39,115
Nebraska		50,000		68,095	79,534	
Nevada						45,747
New Hampshire						
New Jersey	85,000		89,000	51,215		62,713
New Mexico	105,095		40,500			43,000
New York			37,200	134,060	73,824	
North Carolina	61,400					30,000
North Dakota				59,735		
Ohio	105,940			54,375		
Oklahoma	56,365		47,150			
Oregon	43,000	60,200		55,850		
Pennsylvania						94,947

Federal-State Marketing Improvement Obligations by State

	2007	2008	2009	2010	2011	2012
Puerto Rico		34,500			21,000	
Rhode Island		54,780				
South Carolina		109,200	74,500	109,000		
South Dakota						31,725
Tennessee						90,000
Texas					77,588	
Utah		44,985				
Vermont		55,000	48,000			47,250
Virginia			152,000		75,150	108,039
Washington	183,500	107,185	87,250			143,969
West Virginia						
Wisconsin			50,000			65,525
Wyoming	23,000	72,840		83,545	36,225	
Grant Totals	$1,344,000	$1,325,000	$1,334,000	$1,334,000	$1,331,332	$1,198,000

TRANSPORTATION REGULATORY ACTIONS

Mr. Aderholt: How many transportation regulatory actions did AMS participate in during fiscal years 2011 and 2012? Please describe those actions and the results of those actions.

Response: AMS participated in seven transportation regulatory actions of the Federal Motor Carrier Safety Administration (FMCSA) and the Surface Transportation Board (STB) during fiscal year 2011 and 2012:

FY 2011:

- **FMCSA-2010-0230:** Hours of Service; Limited Exemption for the Distribution of Anhydrous Ammonia in Agricultural Operations, October 6, 2010. **Action:** Prior to the public comment period and FMCSA's granting an exemption, AMS met with agricultural cooperative, trucking, fertilizer, and agricultural retailer representatives and discussed with FMCSA the urgent need for transportation of farm supplies during the fall harvest season. **Result:** FMCSA granted a 2-year limited exemption from the Federal hours-of-service regulation for the transportation of fertilizer, anhydrous ammonia, within a 100 air-mile radius. The "Moving Ahead for Progress in the 21st Century Act" (MAP-21), effective October 1, 2012, includes self-executing statutory exemptions to the Federal Motor Carrier Safety Regulations (FMCSRs) that apply to agricultural transportation, including the distribution of anhydrous ammonia in agricultural operations. The final rule, effective March 14, 2013, revised the FMCSRs to conform to the MAP-21 requirements. Under the Motor Carrier Safety Assistance Program (MCSAP), States receiving MCSAP grants (currently all States) are required to adopt compatible rules for interstate and intrastate operation of commercial motor vehicles. These changes must be made within 3 years of the effective date of the final rule.

- **STB Ex Parte No. 699:** Assessment of Mediation and Arbitration Procedures, October 25, 2010. **Action:** The Under Secretary for Marketing and Regulatory Programs filed comments recommending a balanced panel of arbitrators and the ability to appeal arbitrators' decisions, which should be posted on the STB's website. **Result:** The STB considered the comments filed in this proceeding and issued proposed changes to its regulations governing its mediation and arbitration procedures on March 28, 2012. On May 10, 2013, the STB adopted regulations ordering mediation on a case-specific basis and creating a new voluntary arbitration program. The STB adopted the ideas of using a panel of three arbitrators for all cases unless all parties agreed to a single arbitrator, publicly publishing decisions, and included a narrow appeals process.

- **STB Ex Parte No 705:** Competition in the Railroad Industry, April 12 and May 27, 2011. **Action:** The Under Secretary for Marketing and Regulatory Programs (MRP) filed comments in support of mandatory reciprocal switching agreements and terminal trackage rights agreements as one means to increase rail-to-rail competition. USDA also urged STB to require railroads to quote "bottleneck" rates of a distance up to 150 miles and consider alternatives for determining rate reasonableness for shippers that are captive to one railroad. Prior to filing comments, AMS staff met with representatives of rural electric cooperatives, agricultural and industrial shippers, Federal Railroad Administration, U.S. Department of Justice and the Office of Management and Budget regarding competition in the railroad industry and railroad antitrust immunity. **Result:** The STB is considering the comments raised in EP 705 and has opened a separate proceeding, Ex Parte 711, to a consider a request raised by the National Industrial Transportation League during EP 705 to revise the rules governing reciprocal switching. EP 711 is currently ongoing.

- **STB Ex Parte No. 542:** Regulations Governing Fees for Services, April 19, 2011. **Action:** The Under Secretary for MRP filed comments in support of STB's proposal to reduce fees for shippers filing formal complaints about rail business practices. For over two decades, agricultural shippers, trade associations, and state officials in rural America have complained to USDA, STB, and Congress about rail rates and services, citing negative impacts on income, electricity prices, business expansion, domestic customers, and export markets. **Result:** On July 27, 2011, the STB lowered its fees for formal complaints from $20,600 to $350.

- F
MCSA-2011-0146-1325: Regulatory Guidance: Applicability of the Federal Motor Carrier Safety Regulations to Operators of Certain Farm Vehicles and Off-Road Agricultural Equipment, August 1, 2011. **Action:** AMS recommended that FMCSA and States continue to provide the 150 air-mile commercial driver's license (CDL) farm exemption from certain interstate commerce, CDL, and commercial motor vehicle regulations that would otherwise apply to operators of certain farm vehicles. AMS stated that participants in crop share agreements should be covered by the exemption. AMS also stated that operators of off-road agricultural equipment should not be subject to CDL requirements and that off-road equipment should not be defined as commercial motor vehicles. **Result:** On August 15, 2011, FMCSA determined

farmers operating under share-cropping or similar arrangements are not common or contract carriers and are eligible for a CDL exemption if a State elects to adopt the exemption. The "Moving Ahead for Progress in the 21st Century Act" (MAP-21), effective October 1, 2012, includes self-executing statutory exemptions to the Federal Motor Carrier Safety Regulations (FMCSRs) that apply to agricultural transportation, including certain farm vehicles and off-road agricultural equipment. The final rule, effective March 14, 2013, revised the FMCSRs to conform to the MAP-21 requirements. Under the Motor Carrier Safety Assistance Program (MCSAP), States receiving MCSAP grants (currently all States) are required to adopt compatible rules for interstate and intrastate operation of commercial motor vehicles. These changes must be made within 3 years of the effective date of the final rule.

FY 2012:

- **STB Docket No. FD 35506:** Western Coal Traffic League - Petition for Declaratory Order, October 28, 2011. **Action:** In fiscal 2011 AMS met with the USDA Under Secretary for Rural Development and representatives of rural electric cooperatives regarding the $8.1 billion acquisition premium Berkshire Hathaway paid to purchase of the Burlington Northern Santa Fe Railway (BNSF). They were concerned that if STB includes the acquisition premium, rural electricity rates could increase and the ability of captive shippers to appeal excessive rates would decrease. The Under Secretary for MRP filed comments opposed to allowing BNSF to pass the $8.1 billion premium to rail shippers. USDA believes allowing the premium to be passed to shippers could adversely impact rural electricity rates and the rates agricultural shippers pay for rail service. It would also diminish these groups ability to appeal excessive rail rates. **Result:** STB scheduled a hearing on March 22, 2012 to allow interested parties to comment on the proceeding. On October 9, 2012, the STB issued a notice to the public seeking comments on how the acquisition premium should be addressed in light of new information that Berkshire Hathaway failed to disclose it owned two other railroads when it acquired BNSF, subjecting the acquisition to STB jurisdiction. The STB has not made a final decision in this proceeding.

- **STB Ex Parte No. 699:** Assessment of Mediation and Arbitration Procedures, May 17, 2012. **Action:** The Under Secretary for Marketing and Regulatory Programs filed comments in support of the STB's proposed regulations requiring parties to participate in mediation for certain cases and establishing voluntary arbitration for shippers and carriers in other disputes. USDA also recommended the proposed rules be modified to foster trust in the system by including a panel instead of a single arbitrator, publicly publishing decisions to make the process transparent, and including an appeals process to increase the likelihood arbitration is used. **Result:** On May 10, 2013, the STB adopted regulations ordering mediation on a case-specific basis and creating a new voluntary arbitration program. The STB adopted the ideas of using a panel of three arbitrators for all cases unless all parties agreed to a single arbitrator, publicly publishing decisions, and included a narrow appeals process.

GRADING RESOURCES AND ACTIVITIES

Mr. Aderholt: Please provide a table showing the total number of grading employees broken down by Federal employees and Federally-supervised state employees for the past five fiscal years to include fiscal year 2012.

Response: The information is submitted for the record.

[The information follows:]

Agricultural Marketing Service
Grading Activities Performed by Federal Employees and Federally-Supervised State Employees

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Number of Federal Employees 1/	2,987	2,986	2,883	2,748	3,028
Number of Federally-supervised State Employees 2/	2,439	2,445	2,141	2,120	3,151
Cross-Licensed Employees of Other Programs or USDA Agencies 3/	29	28	30	15	12
Total	5,455	5,459	5,054	4,883	6,188

1/ All personnel are AMS employees. Includes seasonal and permanent employees.

2/ A Federally-supervised State employee generally works less than one full- time equivalent staff year. The number of Federally-supervised State employees varies based on program needs, which vary by State, including changes in crop size due to weather and demand.

3/ Reduction in fiscal years 2011 is the result of changing customer needs.

Mr. Aderholt: Did any grading fees increase or decrease during fiscal year 2012? What was the amount of the increase or decrease and why?

Response: No grading fees were increased or decreased during fiscal year 2012.

Mr. Aderholt: Does AMS plan to propose any grading fee increases in fiscal years 2013 and 2014?

Response: AMS issued a proposed rule to increase the fees for voluntary Federal dairy grading and inspection services on January 17, 2013. This increase was initially planned as a two-part increase for

February and October 2013, however this is being re-evaluated for later implementation due to industry comments.

AMS will continue to evaluate its fee programs on an annual basis and in the future may consider an increase in fees and charges for other grading programs in FY 2013. Any other changes in the current fees will be proposed through the rulemaking process.

USER FEES

Mr. Aderholt: Did any user fees increase or decrease in fiscal years 2012 and 2013? If so, by how much?

Response: In fiscal year 2012, the laboratory testing fees increased from $81 per hour to $83 per hour. This is the final year of a scheduled 3-year fee increase for this program. Any other changes in fees for fiscal year 2013 will be proposed through the rulemaking process.

WHOLESALE MARKET DEVELOPMENT ACTIVITIES

Mr. Aderholt: Please inform the Subcommittee of the goal and priorities of wholesale market development priorities.

Response: The goal of the wholesale marketing program is to develop new market opportunities and expand existing opportunities through direct and wholesale outlets for producers. The program seeks to address challenges and barriers to participating in direct and wholesale marketing through identifying and describing emerging markets, sharing best practices, establishing partnerships to facilitate research that is needed to fill the knowledge gap, providing technical and design assistance, and participating in data collection, analysis, and outreach efforts to improve the understanding of markets. Understanding and facilitating aggregation and distribution of products through a variety of outlets including farmers markets, Community Supported Agriculture operations, farm and roadside stands, wholesale markets, food hubs, and online markets are key to providing economic opportunities for producers and communities that support these markets.

As consumer demand for local food increases, AMS strives to assist the agriculture community to meet this demand by: (1) continuing to explore opportunities that will identify innovative and cost-efficient options that help producers, regional food system aggregators, distributors, planners, managers and vendors compete effectively in this growing consumer-driven market segment; (2) providing feasibility, economic impact, and infrastructure assessments and architectural design services to emerging and expanding local food enterprises; and (3) supporting local food facility expansion and development projects with program grants.

WHOLESALE MARKET DEVELOPMENT ACTIVITIES

Mr. Aderholt: For the record, please provide the Subcommittee with a listing of all wholesale market development projects worked on in fiscal years 2011, 2012 as well as those underway in fiscal year 2013. Please include the total cost of each project.

Response: The information is submitted for the record.

[The information follows:]

FY 2011 Projects:

Research and Information Collection

- National Study of Small-Scale Direct Distribution Models. A final draft is completed of a "best practices and lessons learned" resource guide for small and mid-sized farmers. It used nine case studies of direct distribution models to inform farmers and food distributors about promising delivery mechanisms for locally grown food to retail and institutional clients. The guide, which includes an overview of the tradeoffs involved in market channel choices and various ownership and management structures, is being prepared for Departmental clearance.

- Food Hub Research and Analysis. Provide leadership for the "Know Your Farmer, Know Your Food" regional food hub subcommittee, chairing both the full task force and the smaller core tactical team, and overseeing the completion of the subcommittee's primary short term programmatic deliverables, the first of which will be a resource guide on food hub development.

- Survey of USDA Farmers Market Customers. Published an intercept survey of customers at the USDA outdoor farmers market to assess the composition and shopping habits of the market's customer base. The report also provided market management with a better understanding of customer needs and preferences, and evaluated the impact the market's operation has had on customer purchasing patterns and consumption decisions.

- Analysis of Competition in Farmers Market Trade Areas. AMS co-authored a report, with USDA's Economic Research Service, which identifies areas of competition among farmers markets for customers and vendors across the Nation, based on data collected from the previous USDA National Farmers Market Manager Survey. The analysis, which uses "heat maps" to illustrate the relative intensity of producer or customer competition, can be expected to provide concrete help to farmers market managers and planners interesting in exploring new or expanding current market operations.

- How to Conserve Energy—and Reduce Operational Costs—at Permanent Food Market Facilities. Using recent examples of conservation measures recently undertaken by the Central New York Market, a hybrid wholesale/farmers market in Syracuse, NY, and examples from other early adopters around the country, developed a "how to" manual, that explores the feasibility and impact of introducing solar power, long-storage batteries and LED lighting in permanent food market facilities and warehouses. The manual was released in 2012.

- Using Target Marketing to Attract Farmers Market Customers. AMS completed a pilot research study on the effectiveness of using target marketing techniques (based on consumer demographics) to attract farmers market customers with the Pacific Coast Farmers Market Association (PCFMA), an organization that oversees the management of more than 60 farmers markets in the San Francisco Bay area. The research was conducted at 22 farmers markets operated by PCFMA, selected to represent a diversity of income levels and population densities.

Market Support

- Menands, NY Farmers Market. Create a new master plan and design support for improvements to an existing retail shed. Provided technical assistance, design support, and trade area analysis of local consumer demographics to the manager and Board of the Capital District Regional Market, Menands, New York, to support the market's planned transition to becoming a centralized, fully-coordinated regional food hub.

- Chester, South Carolina Farmers Market, Chester County Agriculture Economic Development Center. AMS provided technical assistance for the city of Chester, South Carolina, to make the Center possible. The project is funded by a USDA Rural Development Grant of $125,000. The Center will function as a food hub which includes a Community Kitchen, indoor farmers market, and a covered open air farmer retail pavilion for the Catawba Region of South Carolina.

- Black Belt Family Farm Fruit and Vegetable Market Center in Selma, AL. Developed conceptual designs and market plans in collaboration with the Alabama Farmers Market Authority, Alabama Agricultural Land Grant Alliance, Black Belt Farmers Cooperative, and Tuskegee University.

- USDA Farmers Market. Operated a farmers market at the USDA headquarters building for the sixteenth consecutive year, and expanded its farmer's market operations to a year-round basis for the first time. The outdoor market is held between June and November, and the indoor market is held between December and May.

- Farmers Market Consortium. Organized and hosted at USDA headquarters, four quarterly meetings of funders and technical services providers to the farmers market and direct marketing community. The meetings included public, non-profit and private entities to facilitate the exchange of timely, relevant information on policy, research and service developments across the sector.

- National Farmers Market Week Celebration. Coordinated USDA's publication of the Secretary's National Farmers Market Week proclamation so that farmers market personnel across the Nation could use the proclamation in their own publicity efforts for National Farmers Market Week during the first full week of August.

FY 2012 Projects:

Know Your Farmer, Know Your Food/Other Departmental Initiatives

- Provided data for the KYF Compass map of locations and descriptions of projects funded through the Farmers Market Promotion Program (FMPP) and the Federal-State Marketing Improvement Program (FSMIP) and of the locations of U.S. wholesale produce markets.

- Provided leadership and membership on several KYF subcommittees - Data Gathering, Research, and Infrastructure.
- Participated as reviewers for the 2012 Farm to School Grants Program.

Research and Information Collection

- National Study of Community Supported Agriculture (CSA) Operations: Emerging Marketing and Business Strategies and Implications for Business Resilience and Profitability. Use a combination of selected exploratory case studies and a national survey of CSAs in an effort to document the emerging marketing and business strategies in the CSA sector, with a focus on multi-farm operations. ($50,000 Cooperative Agreement)
- Measuring Effects of mobile markets on Healthy Food Choices to evaluate and understand how mobile markets affect consumer behaviors and attitudes toward healthy food choices in urban and rural areas lacking access to healthy foods. ($64,000 Cooperative Agreement)
- Measuring Impacts of Relational Marketing Practices and Social Media Use on Community Supported Agriculture (CSA) Outcomes. Evaluate and understand how the use of relational marketing practices and social media technologies (Twitter, Facebook, blogs, etc.) affect the financial, operational, and consumer outcomes of farmer and coop-run Community Supported Agriculture (CSA) programs. ($58,000 Cooperative Agreements)
- National Farmers Market Directory. Update 2012 Directory and implement a web based portal and underlining databases to allow market managers to list their market for the first time or update their listing in the USDA National Farmers Market Directory. Initiate forms and online processing for data collection for the Farmers Market Manager Survey in electronic format ($117,000 Cooperative Agreement)
- Assessing the Economic Impacts of Regional Food Hubs. Customer and vendor interviews and analysis of economic impacts for food hub in New York. ($32,000 Cooperative Agreement)

Market Support

- Tuscarora Organic Growers (TOG) Cooperative, Fulton County PA. AMS created as-built floor plans of a highly successful food hub facility. This work is in support of an overall case study to provide technical development information for aspiring food hub developers. The TOG facility was built in phases as the needs changed and the financing became available. Consequently the structure is piecemeal in nature.
- The overall layout is awkward but it uses its available space efficiently. The structure has 6 loading docks without shelters but it does have canopies over the overhead roll-up doors. Staff time on

project: 5 days.

- Walterboro Farmers Market and Museum, Colleton County, South Carolina. AMS worked jointly with local landscape architect Thomas Angell and provided AutoCAD plans for the Colleton County Farmers Market which now includes the Museum. On March 3, 2010 the county received a Rural Business Cooperative Service Grant of $199,916. The grant was used by the Walterboro Farmers Market for construction of a shelter on the property. The market now provide retail opportunities for agricultural producers and serves as a local distribution center for locally grown fruits, vegetables, flowers, plants, crafts and prepared foods. One of the County's goals for the market is to improve productivity, profitability, and sustainability for small farms and to increase interest in local farming. This project provides a lively public space that enhances the cohesiveness of this community. Rural Business Cooperative Service Grant of $199,916. Staff time on project: 10 days.

- Gettysburg Farmers Market, Gettysburg, PA. AMS architect provided technical assistance to help the community to make a vital site selection decision for their farmers market. It was observed that the Adams County Farmers Market Association operates three market sites which functions independently. Each site fulfills a different community need and serves their corresponding constituents. The city and the association are trying to consolidate the three sites into one to strengthen its appeal and simplify operations. The Farmers Market Association and the city are exploring three site options. Recently a tentative offer from the Gettysburg Outlet Mall was made for a permanent site. The offering includes moving the farmers market to a prime location in the mall. The incentive is encouraging for the farmers and very beneficial for the mall operations. The down side is that areas in the community may not be served by this move and the market may lose contact with existing customers. Staff time on project: 7 days.

- Project for Public Spaces. Co-sponsor 8th International Public Markets Conference to engage small farmers, market managers, community organizers, government officials, and others in discussions of local food access and distribution systems ($10,000 agreement)

Publications

- Moving Food Along the Value Chain. Publication serves as a "best practices and lessons learned" resource guide for small and mid-sized farmers. It used nine case studies of direct distribution models to inform farmers and food distributors about promising delivery mechanisms for locally grown food to retail and institutional clients. March 2012

- Food Hub Resource Guide. Publication that targets food entrepreneurs and their supporters who are interested in starting food hubs and operators of food hubs who are interested in expanding. This guide will also help philanthropic foundations, public agencies, lending institutions, and economic development organizations understand the nature, function, and operating models of food hubs, helping them to engage hubs in their areas. April 2012.

FY 2013 Projects Underway:

Publications

- Food Value Chain Writeshop. Publication describes the results of a consensus of experts on the strategic alliances required for successful food value chains such as food hubs to survive economically and to generate social benefits.

- Designing a Farmers Market. Guide for planners and architects, includes an online library of designs, elevations, and photos to accompany the design guide.

- 2010 National Survey of Farmers Market Managers. Report describes the characteristics of US farmers market operational characteristics, governance, vendors, and customers based on the 2010 AMS survey of farmers market managers.

Research and Data Collection

- Philadelphia Wholesale Produce Market Study ($50,000). Market News type reporting to track volume and prices of local foods flowing through the Philadelphia Wholesale Produce Market.

- Food Hub Cost Analysis and Facilities Design. Case studies of food hubs throughout the United States focusing on facilities design and cost estimates using economic and architectural staff input.

Market Support

- Snohomish County Food Hub, May, 2013. An AMS Architect and Economist met by teleconference with Linda Nuenzig from the Snohomish County Growers Association and with Hui Tian of "Studio 19 Architects and Designers" to discuss development plans for the Snohomish County Food Hub. The proposed multiuse facility has a total footprint on the first floor of 58,000 sq. ft. for the food hub with 5,500 sq. ft. set aside for a commercial kitchen and processing, and 2,500 for the distribution/cooler area, room for two restaurants and the rest will be farmers market. The food hub will occupy the entire first floor of the building; it will have 220 apartments built above it and two floors of underground parking. There will also be a three story parking garage across the street. This is a fully funded project using EB5 funds. Snohomish County Growers Alliance will be signing a master lease on the first floor containing the food hub. Our technical assistance has been requested to collaborate with the architects for design of the aggregation, processing, packing and community kitchen of the food hub. Total est. project cost $1,584,000. Staff time on project: 12 days.

- Orlando, FL Public Market March, 2013. AMS provided architectural planning support for a proposed public market facility in Orlando, Florida. The market will be located within the existing half-vacant Festival Bay Mall structure in Orlando. The 25,000 square foot public market component will highlight Florida's agricultural products. The Mall is privately owned and operated by Paragon Outlet Partners LLC a commercial real estate development firm based in Baltimore, Maryland. AMS will collaborate with the local Architectural firm of Cuhaci & Peterson staff, Paragon Outlet Partners staff, and consultant Sharon Yeago. The proposed site potential includes: an active retail environment, favorable demographics, supportive employment pool and need for quality food retail. This project is a public/private enterprise to promote Florida agriculture. Work is ongoing. Dollar value of project: $5,913,600. Staff time on project: 6 days

- Brighton New York Farmers Market, December, 2012. A master plan concept was submitted to the town of Brighton, New York for a multi-functional Farmers Market complex. The 50 acre site is located in Buckland Park, formally three dairy farms. The city procured title to the farmland and annexed it into the city and is zoned parkland. The design concept for the market is unique and incorporates a restored barn for use as a farmers market. The AMS concept ties together multiple functions including a community garden, War Veterans Memorial, the historic/restored Buckland farm house and a city recreational complex. Our concept is based on the restoration of multiple structures to use a farm theme for agri-tourism or an educational demonstration dairy operation or to potentially convert the site into a food hub. The town of Brighton received a grant from New York State and is looking for additional funding to implement the work. Dollar value of project: $3,688,396. Staff time on project: 15 days.

- Lyman South Carolina, Farmers Market October, 2012. Community Kitchen Design Proposal. AMS Architect staff provided technical support for the town of Lyman South Carolina by providing a design for a proposed community kitchen. The proposed multi-use kitchen will serve the farmers market and the Lyman Event Center (civic center). The kitchen is designed to serve multiple functions including: farmer value added preparation, culinary training, demonstration, catering, nutrition programs, vending for the farmers market, and food service for civic and cultural events. The kitchen will be located in an existing historical facility which was a former military armory and is now city property. Dollar value of project: $171,360 Staff time on project: 4 days.

WHOLESALE MARKET DEVELOPMENT ACTIVITIES

Mr. Aderholt: Does AMS have any proposals to do additional wholesale market development projects in fiscal years 2013 and 2014?

Response: AMS has projects in FY 2013 to provide market support for several emerging farmers markets and food hubs throughout the U.S. Staff economists and architects are assisting in site design for farmers markets and food hubs, and developing facilities design and cost estimates for several case studies of food hubs throughout the United States. AMS has initiated a study of local food flow through wholesale markets using the Philadelphia Wholesale Market as a pilot case. Data will be collected using Market News techniques and analyzed for volume and value of foods moving within the regional food shed. Additional initiatives will be developed for FY 2013 pending results of studies funded previously and emergence of new topics of significance to stakeholders. The budget request planned for FY 2014 supports market expansion for local and regional foods through wholesale markets and other outlets.

Examples of the activities that AMS plans to engage in consist of:

- exploring the potential to use existing farmers markets, public markets, and wholesale market infrastructure as product aggregation/distribution points for local food deliveries to restaurants, retail, and institutional clients;
- identifying the most promising organizational and distribution models to facilitate strong local and regional food value chains; including those that connect producers with consumers in underserved communities; and
- investigating the role of commercial kitchens and light processing facilities in enhancing small business access to markets and permitting greater producer returns.

STAFF YEARS AND POSITIONS

Mr. Aderholt: Please provide a table showing the number of staff years and positions under AMS from all funding sources for fiscal years 2009 through estimated 2014.

Response: The information is submitted for the record.

[The information follows:]

AMS Staff Years by Funding Source

Funding Source	**2009**	**2010**	**2011**	**2012**	**2013 Est.**	**2014 Est.**
Marketing Services - Approp	445	453	441	416	424	432
Reimbursed (R&P)	27	26	27	25	27	27
Sec. 32 - Appropriated	155	162	160	171	171	173
Reimbursed (Federal)	8	6	4	9	9	9
Farm Bill (FMPP/SCBG)	6	8	8	9	8	4
PACA	82	78	75	72	77	77
Fees for Grdg Cotton/Tobacco	360	393	421	341	421	421
Grading of Farm Products	1,348	1,324	1,332	1,328	1,338	1,338
Total	2,431	2,450	2,468	2,371	2,475	2,481

APHIS BUDGET PROPOSAL

Mr. Aderholt: Please provide specific detail on how APHIS plans to achieve $12 million in proposed savings from centralized support services, especially in light of the reductions and business process reengineering efforts already attempted over the past two or three years? Also, explain the distinction between these reductions, which may be viewed as across-the-board cuts, and the options to make more strategic reductions.

Response: APHIS has implemented a variety of changes that will result in cost savings and efficiencies. These changes range from implementing spending controls to identifying programmatic efficiencies. For example, APHIS offered buyouts and early out retirements in FY 2011 and FY 2012, and continues to manage vacancies and realign positions to realize savings in salary lapse. APHIS centralized certain services such as IT customer service support, telecommunications and vehicle inventory with controls on purchases. These cost reductions are factored into the program's budget requests.

APHIS has identified areas where a shift in methodology or process can allow us to save money and still achieve our program goals. For example, APHIS has developed several statistical and epidemiological methods to increase the efficiency of animal health surveillance activities. We have also implemented business process improvements in areas such as investigation and enforcement, import and export reviews, and reviews of petitions to determine the regulatory status of genetically engineered crops. These reductions are related to specific program activities. All of these actions have helped position the Agency to sustain budget cuts while continuing to minimize agricultural risks.

Mr. Aderholt: APHIS proposed reductions for a number of accounts as a result of a requirement for more cost share on the behalf of the beneficiary. However, the Agency lacks consistency when applying this principle - some programs require more cost share while other programs require the federal government to pay 100 percent of the entire cost for a service. What is the Administration's policy? When does APHIS decide to pay 100 percent of a service, when does the Agency require partial cost-share, and when does APHIS require 100 percent of the service to be paid by the private or public recipient?

Response: APHIS works with cooperators at the State, local, and industry levels to achieve overall program goals. This is especially true for pest and disease control and eradication programs. Since these pests and diseases have a direct impact on State and local conditions and since States and localities are beneficiaries of the actions, it is expected that all parties will devote available resources to address the outbreak before significant economic damage occurs.

While there is no specific level of required cost share, fiscal resources are becoming increasingly scarce at all levels—Federal, State, and locally. The Federal government can accomplish more when program partners help support the programs that directly benefit them. Factors considered when determining an appropriate level of cost share to pursue include, among other things, whether it is a new threat or a longstanding program effort, whether the pest or disease spreads quickly, and whether commercial industries are at stake.

FACILITATING U.S. TRADE

Mr. Aderholt: APHIS is the lead U.S.D.A. agency for fighting the scientific battles associated with non-tariff trade barriers overseas and helping U.S. exporters to open up markets. Increasing access to more foreign markets should allow for the sale of more U.S. goods and thus support more U.S. based jobs. Increased expenditures in this agency activity could result in higher returns on investment and more jobs.

Please describe the efforts over the past two years to increase focus on overseas technical support, including details on the use of dollars, FTEs and other related resources.

Response: APHIS conducts capacity building activities to assist developing countries strengthen or establish animal and plant health regulatory systems and infrastructure. Doing so can help increase the partner country's ability to participate in safe agricultural trade and prevent serious animal and plant health diseases from spreading beyond its borders. Accordingly, capacity building activities could eventually help recipients increase food security and income levels while also helping protect the United States from expanding pest and disease outbreaks and smuggling of infested products (as the countries build regulatory infrastructure and implement quarantines for pest and disease-infested areas). With regulatory infrastructure in place, developing countries are also prepared to import agricultural goods from other countries, including the United States. Because of the long-term potential benefits to U.S. agricultural exporters, APHIS has made capacity building a pillar of its strategic plan for its international activities. APHIS often conducts these types of projects, which include training courses and on-site technical assistance at the request of other U.S. agencies, including the Department of Defense, U.S. Agency for International Development, and USDA's Foreign Agricultural Service. APHIS also aligns its efforts to global initiatives sponsored by the Food and Agricultural Organization of the United Nations, the World Organization for Animal Health, and the International Plant Protection Convention to increase the impact of individual projects. APHIS is devoting more resources and effort to reviewing requests and aligning capacity building projects with strategic, high-priority goals (taking on projects in areas where pests and diseases have likely pathways to the United States and countries likely to become a trading partner, for example). In FY 2012, APHIS used $909,000 in appropriated funds, $2.25 million in reimbursable funds, and 9 FTEs for capacity building activities. In FY 2013, APHIS anticipates using $940,000 in appropriated funds, $3.25 million in reimbursable funds, and approximately 10 FTEs to support these activities.

Mr. Aderholt: Please explain why USDA would propose a decrease of nearly a half of million dollars for Overseas Technical and Trade Operations in FY 2014, especially when steady funding or increased funding could contribute towards jobs.

Response: USDA's FY 2014 proposed reduction in the Overseas Technical and Trade Operations program is related to eliminating cooperative agreement funding for foreign governments in Central and South America and will not impact trade facilitation activities. While APHIS has reduced staff in areas that previously received cooperative agreement funding, the Agency is maintaining a presence in these areas and others around the world to continue critical activities such as trade facilitation and to provide technical assistance as needed on animal and plant health issues.

Mr. Aderholt: USDA has proposed a decrease in funding for trade and technical assistance, but proposed an increase of $725,000 for Lacey Act activities. The Lacey Act amendments were designed to address illegal logging in foreign countries. How can USDA propose to cut core mission activities such technical trade operations while asking to increase funding for illegal logging in foreign countries?

Response: APHIS is charged with implementing the 2008 Farm Bill amendments to the Lacey Act and therefore, requested funds so that the Agency can carry out this Congressional mandate. As amended, the Lacey Act prohibits the importation of any plant, with limited exceptions, taken or traded in violation of domestic or international laws. APHIS' role is to collect import declarations for imported, commercial shipments of products covered by the 2008 amendments. The requested increase will help us implement the Lacey Act more efficiently and enhance our ability to prevent the importation of specified plants that have been taken or traded illegally. Specifically, we would implement a web-based solution to expedite the processing of declarations, which are required for imported shipments of regulated products, and eliminate the need for paper import declarations. This should help make enforcement more effective while reducing the burden on importers. We would also develop the capacity to analyze data to improve the process and to ensure compliance with the Lacey Act provisions. In addition, we will continue outreach activities to educate the various industries and importers affected by the Lacey Act amendments.

Regarding the reduction for the Overseas Technical and Trade Operations program, APHIS will no longer provide cooperative agreement funding to foreign governments in Central and South America for animal disease surveillance. APHIS is maintaining its presence in these areas and others around the world to continue critical activities such as trade facilitation and to provide technical assistance as needed on animal and plant health issues.

Mr. Aderholt: What role does the MRP mission area have in the technical support for the two ongoing free trade agreement discussions - Trans Pacific Partnership (Asia) and Transatlantic Trade and Investment Partnership (Europe)? Please provide specific examples.

Response: As part of a U.S. government, interagency team led by the U.S. Trade Representative's Office (USTR), APHIS provides the technical expertise needed to successfully address animal and plant health regulatory issues associated with these free trade agreement negotiations. Since the first round of negotiations of the Trans Pacific Partnership (TPP) in March 2010, APHIS has provided: 1) technical support in addressing bilateral sanitary and phytosanitary (SPS) issues with TPP partners and 2) guidance to the U.S. government team regarding negotiating criteria for animal and plant health components of the text of the SPS chapter of the agreement. As part of the MRP mission area, APHIS is directly responsible for protecting the animal and plant health resources of U.S. production agriculture and natural resources. APHIS' participation in the negotiation helps ensure that the SPS framework incorporated into the agreement is compatible with U.S. animal and plant health quarantine policies while promoting the export interests of U.S.

agricultural producers. In consultation with USTR and U.S. industry groups, APHIS has identified specific SPS issues to resolve or substantially advance with individual TPP countries as the agreement is finalized. These include issues such as removal of trichinae testing requirements for shipment of U.S. fresh pork to Chile, Peru, and Singapore; expanded access for U.S. potatoes to Mexico; and market access for U.S. cattle to Chile and Peru.

Of the 16 rounds of negotiations that have occurred, APHIS and other regulatory agencies have attended 14 rounds to provide technical support to the USTR-led team. The 17th round will be held May 15-24, 2013, in Lima, Peru and APHIS will again be represented to provide technical support on SPS issues.

In his State of the Union address of February 13, 2013, President Obama announced that he would submit a request to start formal negotiations on TTP. As the negotiations occur, APHIS will provide technical support on SPS issues to ensure the protection of animal and plant health and natural resources within the United States.

Mr. Aderholt: Some sanitary/phytosanitary trade barriers hinder U.S. agricultural exports and strain relations with major trading partners. What else can APHIS do to help overcome these trade barriers? Please provide recent examples.

Response: USDA and APHIS successfully resolve trade barriers related to animal and plant health concerns, participate in the development of international standards, and promote the understanding of sanitary and phytosanitary principles at home and abroad. Generally speaking, APHIS partners with other agencies, such as the Foreign Agricultural Service and United States Trade Representative, in taking a proactive approach to systematically address barriers that arise and have the potential to significantly impact U.S. exports. APHIS has done this with a number of past and present issues, including H1N1, bovine spongiform encephalopathy, and avian influenza.

When animal or plant health concerns potentially limit the movement of a commodity in international trade, APHIS scientists and technical staff enter into discussions with their foreign counterparts on the scientifically identified risks related to the movement of the product. APHIS exchanges technical information with our trading partners to address the health concerns of the countries involved and enables trade to take place. In addition, APHIS attachés posted overseas play an active role by resolving urgent problems involving U.S. shipments detained at foreign ports of entry. The exchange of technical and scientific information can often convince an importing country that the risk associated with imported products is less than had been perceived or can be safely addressed through certain risk mitigation measures.

In FY 2012, APHIS resolved 207 trade-related issues involving agricultural exports, allowing trade worth more than $2.56 billion to occur. These export accomplishments include opening new markets for a variety of U.S. products, such as eggs to Mexico worth $13 million, blueberries to Korea worth $625,000, and cattle to Jordan worth $200,000. We also retained key markets around the world for products ranging from apples to Mexico worth $15 million, logs from Virginia and South Carolina to China worth $2.5 million, and poultry and poultry products from Minnesota to Turkey worth $2 million.

We expanded market opportunities for several U.S. products, including horses to Argentina worth $2 million, potatoes to Japan worth $4.6 million, and apples to South Africa worth $750,000. APHIS attachés successfully obtained the release of more than 300 individual shipments of U.S. agricultural products worth more than $41 million.

The World Organization for Animal Health (OIE) and the International Plant Protection Convention (IPPC) are recognized by the World Trade Organization as the definitive global bodies responsible for establishing science-based sanitary and phytosanitary standards that promote free and balanced trade of agricultural products. Because of its regulatory expertise, APHIS is the lead U.S. government agency for negotiating international animal and health standards under the IPPC and OIE. In FY 2012, the OIE adopted more than 18 new or revised international standards. Examples include the adoption of a chapter on the evaluation of veterinary services and newly adopted chapters in the aquatic code. Also in FY 2012, APHIS, together with other IPPC member countries, developed and adopted six new and/or updated plant health standards.

Mr. Aderholt: Through your international program, APHIS maintains a presence in countries that are significant agricultural trading partners. For the record, please provide a list of all countries where APHIS has personnel, the number of employees in that country and a brief description of the work conducted in that country. Were any countries added or deleted in fiscal year 2012 or planned in 2013 FY 2014?

Response: APHIS' overseas officials support the Agency's pest and disease exclusion efforts through various activities. They are vital in resolving sanitary and phytosanitary (SPS) issues, negotiating new markets, and retaining existing markets. APHIS' presence overseas is critical in resolving problems with delayed shipments due to agricultural health or documentation concerns. Overseas officials provide expertise to our foreign counterparts on animal and plant health issues. APHIS officials operate preclearance programs funded through trust funds in approximately 20 countries to ensure products destined for the United States are inspected before departure and meet U.S. entry requirements. These officials cooperate with foreign counterparts to keep informed of the regional plant and animal health issues. The collected information helps dictate import and inspection policies, validate risk assessments, and identify pests and diseases to target for surveillance.

In addition, our officials help developing countries strengthen their regulatory infrastructures and enhance their pest and disease control programs. These activities assist U.S. producers to access export markets while protecting U.S. agricultural health.

Agency officials also work with international organizations such as the World Organization for Animal Health (OIE) to develop science-based standards for international trade and conduct projects to improve regulatory infrastructures in other countries. APHIS works with foreign governments to control the Mediterranean fruit fly in Mexico, Belize, and Guatemala and to prevent the screwworm from spreading into Panama and further northward from South America. These activities control the pests and diseases at their source and prevent them from spreading to the United States through natural means or trade.

In FY 2012, as part of the Blueprint for Stronger Service, APHIS closed offices in Burma, Cambodia, Indonesia, and Laos. These offices were primarily dedicated to avian influenza surveillance and monitoring. Additionally, APHIS reduced cooperative animal disease surveillance activities with Nicaragua and no longer needs an employee in that country. APHIS continues to evaluate overseas operations and post locations on an ongoing basis to make sure our resources are strategically located to reduce risks to U.S. agriculture and to facilitate safe agricultural trade.

The following table provides a list of all countries where APHIS has staff and the number in each. Appropriations, user fees, reimbursable agreements, and trust funds fund these personnel, which account for the differences from those stated in the President's FY 2014 Budget. This information includes American direct hires, locally employed staff, and employees funded by outside sources, trust funds and reimbursable agreements. APHIS is considering additional changes for FY 2014.

[The information follows:]

Region	Country	FY 2012	FY 2013 (est)	FY 2014 (est)
Africa	Egypt	3	4	4
	Kenya	1	1	1
	Senegal	4	3	2
	South Africa	3	3	4
Asia/Pacific	Afghanistan	2	1	0
	China	6	5	6
	India	3	3	3
	Japan	4	4	4
	Pakistan	1	2	2
	Philippines	4	4	4
	South Korea	4	3	3
	Taiwan	2	2	2
	Thailand	4	3	4
Caribbean	Dominican Republic	5	3	4
	Haiti	12	13	13
	Jamaica	4	5	5
	Trinidad	1	1	1
Central America	Belize	1	1	1
	Costa Rica	4	4	3
	Guatemala	21	21	22
	Honduras	1	1	1
	Nicaragua	1	0	0
	Panama	17	20	20
Europe/Near East	Austria	2	1	1
	Belgium	5	5	5
	France	1	1	1
	Germany	1	1	1
	Italy	2	2	2
	Netherlands	4	4	3

Region	Country	FY 2012	FY 2013 (est)	FY 2014 (est)
North America	Canada	2	1	1
	Mexico	132	104*	104
South America	Argentina	5	7	6
	Bolivia	1	1	1
	Brazil	4	3	3
	Chile	22	21	21
	Colombia	4	4	4
	Ecuador	1	1	1
	Peru	2	2	2
	Uruguay	1	1	1
Total		297	266	266

*The decrease in employees in Mexico is related to the transfer of the Screwworm facility in Tuxtla to the Mexican government.

Mr. Aderholt: How much does APHIS expect to reimburse the Department of State for shared administrative costs in fiscal years 2011 and 2012 or planned in 2013? How does this compare to previous years?

Response: APHIS pays the United States Department of State for International Cooperative Administrative Support Services (ICASS). The ICASS system is the principal means by which the U.S. Government provides and shares the cost of common administrative support needed to ensure effective operations at diplomatic and consular posts abroad.

[The information follows:]

STATE DEPARTMENT REIMBURSEMENTS	
Fiscal Year	Reimbursement amount
2007	$3,385,655
2008	3,405,388
2009	3,296,911
2010	3,794,227
2011	3,749,488
2012	3,390,079
2013 (est.)	3,270,000

The amount paid is based on actual services provided and per capita charges. APHIS closed several offices in FY 2012 and has not filled certain vacancies as an overall cost-cutting measure, leading to lower ICASS payments.

Mr. Aderholt: Please list the trust fund agreements that APHIS has with major exporting groups.

Response: The following table represents FY 2012 agreements, as the amount of the FY 2013 agreements will be based on services provided and are not available at this time.

[The information follows:]

APHIS TRUST FUND AGREEMENTS WITH MAJOR EXPORTING GROUPS

Trust Fund Agreement	Country	FY 2012 Amount	Major Commodity
Asociacion de Export de Chile	Chile	$2,048,692	Multiple Commodities
Association Nationale des Export	Haiti	$868,732	Mangoes
Valexport	Brazil	$566,309	Mangoes
Bond Van Bloembollenhandelaren (ANTHOS)	Netherlands	$549,930	Bulbs & Perennials
Jamaican ministry of Agriculture	Jamaica	$458,137	Multiple Commodities
Deciduous Fruit Producers Trust	South Africa	$292,674	Apples, Oranges, Clementines, Grapes, Pears
Association Peruana de Exportadores de Mango	Peru	$262,600	Mangoes
Fundación Mango Ecuador	Ecuador	$281,318	Mangoes
Ibertrade Commercial Corporation	Spain	$282,801	Oranges, Lemons, Clementines
Pipfruit New Zealand	New Zealand	$180,219	Apples, Pears
Trust Fund Agreement	Country	FY 2012 Amount	Major Commodity
National Agricultural Cooperative Federation	Korea	$392,670	Apples, Sandpears, Chestnuts
Copexeu	Argentina	$475,280	Apples, Cherries, Nectarines, Pears, Plums, Peaches, Blueberries
Empacadoeras de Mango de Exportacion, AC EMEX	Mexico	$357,095	Mangoes
Asociacion de Empacadores y Productores, Exportadores de Aguacate Michoacan A.C. APEAM	Mexico	$555,817	Avocados
Total		$7,572,274	

NEW FERAL SWINE PROGRAM

Mr. Aderholt: APHIS is proposing to start a new comprehensive feral swine control program. The request is for $20 million and 95 staff years.

The Agency estimates that the feral swine population has grown from 1 million in 17 states to 5 million in 38 states over 20 years.

Since one of the primary reasons for this proposal is to address the threats to and from zoonotic disease, what else is APHIS doing in other Agency programs to support this broader effort?

Response: APHIS has a long history in addressing zoonotic diseases. Two of our longest eradication efforts, bovine brucellosis and bovine tuberculosis, are focused on zoonotic diseases. In addition, APHIS has worked with the poultry industry in addressing salmonella and avian influenza, eradicated swine brucellosis from the commercial swine herd in the United States, and developed a voluntary trichinae certification program. APHIS also licenses, inspects, and tests approximately 800 veterinary biologics products for zoonotic agents.

More recently, APHIS has adopted the One Health concept to further protect animal and human health. The One Health concept promotes local, state, national, and international collaborative efforts to promote healthy animals, people, and ecosystems. APHIS has aligned internal policies, programs, and infrastructure around this initiative, while developing strategies and policies for how animal health agencies can effectively engage with public health counterparts. APHIS' feral swine damage management program supports these existing initiatives to reduce the threat of disease spread between animals and humans and will integrate efforts between State wildlife, agriculture, and public health agencies by leveraging appropriated funds with financial and in kind support at the local level.

The National Rabies Management program has been actively involved in reducing the potential spread of raccoon rabies to livestock, people and pets across the eastern United States since the 1990s. Annually, APHIS distributes more than seven million oral rabies vaccine baits across 15 States. As a result, APHIS has come closer to achieving its goal of preventing the spread of this zoonotic disease from wildlife to humans. APHIS has been coordinating these efforts and activities among State wildlife, agriculture, and public health agencies. For example, the National Rabies Management coordinates efforts between U.S., Canadian, and Mexican wildlife, agriculture, and public health agencies.

In addition, APHIS' National Wildlife Disease program participates in wildlife disease monitoring and surveillance efforts, including zoonotic diseases, in all regions of the United States. The National Wildlife Disease program has been actively involved in monitoring for zoonotic diseases such as bovine tuberculosis, highly pathogenic avian influenza, plague, and tularemia.

Mr. Aderholt: Please provide specific details on the major activities within this proposal, including the breakout of dollars and FTEs for each type of activity.

Response: APHIS will serve as the lead Federal agency in a cooperative effort with other Federal, State, tribal, and local entities that share a common interest in addressing this issue. Since environmental conditions and laws governing feral swine vary considerably among States, APHIS' strategy is to provide resources and expertise at a national level, while allowing flexibility to manage operational activities from a local or State perspective. APHIS will gather stakeholder input through the NEPA process to determine implementation strategies that meet the needs of individual States. The program is based on an integrated approach to controlling feral swine damage, and it will include four key components: field operations, disease and population monitoring, research, and communication and outreach.

[The information follows:]

Breakout of Activity
(Dollars in Thousands)

Activity	Est. Funding	FTEs
Field operations	$16.571	81
Disease and population monitoring	1.722	8
Research	1.457	5
Communication and outreach	.250	1
Total	$20.000	95

Mr. Aderholt: If the Agency is attempting to strengthen programs that are sensitive to serious disease outbreak such as swine health - why would the agency propose a new program alongside a net decrease of $2.7 million for this corresponding program?

Response: The net decrease in the swine health program is unrelated to the new feral swine damage management program. The proposed decrease in the FY 2014 President's Budget is due to APHIS' ability to increase the efficiency of the existing surveillance program.

Application of statistical and epidemiological methods has allowed the Agency to increase the efficiency of the existing animal health surveillance system, without sacrificing confidence of industry and trading partners in our surveillance system. These efficiency methods include: using statistics to determine the surveillance levels needed to achieve the objectives of disease detection for each animal species and given disease; utilizing targeted surveillance focusing on animals with a higher probability of disease; leveraging historical data; combining surveillance streams; integrating disease testing where one sample is tested for multiple diseases; and applying cost-benefit analysis to measure the value of the information received from the dollars spent. By applying these efficiency methods, APHIS can significantly reduce sample collection needed for surveillance in commercial swine. APHIS will continue to conduct surveillance for major diseases of concern.

At the proposed level of funding, the U.S. surveillance efforts will be aligned with many of our major trading partners. APHIS will retain the ability to modify surveillance to survey for other diseases or increase the levels of detection in the event of a disease outbreak or other circumstances that warrant such an action to protect the health of the U.S. swine population. APHIS' new proposed FY 2014 feral swine damage management program will focus on removing feral animals and reducing damage to agriculture and the environment, and further monitor for diseases specifically in feral swine.

Mr. Aderholt: Please provide a five year history of APHIS' expenditures on swine surveillance, including planned spending in fiscal year 2013 and proposed spending in fiscal year 2014.

Response: The information is submitted for the record.

[The information follows:]

APHIS' SWINE SURVEILLANCE EXPENDITURES (Dollars in Millions)	
Fiscal Year	Amount Spent*
2008	$14.3
2009	$13.7
2010	$12.2
2011	$11.7
2012	$11.7
2013 (est.)	$11.1
2014 (est.)	$8.7

*In FY 2008 - FY 2011, swine surveillance activities were funded through the Animal Health Monitoring and Surveillance line item (AHMS); APHIS did not specifically track swine surveillance activities within overall AHMS spending so the figures shown are estimates. Since FY 2012, swine surveillance activities have been funded through the Swine Health line item; APHIS does not specifically track surveillance activities within overall Swine Health spending so the figures shown are estimates.

Mr. Aderholt: Has any other part of the Federal government endorsed or supported a swine surveillance program at USDA? If so, please specify which federal and/or state organizations support such a program at USDA.

Response: In preparation for implementing a national feral swine damage management program in FY 2014 which will, if approved, include monitoring for diseases in feral swine, USDA has begun engaging other Federal partners and State organizations. In 2013, USDA's lead Agency for the national feral swine damage management program, the Animal and Plant Health Inspection Service (APHIS), will hold a meeting for Agencies cooperating on an environmental impact analysis of the proposed program. Attendance will include representatives from the United States Forest Service, the Natural Resources Conservation Service, the National Park Service, the United States National Invasive Species Council, the National Association of State Departments of Agriculture, and the Association of Fish and Wildlife Agencies. To date, these Federal and State agencies have been supportive of the USDA plan to address the growing feral swine problem. APHIS will continue to collaborate with our partners who share a similar goal of reducing the feral swine damage and monitoring for swine diseases.

AVIAN HEALTH

Mr. Aderholt: The APHIS budget notes that the poultry industry is valued at $35 billion or more. When you look at the total economic activity of the industry, economists have calculated the total estimated impact on the

U.S. economy at around $257 billion. Not only is this industry a vital part of our national economy and the economies of my district in northern Alabama, it provides many Americans and people across the world with an affordable source of valuable protein. We need to ensure that the animals and animal products are healthy and free of disease and your Department plays a critical role here.

The APHIS budget notes that the poultry industry is valued at $35 billion or more while some economists have calculated the total estimated impact on the U.S. economy at around $257 billion.

Please explain to the Committee why the President's budget proposes a decrease of $2.5 million, especially in light of continued incidents of High and Low Path Avian Influenza in places like our neighbor Mexico and the Avian Influenza outbreak in China that has been linked to many deaths.

Response: APHIS proposed the funding reduction due to the completion of one-time investments and better knowledge of the disease. Greater understanding of bird movements and migrations, improvements to response and containment activities, and the completion of preparedness projects allowed us to decrease our spending in international and wild bird surveillance activities without posing additional risk to our domestic poultry industry. The requested reduction will not impact our domestic surveillance efforts in commercial poultry, which continue to meet requirements of our trading partners. APHIS continues to work closely with stakeholders to address emerging issues and ensure our program activities are sufficient to protect the health of U.S. poultry.

Mr. Aderholt: What is USDA doing overseas to bolster the overall effectiveness of U.S. avian health programs?

Response: USDA officials overseas facilitate agricultural trade, maintain contact with agricultural officials where they are posted, monitor agricultural health, and lead efforts in sanitary and phytosanitary standard setting. USDA works closely with the U.S. Trade Representative's Office to maintain a coordinated, strategic approach to resolving plant and animal health issues that affect U.S. exports. APHIS maintains seven offices in Asia to provide points of contact for U.S. agricultural interests and help collect relevant real-time information such as updates on avian health. For example, APHIS' office located in Bangkok, Thailand specifically focuses on avian health in Southeast Asia's lesser-developed economies. APHIS conducts surveillance, capacity building, training and overseeing monitoring, epidemiology, and diagnostic testing throughout the region (although on a more limited scale following the completion of several capacity building projects related to avian influenza).

To open markets for U.S. poultry, APHIS has negotiated and renegotiated sanitary protocols for trade of various poultry and poultry-related products. When markets have been abruptly closed to certain U.S. States or regions in response to low pathogenic avian influenza detections, APHIS provides science-based rationales for reopening the market, coordinates informational visits and exchanges, facilitates the U.S. industry's access to decision-makers, and participates in continued negotiations.

In FY 2012, APHIS retained and expanded $200 million worth of U.S. poultry exports around the world: $100 million in poultry products exported to the Americas, $20 million to Asia, and $80 million to Europe/Africa/Middle East. Recent export accomplishments include: expansion to Costa Rica for hatching eggs and day-old chicks worth $2.2 million, expansion of hatching eggs to the European Union worth $1 million, and new market access gained in poultry and eggs to Mexico worth more than $25 million. In February 2013, APHIS opened markets in Belarus, Kazakhstan, and Russia for day-old chicks and hatching eggs, increasing U.S. exports by an estimated $25 million a year.

Mr. Aderholt: Please provide details as to which foreign markets currently block U.S. exports of poultry as a result of non-tariff trade barriers? Also, describe any recent activities and support provided by APHIS to the U.S. trade agencies to open these markets to U.S. poultry and/or poultry products.

Response: Several countries restrict U.S. exports of poultry or poultry products as a result of non-trade tariffs barriers. This includes sanitary and phytosanitary issues that APHIS addresses as well as food safety issues addressed by the Food Safety and Inspection Service (FSIS). Due to concerns over avian influenza (AI) and exotic Newcastle disease, some countries (including Argentina and Uruguay) refuse to allow imports of fresh, frozen, and chilled poultry from the United States. Morocco restricts imports of U.S. poultry and poultry products due to concerns about AI and *salmonella*, which falls under the purview of FSIS. Japan limits market access to U.S. poultry meat and poultry products, including egg products, due to concerns related to AI. China, Colombia and Russia restrict market access to raw poultry due to zero tolerance policies with regard to pathogens such as *salmonella* and *listeria*. Additionally Russia and the European Union also place restrictions on U.S. poultry products related to the use of pathogen reduction treatments.

APHIS has been actively engaged with the Office of the United States Trade Representative (USTR) and the Foreign Agricultural Service (FAS) to ensure that U.S. poultry and poultry products gain and retain access to foreign markets. APHIS provides scientific information about the health status of U.S. poultry and potential regional situations regarding potential outbreaks of poultry diseases. Because issues affecting poultry exports are complex and involve both animal and human health concerns, APHIS works very closely with FSIS, FAS, and USTR. In FY 2012, APHIS helped retain market access for U.S. poultry and poultry products through the exchange of information regarding Federal, State, and industry safeguarding measures to detect and prevent the spread of AI in the United States. Recently, APHIS worked to repeal a ban on poultry products to Albania; negotiated new requirements for meals, tallow, lard, and fat derived from poultry with Mexico; negotiated access for previously banned poultry and poultry products to Macedonia; and worked with Colombia to lift restrictions on hatching eggs and day old chicks. APHIS worked with China, Kuwait, Japan, Mexico, Russia, Taiwan, and Turkey to lift import suspensions on various States due to low pathogenic avian influenza. APHIS also communicates with its counterparts on an ongoing basis about issues that may affect specific shipments held up in foreign ports of entry.

BIOTECH REVIEW IN APHIS

Mr. Aderholt: Over a year ago, USDA announced process improvements to the biotech petition regulatory review program intended to significantly reduce the time for review and approval of new traits in seed products. Despite the fiscal challenges, Congress recognized the importance of supporting APHIS and the corresponding potential for biotech crops by providing the Agency with a $5.0 million increase in FY 2012. While the review process for some biotech crops lasted 900 days or even longer, the current goal is a decision under a year.

When will APHIS expect to show more improvements from this revised process and the increased investment? Please provide specific targets.

Response: As part of the Blueprint for Stronger Service initiative, APHIS conducted a business process improvement for the petition review process. In streamlining the review of biotechnology petitions, APHIS implemented a structured process, including standardized timelines for each step. APHIS is already seeing progress related to the changes. For example, the initial review to determine if a petition is complete and contains all the information necessary for a thorough evaluation previously took a year on average and involved significant back-and-forth between APHIS and the petitioner. Under the revised process, APHIS' target is to complete these initial reviews in less than 90 days. On average, APHIS is actually completing them in 65 days. Another improvement is faster completion of the APHIS plant pest risk assessment. In the past, this step took an average of 5 to 6 months. Under the new petition review process, APHIS completes the review, on average, in about 70 days.

Evidence that these process improvements are yielding results include publication of eight petition-related dockets in February 2013, including an announcement of the extension of non-regulated status for a genetically engineered crop under an expedited review process for plant lines that are similar to those previously reviewed. APHIS plans to announce soon the availability of petitions for public comment on a proposed determination of non-regulated status for alfalfa engineered to have lower lignin levels to improve its digestibility and for potatoes with lower levels of acrylamide and reduced black spot bruising.

The Agency also is developing environmental assessments for 9 additional petitions, some of which are taking slightly longer than projected mainly due to the volume of petitions at this step in the process. However, APHIS expects to publish its first preliminary determinations for products under the improved process in 2013. APHIS fully expects to meet its new timelines once the petitions received before the new process was implemented have completed the process.

Note: Estimated time savings for plant pest risk assessments reflects updated data from information available at Agriculture Secretary's hearing on FY 2014 budget.

Mr. Aderholt: Assuming that all the necessary legal, environmental, and scientific controls are part of the review process, what are the ramifications of APHIS not approving new traits in a more timely manner?

Response: The safe development of genetically engineered (GE) crops provides the United States with opportunities to increase its exports of biotechnology-derived products. A vital component to supporting marketplace competition and strong exports is having a regulatory system that provides for the safe development and use of biotechnology in a timely manner. Accordingly, APHIS implemented process improvements and developed a streamlined process that meets all of the necessary legal, environmental, and scientific reviews and requirements. By increasing efficiency in the petition process, safe GE products can enter the marketplace more quickly, allowing for market advances and export opportunities. Without a timely, more predictable process, developers face uncertainty and delays in bringing new products to the marketplace.

Mr. Aderholt: Does APHIS believe that this new process will help U.S. producers maintain a competitive advantage over U.S. competitors in overseas markets?

Response: The new process will help companies bring products to the U.S. marketplace sooner. New genetically engineered crops must still undergo regulatory reviews in other countries before they can be marketed in foreign countries. However, in cases where trading partners prefer that newly developed crops have completed USDA reviews before the foreign country's government begins its review, the faster timelines will allow these products to start the review process sooner in these other countries.

Mr. Aderholt: Is APHIS currently cooperating with any other non-U.S. governments on the biotech review process used in the United States? If so, please provide details.

Response: APHIS engages in formal and regular interactions with several key countries. APHIS works closely with Canada and Mexico in a trilateral technical working group to move toward greater harmonization in regulatory policies and procedures and to cooperate on risk assessment of new genetically engineered (GE) products. APHIS also participates in the North American Biotechnology Initiative, a policy forum that facilitates information sharing and cooperation between the three countries. APHIS officials and their counterparts in USDA's Foreign Agricultural Service foster cooperation with China on regulation of GE crops, participating in discussions on risk assessment of new GE products and mechanisms for information exchange.

APHIS currently serves as the Chair of the Working Group for Harmonization of Oversight for Biotechnology within the Organization for Economic Cooperation and Development. This forum develops consensus documents for the evaluation of new biotechnology products. APHIS also participates and provides technical expertise in risk assessment as it impacts a regulatory structure in the Ad Hoc Technical Experts Group on Risk Assessment, a working group under the auspices of the Cartagena Protocol for Biosafety under the United Nations Convention on Biological Diversity. APHIS provides subject matter experts for international workshops, seminars, and conferences on biotechnology regulation. During FY 2012, APHIS provided a biotechnologist for an environmental risk assessment workshop in Chile and a biotechnology short course that included participants drawn from countries of sub-Saharan Africa and Southeast Asia.

APHIS meets with foreign visitors who are interested in learning more about how the United States regulates the safe use of biotechnology derived crops. These interactions include foreign visitors representing the press, politicians, government ministry officials, scientists, and consumer groups. In FY 2012, APHIS provided information about USDA's biotechnology regulatory policies and procedures to visitors from Colombia, China, Japan, Netherlands, Russia, South Korea, and Vietnam. Thus far in FY 2013, APHIS also provided information to visiting regulatory officials of Indonesia, Turkey, the European Union, India, Kazakhstan, Brazil, Colombia, Serbia and Vietnam. Later this spring, APHIS will meet with delegations from Nigeria, Malawi, Uganda, Mozambique, and Burkina Faso. These activities are intended to help other countries develop regulatory systems for biotechnology-derived crops and allow them to make informed regulatory import decisions.

Mr. Aderholt: One reason for the long review times in this process goes back to the environmental impact assessment. Last year, the Secretary made a commitment along with then-EPA Administrator Jackson to improve coordination between the two agencies. Has USDA made any improvements in this part of the process with EPA so that thorough reviews are performed in a quicker manner? Are the two agencies working better than they had before?

Response: USDA and EPA are working closely to enhance coordination of regulatory reviews. In December 2012, APHIS and EPA held the first of regular discussions to lay out a strategy to improve collaborations and coordination between the two agencies for the review of new uses of existing herbicides (under EPA's authorities) and genetically engineered crops resistant to those herbicides (under APHIS' authorities). The two agencies reviewed processes and identified opportunities to improve coordination that would ultimately lead to timely sharing of information and the synchronization of decisions. APHIS' improvements in its petition process will reduce the time it takes to complete its review process. The new timelines are very similar to EPA's registration timelines under the Pesticide Registration Improvement Act. As a result, the two agencies have developed joint timelines for reviews that highlight critical information sharing points and public engagement that would increase the likelihood of synchronous approvals. EPA and APHIS are piloting this improved process for a number of products currently under review.

Mr. Aderholt: Please inform the Subcommittee of how many products are awaiting approval, in accordance with the Plant Protection Act, from APHIS and the average length of time new product approval requires?

Response: APHIS currently has 21 petitions under review. Since 2006, the average length of time APHIS has required to reach determinations was 2.6 years, with some petitions taking 5 years or more. However, these figures reflect the timelines of the previous, unimproved process; to date, no petitions have fully completed the improved process from start to finish. Over the next few months, as petitions received before the new process was implemented are cleared from the backlog and the first petitions under the new process are completed, average times to reach decisions will drop dramatically to an estimated 14 to 16 months.

Mr. Aderholt: Please provide the Subcommittee with a table showing the staffing and funding for the Biotechnology Regulatory Services for the past five years as well as planned expenditures for fiscal years 2013 and 2014. Please note any reprogrammings or transfers included in these amounts.

Response: The information is submitted for the record.

[The information follows:]

BIOTECHNOLOGY REGULATORY SERVICES FUNDING AND STAFF YEARS (Dollars in Thousands)							
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 (est)
Funding	$11,728	$12,877	$13,322	$13,037	$18,135	$16,738	$18,215
Staff Years	74	79	81	81	92	90	90

Mr. Aderholt: Please provide the Subcommittee with an update on APHIS animal-related biotechnology activities.

Response: APHIS, along with the Food and Drug Administration (FDA), ensures the safe use of genetically engineered (GE) organisms and insects. APHIS regulates certain GE insects as plant pests under its plant biotechnology regulations. APHIS also uses its animal health regulations to ensure that GE insects do not pose a threat to animal health. The Agency's regulations require permits for organisms and vectors that present an animal health risk and that are imported into the United States or moved interstate. APHIS issues permits for importing insects that are potential vectors of animal disease agents. In general, GE insect vectors may or may not pose any additional animal health concerns, and these are evaluated on a case-by-case basis. Upon review of the study protocol and other scientific supporting documents for each request for importation or release of GE animal pests, APHIS will determine the regulatory action needed on a case-by-case basis. The regulatory action could involve issuing a permit with certain restrictions; further assessment for risk or environmental impacts; or, upon determination of no animal health impact, issuance of a letter of no jurisdiction. FDA has interstate authority over movement of food animals under the Food, Drug and Cosmetic Act, and APHIS coordinates with FDA on issues related to GE animal pests.

Mr. Aderholt: Please inform the Subcommittee of all payments made by USDA to outside organizations as a result of legal challenges to any aspect of the biotechnology review process at USDA or USDA agencies. The response should include the names of all organizations receiving payment, the respective dollar amounts, and the account from which the payment was made.

Response: In FY 2008, APHIS made a payment to Earth Justice in the amount of $443,327 from its Biotechnology Regulatory Services annual appropriation. In FY 2009, APHIS made a payment of $85,141 to the International Center for Technology Assessment from the Biotechnology Regulatory Services annual appropriation. In FY 2012, APHIS paid two separate legal settlements to the Center for Food Safety in the amounts of

$1.20 million and $2.21 million. The settlements were paid from APHIS' Biotechnology Regulatory Services FY 2012 annual appropriation.

METHLY BROMIDE PHASE-OUT

Mr. Aderholt: Please update the Committee on the agency's activities related to the Montreal Protocol and methyl bromide. What specific activities are planned for fiscal years 2013 and 2014?

Response: USDA works closely with the State Department to provide support to the U.S. delegation for the Parties to the Montreal Protocol on critical uses, and quarantine and pre-shipment uses of methyl bromide. In FY 2012, APHIS finalized an economic assessment on the use of methyl bromide as a quarantine and pre-shipment treatment. The assessment found that U.S. exports, for which methyl bromide fumigation was required, as the sole effective treatment option, had an average value of $370 million per year between 2005 and 2009. The value of exports for which methyl bromide was one of several phytosanitary treatment options required by the importing country was approximately $4.5 billion per year during the same time period.

In addition to the exemption for quarantine and pre-shipment uses of methyl bromide, the Montreal Protocol allows exemptions for "critical uses," such as fumigations to address pests during agricultural production for which there are no other practical treatments. These critical use exemptions are granted on an annual basis by the Parties to the Montreal Protocol. With the Agricultural Research Service as the lead Agency and APHIS providing support, USDA supports U.S. growers through providing data and justification for the U.S. request for critical use exemptions. At the Meeting of the Parties to the Montreal Protocol in November 2012, the U.S. delegation secured its full request for critical use exemptions for methyl bromide for calendar year 2014, including for example, strawberries, mills and food processing structures, cured pork, and dried fruit. USDA will continue to work closely with the State Department on methyl bromide issues in FY 2013-2014. APHIS is also continuing to support ARS in securing critical use exemptions for calendar year 2015.

INVASIVE SPECIES -- BROWN MARMORATED STINK BUG

Mr. Aderholt: Please provide the Subcommittee with an updated status on what APHIS and its federal and non-federal partners are doing to control the spread of the brown marmorated stink bug. The response should note whether or not APHIS is using a containment policy or a policy aimed at eradicating the pest.

Response: Due to the pest's wide distribution, APHIS and other Federal and State officials have determined that a traditional regulatory approach is not practical for the pest. Through research, APHIS has concluded that enforcing a containment or quarantine program is not attainable without causing additional economic hardship to growers and the general public. Specifically, enforcing regulations to prevent the spread of the brown marmorated stink bug (BMSB) is not possible due to the pest's ability to spread to new areas by hitchhiking on any mode of transportation. Additionally, this pest survives the winter by hiding in natural habitats, such as cracks and crevices in rock faces and the inside of homes and buildings.

APHIS continues to partner with USDA's Agricultural Research Service (ARS) and other cooperators to support evaluation of potential biological control agents for environmental release (ensuring that they would not become pests in their own right or have other, unintended consequences). APHIS will provide assistance in implementing a biological control program when it is developed. Additionally, APHIS is supporting ARS effort to develop monitoring tools that can be used to better estimate the threat from overwintering populations and evaluate the efficacy of pesticide treatments.

APHIS VEHICLE INVENTORY

Mr. Aderholt: Please describe and quantify any actions or measures by APHIS over the past two years to reduce the cost of its vehicle inventory.

Response: Over the past two years, APHIS completely revised its methodology for collecting vehicle inventory data. The methodology includes the review and approval of senior level managers in each program owning vehicles. The senior level managers also review the usage of each vehicle to identify under-utilized vehicles that could be shared within the agency as well as offer vehicles to the agency that are proposed to be disposed of prior to disposal. As a result of these changes, APHIS removed 340 vehicles from its fleet in FY 2012 and removed another 141 vehicles so far in FY 2013.

APHIS is currently implementing a vehicle allocation methodology that will provide a framework for further right-sizing of the Agency's fleet. The resulting information will be reviewed and approved by senior level managers to allow APHIS to better manage its fleet and continue to decrease its size and cost, while still meeting the needs of our programs and allowing us to serve the taxpayers in the most effective way possible.

ERADICATION OF THE BOLL WEEVIL AND PINK BOLLWORM

Mr. Aderholt: Please provide the Subcommittee with the latest assessment of boll weevil eradication efforts, including a timeline and estimate of resources required to eradicate the pest?

Response: The Cotton Pests program works with States, the cotton industry, and Mexico to eradicate the boll weevil from all cotton-producing areas of the United States and northern Mexico. APHIS provides national coordination, operational oversight, and technology development for this program. In addition, we provide technical advice on trapping and treatment protocols to our partners in Mexico for their eradication efforts. The eradication effort involves mapping cotton fields, using pheromone traps to evaluate weevil presence, and applying pesticides. Once we eradicate the boll weevil, we will conduct long-term surveillance to guard against re-infestation and to take action if re-infestation occurs. After the boll weevil is eradicated from an area, cotton growers rely far less on insecticides, thus reducing their production costs.

APHIS and cooperators have eradicated boll weevil from 99.5 percent of the 16 million acres of U.S. cotton. Of the three remaining zones in the Texas boll weevil program, one is free of boll weevil, and a second had one field with some detections in the fall of 2012 but is currently weevil-free.

However, the southern portion of the Lower Rio Grande Valley (LRGV) zone still contains boll weevil populations. Boll weevil is also present in adjacent areas in Tamaulipas State, Mexico. Until boll weevil is eradicated in Tamaulipas, the LRGV will be subject to boll weevil re-infestation due to natural migration of the pest from Mexico. Security concerns at the Mexican border have prevented cooperators from timely inspections of traps and treatment of infested fields in Tamaulipas. As a result, ongoing treatments and activities will be necessary in the LRGV to eradicate the boll weevil. Therefore, we cannot provide an exact timeline. APHIS expects to spend approximately $5.4 million on boll weevil in FY 2014, and expects to need similar amounts in upcoming years.

Mr. Aderholt: Please provide a table showing boll weevil funding, to include fiscal year 2011 and 2012 actuals and estimates for 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

Boll Weevil Eradication Program Obligations (dollars in thousands)	
FY 2011	$10,499
FY 2012	11,319
FY 2013 (est.)	8,843
FY 2014 (est.)	5,372

Mr. Aderholt: Please indicate which states have received boll weevil funding since 2008 and the amounts received by each.

Response: The information is submitted for the record. Included in each year's total is approximately $300,000 spent in Mexico.

[The information follows:]

Boll Weevil Funding by State
(Dollars in Thousands)

State	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 (est.)
Arizona	$85	$84	$84	$84	$117	$1,053
Arkansas	2,921	0	0	31	43	0
California*	682	762	757	352	491	365
Kansas	0	0	0	34	47	0
Louisiana	1,383	0	0	0	0	0
Mississippi	1,660	0	0	0	0	0
Missouri	1,794	0	0	0	0	0
New Mexico	109	108	107	96	134	116
Oklahoma	512	0	0	0	0	0
Tennessee	2,182	0	0	0	0	0
Texas	18,596	15,612	11,842	9,902	10,487	7,309
Total	$29,924	$16,566	$12,790	$10,499	$11,319	$8,843

*Includes funds spent in northern Mexico to protect California cotton-producing areas.

Mr. Aderholt: What activity has there been in the boll weevil loan program over the past three years?

Response: There have been no new loans issued over the past three years, and the only remaining loans are with Texas and Arkansas. Texas and Arkansas have balances remaining on their loans with the Farm Services Agency in the amounts of $13.5 million and approximately $7.3 million, respectively. Texas also has a Commodity Credit Corporation loan balance of approximately $8.8 million.

Mr. Aderholt: Please provide the Subcommittee with the latest assessment of pink bollworm eradication efforts, including a timeline and estimate of resources required to eradicate the pest?

Response: Working with States and the cotton industry, APHIS has eradicated the pink bollworm (PBW) from California, New Mexico, large areas of Arizona, and the El Paso region of Texas, representing 99.9 percent of infested cotton acreage. Currently, this pest is primarily in Arizona and northwest Mexico, but still considered to be in Texas and New Mexico until eradication is confirmed in these areas. APHIS is rearing and distributing sterile insects to eradicate PBW populations in Arizona and Mexico.

APHIS expects this cotton-growing season to be the first with no detections of native PBWs (i.e., those that have not been sterilized and released by APHIS). If no native PBWs are detected this season, APHIS will conduct surveys for an additional season to confirm that the program has eradicated the PBW. Once PBW is eradicated, APHIS will conduct long-term surveillance and maintain a colony of PBWs at its rearing facility to be prepared to take action if re-infestation occurs. These activities will require approximately $3 million annually. After PBW is eradicated from an area, cotton growers rely far less on insecticides, thus reducing their production costs. Over the course of the eradication effort, the program has increased these growers' global competitiveness, primarily through reduced production costs and increasing yields.

Mr. Aderholt: Please provide a table showing pink bollworm funding, to include fiscal year 2011 and 2012 actuals and estimates for 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

Pink Bollworm Eradication Program Obligations (Dollars in thousands)	
FY 2011	$10,480
FY 2012	8,541
FY 2013 (est.)	5,896
FY 2014 (est.)	3,572

ANIMAL DISEASE TRACEABILITY

Mr. Aderholt: Please provide the latest operating status of the Animal Disease Traceability Network?

Response: APHIS continues to build upon previous traceability investments; in particular, APHIS provides information systems and official identification options that States and Tribes may continue to use to support their traceability plans.

The new approach allows States and Tribal Nations the flexibility to meet requirements and standards in ways that best suit the needs of their producers while adhering to national standards. The Agency has built this flexibility into cooperative agreements with States and Tribes to allow the best use of funding as they implement their traceability plans. Cooperative agreements help fund activities that are critical for rapid traceback in the event of a disease outbreak. Examples of spending include training and outreach, distribution of official eartags to producers, and hiring of personnel to complete data entry.

APHIS published the final rule on January 9, 2013, establishing general regulations for improving traceability of U.S. livestock moving interstate. The rule became effective on March 11, 2013. APHIS is working with State personnel, producer organizations and local industry groups to educate stakeholders about the program standards they must comply with now that the rule is effective. Livestock producers work closely with accredited veterinarians in the field. APHIS is developing a training module to better educate those engaging with livestock producers.

Additional activities for the program could include test exercises to determine State and Tribe baseline capability as well as measure improvement over time. Additionally, APHIS is scoping the use of pilot projects to assist with the proper retirement of animal identification numbers. This activity will further improve the accuracy of data during an animal disease outbreak.

Mr. Aderholt: Please provide a full funding history for the animal disease traceability network or the previous equivalent of the animal disease traceability system (National Animal Identification System) since 2004.

Response: The table below represents federal funding received since 2004 and projected to FY 2013 for animal disease traceability.

[The information follows:]

FEDERAL ANIMAL DISEASE TRACEABILITY FUNDING
(Dollars in Millions)

Fiscal Year	Total
2004*	$18.7
2005	32.9
2006	33.0
2007	33.1
2008	9.7
2009	14.5
2010	5.3
2011	5.3
2012	8.3
2013(est.)	13.0
Total	$173.8

*Total represents CCC funds received to initiate the development of the infrastructure for an animal identification system.

Mr. Aderholt: How much did APHIS spend in fiscal year 2012 on the traceability network from all sources and how much does it plan to spend in fiscal year 2013 and fiscal year 2014?

Response: In FY 2012, APHIS spent $14.3 million on Animal Disease Traceability. APHIS plans to spend similar funding levels in FY 2013 and FY 2014.

Mr. Aderholt: In the President's fiscal year 2013 budget, APHIS requested a budget increase of $5.623 million in order to implement the Animal Disease Traceability Network. Of the amounts appropriated in fiscal year 2013 in the Animal Health and Technical Services line item, how much does APHIS plan to spend on animal disease traceability activities? How much do States plan to spend on this system in fiscal year 2013?

Response: APHIS plans to spend approximately $13 million on animal disease traceability activities in FY 2013. The portion that States contribute varies depending on how each State develops and implements their animal disease traceability activities to comply with Federal regulations and accompanying standards. At this time, APHIS is unable to estimate States contributions for FY 2013.

Mr. Aderholt: The President's fiscal year 2014 budget requests $5.623 million again for the Animal Disease Traceability Network? Please provide an explanation as to the differing activities supported in the FY 2013 request and the FY 2014 request.

Response: The FY 2014 President's budget requests an increase for a total of approximately $14 million, to implement the Animal Disease Traceability framework. The activities contained in the FY 2013 request are the same as those requested in FY 2014. However, the FY 2014 budget request will allow APHIS to carry out basic program operations without relying on carryover funds.

Mr. Aderholt: Please provide a list and description of both positive and negative feedback received by APHIS from the states and tribal organizations operating the Traceability Network.

Response: APHIS is making every effort to proceed with the new traceability approach that became effective March 11, 2013, as collaboratively and transparently as possible. The following is a consolidated assessment of the feedback APHIS has received in working with State personnel, producer organizations and local industry groups to educate stakeholders about the newly published regulation and accompanying standards.

Positive feedback

- o Flexibility enables States to work with producers at the local level to implement solutions that work best for them.
- o Burden to producers is minimized by not needing to report all animal movements to a database.
- o Established standard for official identification that all States must accept creates a foundation to add on additional requirements that work best for each State.

Negative feedback

- o Flexibility provided to States will increase the amount of time needed to understand the actual requirements for shipping animals into each specific State.
- o Manual recording of animal identification numbers on movement documents may impede the speed of commerce.

Mr. Aderholt: Provide for the record a list of all states or organizations that have received funding for this effort and the status of the states' system.

Response: The information is submitted for the record.

[The information follows:]

STATES AND ORGANIZATIONS RECEIVING
NATIONAL ANIMAL IDENTIFICATION SYSTEM FUNDING

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriat ed Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
Alabama Department of Agriculture	$115,000	$245,000	0	$276,000	$165,630	$52,536
Alaska Department of Natural Resources	0	34,710	0	60,660	42,400	34,800
Arizona Department of Agriculture	0	169,000	$84,351	160,200	111,650	141,771
Arkansas Livestock and Poultry Commission	115,000	281,000	203,000	249,300	174,500	167,975
California Department of Agriculture	670,072	625,000	696,909	698,080	361,900	296,900
Colorado Department of Agriculture	1,214,579	255,904	486,293	758,463	263,200	215,800
Connecticut Department of Agriculture	0	0	0	20,000	39,785	60,800
Florida Department of Agriculture and Consumer Services	531,840	273,000	98,720	184,510	176,645	167,446
Georgia Department of Agriculture	77,480	42,173	198,899	197,891	134,620	102,311
Hawaii Board of Agriculture	0	98,316	0	61,121	55,600	46,600
Idaho State Department of Agriculture	1,164,000	230,783	60,348	267,826	194,600	159,572
IDairy	975,000	0	0	0	0	0
Illinois Department of Agriculture	130,000	245,000	141,000	180,000	134,620	103,200
Indiana State Board of Animal Health	106,493	150,457	80,331	503,090	133,872	111,208

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
Iowa Department of Agriculture	130,000	410,878	0	525,150	481,800	272,085
Kansas Animal Health Department	1,246,430	685,000	0	3,564,900	210,000	196,680
Kentucky Department of Agriculture	269,093	326,276	0	375,000	280,459	213,150
Louisiana Department of Agriculture and Forestry	12,247	0	0	82,704	78,310	64,200
Maine Department of Agriculture, Food, and Rural Services	78,343	94,000	21,500	80,000	41,250	0
Maryland Department of Agriculture	105,000	85,952	0	81,000	53,915	56,181
Massachusetts Department of Agricultural Resources	0	95,348	0	80,000	59,831	14,359
Michigan Department of Agriculture	120,000	206,952	0	179,000	183,872	100,404
Minnesota Board of Animal Health	434,578	339,140	202,957	278,914	193,814	147,298
Mississippi Board of Animal Health	153,327	170,129	43,294	171,882	133,872	115,618
Missouri Department of Agriculture	484,874	496,973	72,931	0	150,956	275,389
Montana Department of Livestock	431,928	349,000	0	251,100	176,000	144,600
Nebraska Department of Agriculture	125,401	672,000	448,000	672,000	470,400	385,700
Nevada State Department of Agriculture	97,939	128,241	80,000	76,903	57,400	47,100
New Hampshire Department of Agriculture, Markets, and Food	0	17,547	0	35,000	0	0

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
New Jersey Department of Agriculture	100,000	92,000	72,108	80,000	59,831	45,471
New Mexico Livestock Board	0	244,000	203,000	1,206,324	246,350	202,000
New York Department of Agriculture	93,000	204,152	178,791	275,980	183,400	156,433
North Carolina Department of Agriculture and Consumer Services	111,630	196,989	0	179,000	133,872	95,711
North Dakota Department of Agriculture	515,000	176,225	0	160,856	193,900	167,200
Ohio Department of Agriculture	117,135	192,560	112,786	275,283	206,418	171,470
Oklahoma Department of Agriculture, Food, and Forestry	675,000	629,000	166,860	517,500	362,200	297,006
Oregon Department of Agriculture	0	169,322	0	75,815	192,194	158,886
Pennsylvania Department of Agriculture	614,146	257,000	142,238	404,865	139,087	105,691
Puerto Rico and the U.S. Virgin Islands	0	58,593	7,380	39,811	19,903	15,415
South Carolina Clemson University	186,728	139,000	141,000	177,000	132,377	100,550
South Dakota Animal Industry Board	505,240	334,277	0	426,000	298,200	252,900
Tennessee Department of Agriculture	130,000	264,611	82,678	394,073	209,000	156,817
Texas Animal Health Commission	1,000,000	1,038,975	201,065	1,175,616	756,000	619,900
Tribal Nations	500,000	716,870	698,288	322,400	375,540	130,000
Utah Department of Agriculture and Food	149,586	194,000	0	179,000	125,300	102,700

Awardee	Award FY 2004 CCC Amount	Award FY 2005 Appropriated Amount	Award FY 2006 Appropriated Amount	Award FY 2007 Appropriated Amount	Award FY 2008 Appropriated Amount	Award FY 2009 Appropriated Amount
Vermont Agency of Agriculture, Food, and Markets	84,059	104,125	0	0	0	29,220
Virginia Department of Agriculture	297,807	237,831	0	353,293	207,126	181,247
Virgin Islands Department of Agriculture	0	0	0	0	40,000	40,000
Washington State Department of Agriculture	104,313	206,000	60,854	179,000	240,800	197,400
West Virginia Department of Agriculture	95,090	108,861	58,942	155,488	132,377	109,953
Wisconsin Department of Agriculture	500,000	243,605	0	1,621,000	265,468	122,192
Wyoming Livestock Board	361,929	302,000	141,000	248,000	173,600	142,400
Totals	$14,929,287	$12,837,775	$5,185,523	$18,516,998	$9,253,844	$7,294,245

The following cooperative agreements support the framework announced on February 5, 2010.

STATES AND ORGANIZATIONS RECEIVING
ANIMAL DISEASE TRACEABILITY FUNDING

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount
Alabama Department of Agriculture	$44,125	$26,832	$41,954
Alaska Department of Natural Resources	26,000	15,500	40,000
Arizona Department of Agriculture	105,000	-60,000	130,000
Arkansas Livestock and Poultry Commission	225,000	135,000	290,000
California Department of Agriculture	217,000	96,089	212,000
Colorado Department of Agriculture	160,000	85,000	180,000
Connecticut Department of Agriculture*	53,080	32,270	46,217
Delaware Department of Agriculture	0	0	15,000
Florida Department of Agriculture and Consumer Services	142,755	86,810	142,790
Georgia Department of Agriculture	76,733	48,637	105,322
Hawaii Board of Agriculture	35,000	15,000	30,150
Idaho State Department of Agriculture	118,000	40,000	80,000
Illinois Department of Agriculture	77,250	0	60,000
Indiana State Board of Animal Health	93,500	60,796	99,982
Iowa Department of Agriculture	200,000	122,000	260,738
Kansas Animal Health Department	146,000	67,000	140,000
Kentucky Department of Agriculture	179,724	109,433	180,000
Louisiana Department of Agriculture and Forestry	48,000	23,000	35,874
Maine Department of Agriculture, Food, and Rural Services	25,853	15,531	25,468
Maryland Department of Agriculture	42,228	19,595	43,000

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount
Massachusetts Department of Agricultural	10,912	0	0
Michigan Department of Agriculture	84,659	54,716	90,000
Minnesota Board of Animal Health	111,946	69,407	124,200
Mississippi Board of Animal Health	93,726	60,796	92,120
Missouri Department of Agriculture	201,000	110,000	200,000
Montana Department of Livestock	106,000	66,000	150,000
Nebraska Department of Agriculture	280,000	165,000	360,000
Nevada State Department of Agriculture	35,000	22,000	50,000
New Jersey Department of Agriculture	34,557	22,799	37,500
New Mexico Livestock Board	150,000	65,000	130,000
New York Department of Agriculture	118,000	73,160	120,000
North Carolina Department of Agriculture and Consumer	71,784	0	75,000
North Dakota Department of Agriculture	124,000	37,000	84,000
Ohio Department of Agriculture	138,454	49,649	79,000
Oklahoma Department of Agriculture, Food, and Forestry	215,000	125,000	270,000
Oregon Department of Agriculture	118,000	70,000	150,000
Pennsylvania Department of Agriculture	67,014	33,540	100,000
Puerto Rico and the U.S. Virgin Islands	12,997	9,372	12,331
Rhode Island Department of Environmental Management Division of Agriculture	25,000	15,126	25,000
South Carolina Clemson University	76,418	48,637	80,000
South Dakota Animal Industry Board	189,000	0	95,000
Tennessee Department of Agriculture	119,177	72,946	119,985

Awardee	Award FY 2010 Appropriated Amount	Award FY 2011 Appropriated Amount	Award FY 2012 Appropriated Amount
Texas Animal Health Commission	450,000	255,000	500,000
Tribal Nations	187,300	41,000	30,000
Utah Department of Agriculture and Food	77,000	46,000	105,000
Vermont Agency of Agriculture, Food, and Markets	35,013	0	34,990
Virginia Department of Agriculture	152,824	94,233	155,000
Virgin Islands Department of	33,145	19,736	30,099
Washington State Department of	146,000	85,500	180,100
West Virginia Department of Agriculture	89,616	57,730	71,138
Wisconsin Department of Agriculture	103,030	62,638	103,030
Wyoming Livestock Board	50,000	0	0
Totals	$5,721,825	$2,890,478	$5,811,988

Note: The table reflects data based on a review conducted of all cooperative agreements to date. Therefore, data may vary from information previously reported. Total FY 2013 award amounts will be at similar level as FY 2012.

Cooperative agreements have provided funding for activities such as pilot projects and field trials for identification processes and technologies; supported State and Tribal premises registration and enhancements of animal tracing capabilities; communication infrastructure, including Web sites and information sharing mechanisms with industry organizations, press contacts, and local governments; and, supported the States and Tribes in forming industry identification working groups. States and Tribes that receive cooperative agreement funding are required to provide quarterly reports on the progress of achieving objectives within their strategic plan. Communication and outreach efforts include reaching out to the livestock industry, and State and Federal disease traceability staff; equipping partners to answer traceability questions for State residents; conducting monthly conference calls; and using a collaborative Website to exchange data.

Mr. Aderholt: Please describe in more detail how the new animal disease traceability system will work and explain how APHIS will ensure quality data.

Response: On January 9, 2013, USDA published a final rule establishing general regulations for improving the traceability of U.S. livestock moving interstate. The rule became effective on March 11, 2013. Under the final rule, unless specifically exempted, livestock moved interstate will have to be officially identified and accompanied by documentation, such as owner-shipper statements or brand certificates. The final rule allows the use of brands, tattoos and accompanying registration as official identification when accepted by the shipping and receiving States or Tribes; clarifies that all livestock moved interstate to a custom slaughter facility are exempt from regulation; and exempts chicks moved interstate from a hatchery from the official identification requirements.

Additionally, beef cattle under 18 months of age are exempt from the official identification requirement unless they are moved interstate for shows, exhibitions, rodeos or recreational events. Beef cattle under 18 months of age are considered lower risk, as they do not frequently move or change ownership. APHIS will address traceability requirements for this group of cattle in separate rulemaking.

Previously, the largest traceability gaps in our regulations occurred with cattle, and, consequently, the traceability requirements have more impact on cattle than on other species. For species other than cattle, the rule largely maintains and builds on the identification requirements of existing disease program regulations.

The rule provides standards for official identification and movement documentation for livestock moving interstate, but does not prescribe identification or movement requirements for any State or Tribal jurisdiction. APHIS will ensure quality data through cooperative efforts with States and Tribes by measuring our baseline tracing capability and establishing performance standards. The baseline tracing capability will be measured by evaluating activities that animal health officials would typically conduct during an investigation of livestock that have moved interstate. APHIS will use the information determined during the baseline tracing activities to establish performance standards at a later date. In doing so, APHIS will ensure the necessary data is available to objectively define and establish those performance standards. As the rule is implemented, APHIS will continue to work with States and Tribes to measure tracing capabilities. Comparing the results obtained earlier in the implementation with those over time will help document the progress being made.

FOOT AND MOUTH DISEASE

Mr. Aderholt: APHIS works with Central and South American countries to meet the Pan American Health Organization goal for foot-and-mouth eradication. What is the status of these initiatives as well as their costs?

Response: Where the foot-and-mouth (FMD) virus was widespread in the western hemisphere 60 years ago, FMD outbreaks now only occur regularly in the South American countries of Ecuador and Venezuela. APHIS supports FMD eradication in Central and South America to help protect U.S. agricultural health by lending its expertise and leadership in disease control and increasing the capacity of developing countries to manage this and other animal diseases within their borders. The elimination of a high threat disease like FMD overseas would reduce the risk of entry of that disease into the United States. In addition, the program also conducts animal health capacity building activities to enhance diagnostic capabilities in lesser developed trading partners and improve other nations' capabilities to respond to outbreaks of diseases or eradicate endemic diseases. In FY

2012, APHIS provided a total of $845,000 through cooperative agreements to the Central and South American to improve their capacity for detection and control of FMD or other FADs: Colombian Agriculture Institute ($300,000); Costa Rica Ministry of Agriculture ($75,000); Ecuador/Inter-American Institute for Cooperation in Agriculture ($50,000); and the Panama-U.S. Commission for the Eradication and Prevention of Screwworm ($300,000); and Nicaragua Ministry of Agriculture ($120,000).

In FY 2013, APHIS is no longer providing cooperative agreement funding related to surveillance and control of FMD and trans-boundary animal diseases to Colombia, Ecuador, Nicaragua, Panama, Costa Rica, and other governments and international organizations. After many years of infrastructure support and capacity building from APHIS, these countries have the ability to continue conducting their own monitoring and surveillance efforts for FMD. APHIS will maintain personnel and resources to provide technical assistance and advice to partners on the highest risk diseases. Details on activities conducted with FY 2012 funding are below.

Central America:

FMD is not present in Central America, but continued surveillance is important given its proximity to South America, where the disease still exists. In FY 2012, APHIS cooperated with the Ministries of Agriculture in Nicaragua and Costa Rica for field surveillance activities of investigations, samples collection, farm visitations, and surveys. Nicaragua has approximately 250 cases of vesicular diseases in livestock per year. APHIS supported testing to ensure that these cases are not FMD. APHIS has also participated in public outreach activities on the prevention of and surveillance for FMD and other exotic animal diseases in several Central American countries. In Panama, with support from APHIS, the Commission for the Eradication and Prevention of Screwworm collected vesicular samples while conducting screwworm surveillance and found no cases of FMD.

South America:

With continued outbreaks of FMD in Venezuela and the relatively porous borders with its neighboring countries, there is a risk of the disease spreading. In FY 2012, APHIS supported vaccination and surveillance efforts in Colombia and Ecuador, as well as limited small producer education in Venezuela, to increase the ability to diagnose and prevent further infection.

ASIAN LONGHORNED BEETLE

Mr. Aderholt: Please update the Subcommittee on the status of Asian longhorned beetle infestation, including a status of the emergency eradication program. What is the overall status of efforts to combat the Asian Longhorned Beetle?

Response: APHIS is conducting Asian longhorned beetle (ALB) eradication activities in New York, Massachusetts, and Ohio. These activities support an area-wide integrated pest eradication strategy to eliminate the ALB from the United States and prevent future introductions. This strategy has enabled APHIS and cooperators to eradicate ALB infestations in Chicago, Illinois; Hudson, New Jersey; Islip on Long

Island, New York; and, just recently in March 2013, Union and Middlesex Counties in New Jersey.

APHIS and its cooperators conduct surveys, remove infested trees, and apply chemical treatments to host trees within a half-mile of an infested tree. ALB can be declared eradicated from an area only after several years of negative surveys and control activities, regardless of the size of the infestation. In addition to survey and control activities, regulatory actions must be taken to minimize the human-assisted spread of the pest.

In New York, APHIS expects to declare ALB eradicated from Manhattan and Staten Island in New York City this year. Surveys in Brooklyn, Queens, and Long Island are continuing. In Massachusetts and Ohio, APHIS and cooperators are continuing to delimit the infestations and remove host trees in infested areas. Currently, 120 square miles are quarantined in Massachusetts and 61 square miles in Ohio. The program expects the infestation in and around Worcester, Massachusetts, to be delimited by FY 2014. By FY 2015, APHIS aims to declare ALB eradicated from Norfolk and Suffolk Counties in and around Boston, Massachusetts. The delimitation survey in Ohio is ongoing. Completing the delimiting surveys is essential to ensuring that all infested trees are found and removed and that the treatment and regulated areas are accurately defined.

Mr. Aderholt: How much has been spent to date on the Asian Longhorned Beetle by APHIS? (Please distinguish appropriated funds from CCC funds.)

Response: As of April 18, 2013, APHIS has spent approximately $513.9 million on Asian Longhorned Beetle eradication activities since the program began in FY 1997. Of this total, $333.4 million is from appropriated funds, $178.7 million is from emergency funds transferred from the Commodity Credit Corporation (CCC), and $1.8 million is from CCC funding authorized in Section 10201 of the 2008 Farm Bill.

Mr. Aderholt: How much have states contributed to Asian Longhorned Beetle management and eradication to date (please specify by state)?

Response: The information is submitted for the record.

[The information follows:]

STATE CONTRIBUTIONS TO
ASIAN LONGHORNED BEETLE MANAGEMENT AND ERADICATION
(Dollars in Millions)

Dates	Amount	State
FY 1997 - 2013	$87.9	New York
FY 1998 - 2007	7.7	Illinois
FY 2002 - 2012	7.4	New Jersey
FY 2009 - 2013	6.2	Massachusetts *
FY 2011 - 2013	2.2	Ohio

*Includes contributions from Massachusetts and neighboring States
Please note: Figures that include 2013 are based on estimates of how much cooperators will spend during the entire fiscal year.

ANIMAL WELFARE

Mr. Aderholt: Please provide details on the actions and planned actions to date regarding the Animal Welfare Scientific Forum. Note the dates when the forum met formally and informally and the attendees at the meetings.

Response: APHIS has not held the Animal Welfare Scientific Forum and has no immediate plans to do so. If APHIS does hold such a forum, the Agency would include all interested stakeholders in the various planning stages. APHIS' intention has always been to bring together a wide array of stakeholders to promote a science-based discussion of critical issues and to ensure that all viewpoints are heard and considered.

Mr. Aderholt: In addition to the establishment of the Animal Welfare Scientific Forum, has USDA established any new outreach or communication efforts relating to animal welfare?

Response: APHIS has developed outreach efforts relating to animal welfare and is currently in the process of updating these efforts. In FY 2013, APHIS increased transparency and enhanced communication with many diverse stakeholders by proactively disseminating information directly through an electronic delivery system. Now, members of the public can sign up for emails and/or texts from APHIS that are tailored to their specific interests.
In late FY 2012, APHIS expanded previous collaborative efforts with Iowa State University on the development of prelicensing education materials. These materials are being designed to bring clarity and consistency to the licensing process. APHIS is working with the University of Kansas to develop an interactive educational module aimed at appropriate procedures for safely transporting dogs as cargo on airplanes. The module is being designed for use by counter and baggage personnel who must be aware of procedures to protect the welfare of dogs being transported. Both of these initiatives will be completed during FY 2013.

APHIS has been working closely with State and Federal regulatory partners on a plan to implement the 2010 guidelines for the control of Tuberculosis in elephants. Efforts in this area include education and outreach to licensees on test interpretation and disease control. Additionally, following publication of the final rule for Contingency Plans in January 2013, APHIS held a series of public webinars for all interested stakeholders to explain the intent and meaning of the rule. APHIS is also in the process of developing outreach and guidance documents to aid licensees in developing contingency plans in the event of an emergency.

Finally, APHIS continues to assess the educational needs of the commercial dog breeding industry and will be hosting a needs assessment session with the dog breeder community in May 2013 to get broader input on what types of educational initiatives are needed and how we might approach meeting those needs.

Mr. Aderholt: Please provide a table showing, by state, the number of staff years assigned to the animal welfare program and the number of animal care facilities, in each state for fiscal years 2011 and 2012 as well as estimated for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

APHIS STAFF YEARS
AND
LICENSED ANIMAL CARE FACILITIES
BY STATE

STATE	FY 2011		FY 2012	
	STAFF YEARS	LICENSED FACILITIES	STAFF YEARS	LICENSED FACILITIES
Alabama	1.9	63	1.8	60
Alaska	0.5	19	0.2	18
Arizona	1.1	57	1.4	54
Arkansas	3.8	252	3.5	213
California	8.9	540	10.6	536
Colorado**	29.6	99	22.9	108
Connecticut	3.0	78	1.2	81
Delaware	0.3	8	0.2	10
District Of Columbia*	1.5	11	1.1	12
Florida	6.5	449	7.9	456
Georgia	1.5	148	1.8	156
Hawaii	0.6	38	0.2	40
Idaho	0.3	24	0.0	26
Illinois	4.0	231	4.9	228
Indiana	3.5	232	4.3	240
Iowa	5.8	388	3.9	355
Kansas	4.9	304	4.1	266
Kentucky	1.2	58	2.1	54
Louisiana	2.0	77	1.2	84
Maine	1.3	22	0.2	25
Maryland*	29.2	91	32.4	89
Massachusetts	3.0	156	3.7	155
Michigan	2.3	177	2.4	183
Minnesota	4.5	176	4.9	178
Mississippi	1.1	41	1.2	42
Missouri	18.3	1,052	21.5	899
Montana	1.0	29	1.2	29
Nebraska	3.0	121	3.6	109
Nevada	0.2	59	0.1	55

STATE	FY 2011		FY 2012	
	STAFF YEARS	LICENSED FACILITIES	STAFF YEARS	LICENSED FACILITIES
New Hampshire	1.0	26	1.2	32
New Jersey	3.3	106	3.4	107
New Mexico	1.9	35	2.4	37
New York	4.0	325	4.6	324
North Carolina**	22.5	145	22.0	146
North Dakota	1.0	25	1.1	25
Ohio	7.8	293	7.9	307
Oklahoma	6.7	350	7.4	294
Oregon	1.9	81	2.1	74
Pennsylvania	3.8	361	4.3	348
Rhode Island	0.3	14	0.4	14
South Carolina	1.0	88	1.2	99
South Dakota	1.6	99	1.2	91
Tennessee	1.8	133	1.2	142
Texas	6.9	490	6.6	482
Utah	1.0	39	1.2	41
Vermont	0.1	13	0.1	13
Virginia	1.3	130	1.8	132
Washington	1.3	99	2.5	104
West Virginia	1.5	19	1.8	17
Wisconsin	2.5	199	4.6	195
Wyoming	0.2	10	0.1	11
Guam	0.1	3	0.1	3
Puerto Rico	0.6	6	0.1	6
Virgin Islands	0.05	2	0.1	1
Total	218.95	8,091	224.0	7,806

	FY 2013		FY 2014***	
STATE	STAFF YEARS (est)	LICENSED FACILITIES (est)	STAFF YEARS(est)	LICENSED FACILITIES (est)
Alabama	1.8	64	1.8	64
Alaska	0.2	22	0.2	22
Arizona	0.8	59	1.4	59
Arkansas	3.4	200	3.3	200
California	10.4	540	10.1	540

	FY 2013		FY 2014***	
STATE	STAFF YEARS (est)	LICENSED FACILITIES (est)	STAFF YEARS(est)	LICENSED FACILITIES (est)
Colorado**	22.5	100	21.9	100
Connecticut	1.2	81	1.2	81
Delaware	0.2	9	0.2	9
District Of Columbia*	1.1	10	1.1	10
Florida	7.8	438	7.6	438
Georgia	1.2	154	2.3	154
Hawaii	0.2	40	0.2	40
Idaho	0.0	25	0.0	25
Illinois	4.2	230	4.7	230
Indiana	4.2	241	4.1	241
Iowa	3.8	338	3.7	338
Kansas	4.0	247	3.9	247
Kentucky	2.1	48	2.0	48
Louisiana	1.2	80	1.1	80
Maine	0.2	25	0.2	25
Maryland*	31.8	88	31.0	88
Massachusetts	3.6	148	3.5	148
Michigan	2.4	184	2.3	184
Minnesota	4.8	171	4.7	171
Mississippi	0.6	38	1.2	38
Missouri	18.7	825	20.6	825
Montana	1.2	28	1.2	28
Nebraska	3.5	99	4.1	99
Nevada	0.1	58	1.2	58
New Hampshire	1.2	30	1.2	30
New Jersey	3.3	105	3.2	105
New Mexico	2.4	34	2.3	34
New York	4.5	318	4.4	318
North Carolina**	21.6	147	21.1	147
North Dakota	1.1	25	1.0	25
Ohio	7.8	304	8.8	304
Oklahoma	6.1	282	7.1	282
Oregon	2.1	79	2.0	79
Pennsylvania	4.2	333	4.1	333
Rhode Island	0.4	16	0.4	16

	FY 2013		FY 2014***	
STATE	STAFF YEARS (est)	LICENSED FACILITIES (est)	STAFF YEARS(est)	LICENSED FACILITIES (est)
South Carolina	1.2	93	1.2	93
South Dakota	1.1	85	1.2	85
Tennessee	1.2	140	1.2	140
Texas	5.3	490	6.3	490
Utah	1.2	40	1.1	40
Vermont	0.1	12	0.1	12
Virginia	1.8	134	1.8	134
Washington	2.4	102	2.4	102
West Virginia	1.8	18	1.8	18
Wisconsin	4.5	188	4.4	188
Wyoming	0.1	9	0.1	9
Guam	0.1	3	0.1	3
Puerto Rico	0.1	7	0.1	7
Virgin Islands	0.1	1	0.1	1
Total	213.0	7,585	218.0	7,585****

* includes Headquarters offices
** includes State and Regional offices
*** FY 2014 estimated number of facilities does not include entities that will require a license under the retail pet store rule.
**** APHIS anticipates an increase in the number of licensed facilities in FY 2014 due to changes in regulatory authority; however, we are unable to determine the number of newly licensed facilities at this time.

Mr. Aderholt: Provide a table showing inspection activities of the Animal Welfare Program for fiscal year 2009 through 2013 to date. Provide a definition of the column headings to better explain the data.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL WELFARE PROGRAM
INSPECTION ACTIVITIES FOR FISCAL YEAR 2009

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	4,529	1.20	5,438
Research Facilities	1,157	1.42	1,644
Exhibitors	2,432	1.45	3,518
In-transit Handlers	78	2.23	174
In-transit Carriers	115	5.30	609
Subtotal, Compliance Inspections	8,311	1.37	11,383
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,479
Pre-license Inspection Conducted, Issuance of License Pending			70
Attempted Inspections			1,391
Subtotal, Other Inspections			2,940
Total Inspections Conducted, FY 2009			14,323

ANIMAL WELFARE PROGRAM
INSPECTION ACTIVITIES FOR FISCAL YEAR 2010

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	4,235	1.12	4,730
Research Facilities	1,230	1.37	1,685
Exhibitors	2,773	1.33	3,700
In-transit Handlers	188	1.38	260
In-transit Carriers	284	2.76	783

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Subtotal, Compliance Inspections	8,710	1.26	11,158
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,428
Pre-license Inspection Conducted, Issuance of License Pending			89
Attempted Inspections			1,393
Subtotal, Other Inspections			2,910
Total Inspections Conducted, FY 2010			14,068

ANIMAL WELFARE PROGRAM
INSPECTION ACTIVITIES FOR FISCAL YEAR 2011

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	3,415	1.33	4,543
Research Facilities	1,131	1.40	1,585
Exhibitors	2,430	1.52	3,682
In-transit Handlers	84	2.07	174
In-transit Carriers	115	6.63	763
Subtotal, Compliance Inspections	7,175	1.49	10,747

Other Inspections	
Pre-licensing and Pre-registration Inspections, License or Registration Issued	1,293
Pre-license Inspection Conducted, Issuance of License Pending	94
Attempted Inspections	1,468
Subtotal, Other Inspections	2,855
Total Inspections Conducted, FY 2011	13,602

ANIMAL WELFARE PROGRAM
INSPECTION ACTIVITIES FOR FISCAL YEAR 2012

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections
Dealers	2,902	1.18	3,437
Research Facilities	1,111	1.36	1,506
Exhibitors	2,478	1.52	3,782
In-transit Handlers	71	2.08	148
In-transit Carriers	113	5.39	609
Subtotal, Compliance Inspections	6,675	1.42	9,482
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			1,293
Pre-license Inspection Conducted, Issuance of License Pending			1
Attempted Inspections			1,467
Searches*			142
Subtotal, Other Inspections			2,903
Total Inspections Conducted, FY 2012			12,385

*Starting in FY 2012, APHIS will provide inspection data that includes searches performed to determine whether activity being conducted is regulated under the AWA.

ANIMAL WELFARE PROGRAM
INSPECTION ACTIVITIES FOR FISCAL YEAR 2013

Compliance Inspections by Regulated Business Type			
Type of Business	Number of Facilities Inspected	Average Number of Inspections Per Facility	Total Number of Inspections (as of April 18, 2013)
Dealers	1,709	1.09	1,871
Research Facilities	689	1.06	729
Exhibitors	1,576	1.26	1,993
In-transit Handlers	54	1.66	90
In-transit Carriers	92	3.58	330
Subtotal, Compliance Inspections	4,120	1.22	5,013
Other Inspections			
Pre-licensing and Pre-registration Inspections, License or Registration Issued			491
Pre-license Inspection Conducted, Issuance of License Pending			60
Attempted Inspections			791
Searches			167
Subtotal, Other Inspections			1,509
Total Inspections Conducted as of April 18, 2013			6,522

The Animal Welfare Act (AWA) requires people and businesses that use certain animals for research, exhibition, sold wholesale for use as pets, and transported in commerce to be licensed or registered with APHIS. A license is required for entities that breed and raise animals, purchase and/or resale animals, or show or display animals to the public. Registrations are typically required for research facilities, carriers, intermediate handlers, and certain exhibitors. The Agency's Animal Welfare program ensures that the animals receive humane care and treatment by performing compliance inspections and providing education. Prior to providing a license or registration to a facility, APHIS determines whether a license is needed, and if so, conducts announced inspections to ascertain compliance with AWA regulations and standards. These pre-licensing inspections are required; pre-registration inspections are not required but conducted if requested by the applicant. The number of pre-licensing and pre-registration inspections conducted annually by the program is included in the "Other Inspections" table.

Once a license is issued, the program conducts unannounced inspections to help determine the facility's compliance with the AWA regulations and standards. The frequency of inspection for each facility is based on a Risk Based Inspection System (RBIS). The program uses the RBIS to support its focused inspection strategy, allowing more frequent and in-depth inspections at problem facilities and fewer at those that are consistently in compliance. The system uses several objective criteria, including past compliance history, to determine the inspection frequency at each licensed and registered facility. The "Compliance Inspections by Business Type" table shows the total number of unannounced compliance inspections conducted during the fiscal year for each type of regulated business. Please note that the program defines a facility as a holder of the license or registration. Each facility may have only one license or registration number but may be physically divided into two or more sites.

Because the compliance inspections are unannounced, an inspector may travel to the site to conduct an inspection only to find that the licensee is not present at the facility. The inspector is then unable to conduct the inspection, causing a delay. The program classifies these as attempted inspections and is included in the "Other Inspections" table.

Mr. Aderholt: Please provide a table showing the funding levels, both dollars and staff, obligated for Animal and Plant Health Regulatory Enforcement and Animal Care for fiscal years 2008 through 2013 and estimated for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH REGULATORY ENFORCEMENT
FUNDING AND STAFF YEARS
(Dollars in thousands)

Fiscal Year	Funding (Appropriated)	Staff Years
2008	$12,351	125
2009	13,694	132
2010	15,483	154
2011	15,455	142
2012	16,275	142
2013	15,021	138
2014 (est)	16,350	142

ANIMAL CARE
FUNDING AND STAFF YEARS
(Dollars in thousands)

Fiscal Year	Funding (Appropriated)	Staff Years
2008	$20,498	200
2009	21,522	204
2010	24,479	242
2011	24,435	219
2012	27,087	224
2013	25,000	213
2014 (est)	28,203	218

Mr. Aderholt: Also provide a table that shows the number of: dealer facilities; complaints registered against these facilities; inspections and re-inspections that took place; cases submitted by Animal Care to Regulatory Enforcement for review and action; and each case resolution to include fiscal years 2009 through 2013 to date.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL CARE INSPECTION ACTIVITIES

Category	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013 (as of April 18, 2013)
Total Number of Dealer Facilities	12,488	11,866	11,529	10,857	10,573
Number of Complaints Registered Against Facilities	461	503	442	520	277
Number of Inspections/ Re-inspections	14,323	14,068	13,602	12,385	6,522
Number of Cases Submitted for Enforcement	358	573	802	315	94
Number of Resolutions: Official Warnings Issued	433	663	579	745	708
Number of Stipulations Settled	49	74	38	22	20

Category	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013 (as of April 18, 2013)
Total Stipulated Penalties (in dollars)	$117,609	$233,316	$305,873	$407,251	$157,620
Formal Administrative Law Judge (ALJ) Decisions Issued	10	19	42	99	26
Civil Penalties Issued by ALJ (in dollars)	$414,050	$239,993	$494,662	$449,513	$252,007
Total Number of Suspensions/Revocations	46	44	39	58	23

Mr. Aderholt: How many unannounced inspections of registered in-transit carriers and in-transit intermediate handlers were conducted in fiscal year 2012 and how many do you expect to conduct in fiscal years 2013 and 2014?

Response: The information is submitted for the record.

[The information follows:]

UNANNOUNCED INSPECTIONSOF IN-TRANSIT CARRIERS
AND IN-TRANSIT INTERMEDIATE HANDLERS

	FY 2012	FY 2013 (Est.)	FY 2014 (Est.)
In-transit carriers	609	594	575
In-transit intermediate handlers	148	158	160

Carriers are operators of any airline, railroad, motor carrier, shipping line, or other enterprise that is engaged in the business of transporting any animals for hire. Intermediate handlers are any persons, including a department, agency, or instrumentality of the United States or of any State or local government (other than a dealer, research facility, exhibitor, any person excluded from the definition of a dealer, research facility, or exhibitor, an operator of an auction sale, or a carrier), who are engaged in any business in which they receive custody of animals in connection with their transportation in commerce.

APHIS works collaboratively with the Department of Transportation to help ensure the humane transportation of pets. This is accomplished by requiring airlines to report any cases of pet loss, injury or death. In addition, frequent analysis has determined that in-transit carriers and in-transit intermediate handlers have a lower risk of non-compliance than other classes of licensees.

Mr. Aderholt: Please provide the Subcommittee with the most recent activities and plans to regulate Class B dealers. How much was spent on this activity in fiscal years 2011 and 2012 as well as planned expenditures in FY 2013 and 2014?

Response: APHIS regulates the activities of 802 Class B dealers whose business includes the purchase and/or resale of any animal such as, but not limited to, dogs, cats, nonhuman primates, guinea pigs, hamsters, rabbits, or any other warm-blooded animals that are used or intended to be used for research, teaching, testing, experimentation, exhibition purposes, or as a pet. APHIS will continue to inspect these business facilities in future years to ensure that the animals receive humane care and treatment. Of the 802 Class B dealers, 6 buy and sell random-source dogs and cats for research purposes.

In addition to inspection and enforcement activities, APHIS will continue to conduct outreach to the dealers in fiscal years 2013 and 2014 through various methods such as hosting educational seminars, distributing fact sheets, and presenting at national, regional, and local industry sponsored meetings. In addition, APHIS will continue to collaborate with other Federal agencies and State health and regulatory officials to identify the needs of the dealers to support regulatory compliance.

While APHIS tracks the number of inspections and the inspection outcomes, classes of licensees are currently not tracked separately from other inspection and enforcement activities. APHIS is in the process of developing a module in its tracking system that will provide more specific information on the different types of inspections and associated costs. APHIS plans to implement the new tracking module in the beginning of FY 2014.

Mr. Aderholt: Last year, APHIS issued a Request for Proposal for Internet Data Mining Services to gather information from Internet sites for the enforcement of animal welfare laws and regulations. In response to a question for the record, APHIS noted that the Agency "is further evaluating all available opportunities to collect this information…" in absence of the RFP. Does APHIS plan to expend any resources on related collection activities in fiscal year 2013 or fiscal year 2014?

Response: APHIS had developed a Request for Proposal to help identify individuals who are engaged in regulated activities related to the Animal Welfare and Horse Protection Acts. The contract would have allowed USDA to identify individuals who are using the Internet to engage in the following activities: 1) selling animals that are to be used as pets; and 2) selling horses at horse shows, sales, exhibitions and auctions.

APHIS withdrew the request for this contract in FY 2012 and the Agency is still considering how to best collect information that might be needed to implement the retail pet store rule. Until this is determined, the exact amount of resources APHIS would spend is unknown.

Mr. Aderholt: In May 2012, APHIS issued a proposed rule entitled "Retail Pet Stores and Licensing Exemptions" with the intention of closing a loophole that exempted some breeders from requirements of the Animal Welfare Act. Would this proposed rule require that every single retail establishment that does not sell 100 percent of their animals via an onsite premises be forced to become federally licensed, including all such sellers of any dog, cat, small exotic or wild mammals? What additional resources would be needed by APHIS to register, monitor, and inspect all of these facilities? Can APHIS delegate some of the AWA authorities to state and local authorities that already regulate animal sales in their respective jurisdictions?

Response: The proposed rule does not require every retail establishment that sells animals to become federally licensed. Retail establishments who have more than four breeding females on their property and sell the offspring as pets will be required to be licensed if their buyers are not physically present to observe the animals prior to purchase and/or to take custody of that animal after purchase.

Prior to licensing new entities, APHIS will conduct outreach and pre-licensing inspections to assist these facilities in achieving compliance with the Animal Welfare Act (AWA). Once licensed, entities will be incorporated into the current regulatory structure.

APHIS has provided guidance on developing and enforcing State animal welfare regulations to many States. But while these States and several municipalities have such laws, none actually address all categories of welfare required under the AWA, including veterinary care, food and water, proper sanitation, and housing. Consequently, Federal oversight is necessary to ensure that AWA regulations are consistently applied in all States; however, if a State has issued and is enforcing several of its regulations under a category of welfare required under the AWA, APHIS can adjust its inspection frequency and procedures in that category to reduce the burden of duplicative regulations on breeders in that State. APHIS has requested approximately $3 million in the FY 2014 budget to implement the "Retail Pet Stores and Licensing Exemptions" rule.

BRUCELLOSIS ACTIVITY

Mr. Aderholt: What is the most recent data on herds under quarantine in the United States for brucellosis? How many States are in Class Free Status and Class A Status?

Response: All fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands have been officially classified Class Free for bovine brucellosis since July 2009.

There currently is one cattle herd and four domestic bison herds under quarantine in the three States of the Greater Yellowstone Area (GYA). The cattle herd is located in Fremont County, Idaho. Two domestic bison herds are located in Montana with one in Gallatin County and the other in Madison County. One domestic bison herd is located in Park County, Wyoming, and the fourth is located in Bonneville County, Idaho. Each herd is under quarantine with an affected-herd management plan in place. These plans require additional herd testing and removal of any positive animals. All five herds are located within each States' designated surveillance area (DSA). Within the DSA, intensive epidemiologic investigations, including testing of area and contact herds, has been conducted. There is no indication that brucellosis has spread outside the GYA.

Class Free States with brucellosis in wildlife or continued detections of brucellosis-affected herds work with APHIS to develop and implement a State brucellosis management plan (BMP). Each BMP defines and explains the basis for the geographic area identified in the BMP; describes the epidemiologic assessment and surveillance activities to determine if wildlife populations are affected; and describes surveillance activities and mitigation activities for domestic cattle, bison and wildlife. The States of Idaho, Montana, and Wyoming are currently working with APHIS to develop their BMPs.

Mr. Aderholt: Provide a five-year table, including estimates for fiscal year 2013 and 2014 that shows the amount spent on brucellosis-infected bison. Also, provide a brief explanation of how these funds were used.

Response: The information is submitted for the record.

[The information follows:]

APHIS' BRUCELLOSIS EXPENDITURES FOR YELLOWSTONE NATIONAL PARK (Dollars in Millions)	
Fiscal Year	Amount Spent
2008	$1.1
2009	$1.0
2010	$1.1
2011	$1.2
2012	$1.3
2013 (est.)	$1.2
2014 (est.)	$1.2

Note: APHIS tracks its total expenditures in the Greater Yellowstone Area (GYA) area and cannot provide separate amounts for addressing brucellosis-infected bison. Federal funding supports activities such as targeted and slaughter surveillance, laboratory diagnostics, epidemiological investigations of suspect positive herds, and the development of State management plans.

APHIS provides expertise to land and wildlife management agencies to manage brucellosis in the Yellowstone National Park and in the GYA. The Agency is working with other Federal and State agencies to develop adaptive management and risk mitigation plans for brucellosis in the GYA. In 2010, APHIS concluded a six-year study that investigated the feasibility of using a quarantine process to produce brucellosis-free bison from brucellosis exposed bison in Yellowstone National Park (YNP). The process was proven successful in its ability to produce brucellosis-free bison as an end product. Annual testing of the bison completing the quarantine process continues to document their brucellosis-free status. Publication of this APHIS study is pending. Similar studies are underway.

Idaho, Montana, and Wyoming continue work on brucellosis issues through Federal cooperative agreements. This funding supports efforts such as habitat improvement to encourage elk to stay on traditional ranges and off cattle inhabited range land (Idaho), surveillance in elk to more accurately determine the prevalence of brucellosis (Montana), and the vaccination of elk calves on feeding grounds (Wyoming). Additionally, APHIS continues to evaluate the RB51 vaccine in anticipation of its routine use in YNP bison as part of the bison management plan. Other Agency activities related to brucellosis management include capturing bison for testing and sampling, bison hazing, and laboratory support.

TUBERCULOSIS

Mr. Aderholt: How many tuberculosis infected-herds are there in the United States and where are they located?

Response: As of April 18, 2013, APHIS has identified four tuberculosis affected cattle herds in the United States: one beef herd and two dairy herds in Michigan; and one dairy herd in California. One dairy herd in Michigan is undergoing a test and removal protocol. The test and removal protocol requires the removal of test-positive animals from the herd while the herd remains under quarantine. This allows owners to maintain a viable herd rather than depopulating the entire herd while mitigating the risk of transmission of tuberculosis. The disposition of the three remaining herds is pending.

NATIONAL POULTRY IMPROVEMENT PLAN

Mr. Aderholt: Please provide the Subcommittee with a five year history of spending on the National Poultry Improvement Plan, including a specific break-out of costs. As part of the history, include estimated spending in fiscal years 2013 and 2014. Also, please provide a five year history of FTEs for NPIP.

Response: The information is submitted for the record.

[The information follows:]

APHIS' NPIP Spending		
Fiscal Year	Amount Spent (Dollars in Millions)	Number of FTEs
2008	$7.0	5
2009	$7.4	5
2010	$9.5	5
2011	$7.4	4
2012	$7.0	3
2013 (est.)	$7.0	3
2014 (est.)	$7.0	3

The National Poultry Improvement Plan (NPIP) program spends more than 90 percent of its funding in cooperative agreements with States to conduct surveillance and diagnostic activities for the following areas of concentration: live bird marketing system, upland game, commercial surveillance outside of the live bird marketing system, and assistance to the broiler industry for avian influenza surveillance in commercial operations. The remaining 10 percent of spending is for salary, other program related expenses for the NPIP Coordination Staff, and activities related to the Secretary's NPIP Advisory Committee.

FRUIT FLY EXCLUSION AND DETECTION

Mr. Aderholt: Please provide the Subcommittee with a table showing a breakout of activities, costs, and source of funding for fruit fly exclusion and detection for fiscal years 2010 through 2012 and planned expenditures for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

FRUIT FLY EXCLUSION AND DETECTION ACTIVITIES AND FUNDING SUMMARY
(Dollars in thousands)

Funding Source*	International Medfly (Moscamed)	Mexfly	Domestic Survey/ Preventive Release Program	Emergency Response	Total APHIS Costs
FY 2010					
Appropriated Funds	$26,775	$9,429	$33,623	$100	$69,927
USDA Commodity Credit Corp Funds	243	0	0	0	243
Farm Bill Section 10201	0	0	0	9,242	9,242
FY 2011					
Appropriated Funds	$26,313	$8,809	$24,041	0	$59,163
Farm Bill Section 10201	0	0	2,000	$500	2,500
FY 2012					
Appropriated Funds	$26,800	$8,905	$26,091	$2,818	$64,614
Farm Bill Section 10201			$2,177	3,917	6,094
FY 2013 (Estimated)					
Appropriated Funds	$23,218	$7,181	$24,884	$760**	$56,043

Funding Source*	International Medfly (Moscamed)	Mexfly	Domestic Survey/ Preventive Release Program	Emergency Response	Total APHIS Costs
Farm Bill Section 10201	0	0	0	901	901
FY 2014 (Estimated)					
Appropriated Funds	$25,898	$7,852	$25,890	0**	$59,640

Please note: Spending may vary from year to year based on the number and extent of exotic fruit fly outbreaks. Having no-year authority for the program provides flexibility for APHIS to adjust activities and spending based on needs of the program.

*Spending levels for appropriated funds include prior year funds.
**Funds may be reallocated during the year from domestic survey activities to respond to outbreaks as needed.

PSEUDORABIES

Mr. Aderholt: Please provide a table showing the amounts, both federal and non-federal, that each state expended on the pseudorabies program as well as the stage of each state for fiscal years 2011 and 2012 and planned expenditures for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

APHIS' PSEUDORABIES EXPENDITURES BY STATE*

	FY 2011 Actual	
STATE	Federal	Non-Federal
Alaska	0	$2,400
Arizona	0	5,000
Arkansas	$3,195	8,649
California	7,122	0
Colorado	585,614	0
District of Columbia	99,886	0
Florida	36,181	0
Georgia	3,806	22,456
Hawaii	0	113,916
Idaho	0	1,228
Indiana	2,167	0
Iowa	342,820	5,061
Kansas	2,305	2,360
Kentucky	3,086	0

STATE	FY 2011 Actual Federal	Non-Federal
Louisiana	5,570	0
Maryland	848,083	0
Massachusetts	2,672	0
Michigan	3,384	0
Missouri	3,679	56,148
New Mexico	2,694	2,500
New York	3,097	0
North Carolina	143,352	0
North Dakota	2,203	3,000
Oklahoma	2,236	146,002
Oregon	3,297	0
Pennsylvania	2,790	0
South Dakota	2,236	49,555
Tennessee	2,289	0
Texas	14,661	7,480
Utah	0	29,055
Washington	0	1,025
Wisconsin	3,343	0
Wyoming	0	2,629
TOTAL	$2,131,768	$458,464

* All States and Territories have achieved Stage V disease status. Stage V denotes disease-free status and applies only to commercial production swine; it does not apply to feral or captive transitional swine that are at risk for exposure to the pseudorabies virus. As a result of all States and Territories achieving Stage V status, there were no expenditures in FY 2012. There are also no specific pseudorabies efforts planned in FY 2013 and FY 2014. APHIS has, and will continue to conduct comprehensive swine disease monitoring and surveillance activities in the swine health program. Comprehensive swine surveillance allows APHIS to use various sample streams to conduct targeted surveillance for multiple diseases, including pseudorabies. This approach allows APHIS to maintain the same level of surveillance, reduce surveillance costs, and assure trading partners of the absence of the disease in commercial swine in the United States.

WILDLIFE SERVICES

Mr. Aderholt: Please provide the Subcommittee with specific detail on which projects and activities will be reduced or eliminated in order to absorb a decrease of $1.5 million for both Wildlife Services line items. What, if any, is the impact on performance?

Response: With a new adjusted base for FY 2013, APHIS is no longer requesting a decrease in the Wildlife Services Methods Development line item for FY 2014. The request for APHIS' Wildlife Damage Management program consists of a $20 million increase for feral swine activities and a

$2.9 million reduction, most of which is to achieve a more equitable cost-share with cooperators. This reduction would affect programs that mitigate damage from livestock predators, conduct disease surveillance in wildlife, manage beaver damage, and reduce the impact from non-native invasive animals such as nutria.

Mr. Aderholt: What would be the impact to Wildlife Damage Management performance as a whole if States cannot provide a greater cost share to accomplish the proposed savings of $2.6 million?

Response: APHIS is seeking to develop a more equitable Federal/Cooperator cost-share model for the Wildlife Damage Management program. To accomplish this, some cooperators would need to increase their cost-share contributions where the Federal share exceeds half the costs of the applicable wildlife damage management program. This could include Federal funding contributions that support programs such as mitigating the damage from livestock predators, conducting disease surveillance in wildlife, managing damage from beavers, and reducing the impact from non-native, invasive animals such as nutria. These reductions may result in additional coyote predation on livestock, the potential spread of wildlife diseases, additional beaver damage to timber in certain areas, and additional damage to ecosystems caused by invasive species. APHIS would not apply the reduction to rabies, aquaculture, and aviation safety efforts, which were already reduced in FY 2013.

Mr. Aderholt: APHIS has cooperative agreements with all states related to wildlife services operations control work. Provide a list of the amounts of cost-share provided by each state and the federal share spent for fiscal years 2011 and 2012. Please explain why in some states cooperators pay substantially more than the federal share and then in other states the federal portion is much greater than the state share.

Response: The following tables consist of amounts that APHIS and States spent on cooperative services provided by Wildlife Services. The tables do not represent the entire budget for Wildlife Services, and do not include funds provided to APHIS from other Federal agencies.

[The information follows:]

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2011			
State	Federal	Cooperative	Total
Alabama	$683,316	$822,758	$1,506,074
Alaska	0	1,535,599	1,535,599
Arizona	939,483	804,146	1,743,629
Arkansas	365,757	465,518	831,275
California	1,854,612	4,907,134	6,761,746
Colorado	1,036,684	1,366,013	2,402,697
Connecticut	15,000	45,268	60,268
Delaware	15,000	12,203	27,203

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2011			
State	Federal	Cooperative	Total
District of Columbia	0	9,722	9,722
Florida	640,197	2,178,707	2,818,904
Georgia	599,850	323,625	923,475
Guam	0	4,266,977	4,266,977
Hawaii	236,498	3,148,589	3,385,087
Idaho	1,683,590	707,996	2,391,586
Illinois	294,952	2,030,361	2,325,313
Indiana	228,230	348,483	576,713
Iowa	25,000	99,167	124,167
Kansas	350,391	554,524	904,915
Kentucky	25,000	231,378	256,378
Louisiana	521,847	327,203	849,050
Maine	381,091	395,053	776,144
Maryland	460,007	1,720,885	2,180,892
Massachusetts	388,621	677,575	1,066,196
Michigan	712,397	351,544	1,063,941
Minnesota	397,589	607,423	1,005,012
Mississippi	698,000	1,016,243	1,714,243
Missouri	390,501	510,715	901,216
Montana	1,775,806	701,833	2,477,639
Nebraska	546,491	1,304,812	1,851,303
Nevada	1,538,600	806,019	2,344,619
New Hampshire	926,965	256,143	1,183,108
New Jersey	328,580	727,895	1,056,475
New Mexico	1,642,767	1,009,256	2,652,023
New York	856,120	1,806,846	2,662,966
North Carolina	412,999	2,349,650	2,762,649
North Dakota	977,668	697,345	1,675,013
Ohio	935,264	669,270	1,604,534
Oklahoma	1,094,044	1,866,722	2,960,766
Oregon	1,215,737	2,184,304	3,400,041
Pennsylvania	737,236	1,449,386	2,186,622
Puerto Rico	21,291	101,660	122,951
Rhode Island	0	42,707	42,707
South Carolina	303,347	1,320,548	1,623,895
South Dakota	105,297	37,246	142,543
Tennessee	1,245,045	1,099,819	2,344,864
Texas	4,514,389	1,798,269	6,312,658

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2011			
State	Federal	Cooperative	Total
Utah	1,432,394	244,490	1,676,884
Vermont	15,000	167,187	182,187
Virginia	823,651	1,776,379	2,600,030
Washington	950,505	3,028,397	3,978,902
West Virginia	790,900	478,903	1,269,803
Wisconsin	842,887	1,653,539	2,496,426
Wyoming	1,719,732	2,200,811	3,920,543
Totals	$38,696,328	$59,244,245	$97,940,573

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2012			
State	Federal	Cooperative	Total
Alabama	$722,796	$455,327	$1,178,123
Alaska	342,087	1,108,690	1,450,777
Arizona	884,986	439,311	1,324,297
Arkansas	366,118	260,000	626,118
California	1,865,629	2,682,236	4,547,865
Colorado	1,822,655	1,901,519	3,724,174
Connecticut	3,000	98,420	101,420
Delaware	3,000	4,431	7,431
District of Columbia	0	511	511
Florida	563,879	1,004,881	1,568,760
Georgia	594,233	255,883	850,116
Guam	0	185,170	185,170
Hawaii	592,067	1,696,986	2,289,053
Idaho	1,698,075	650,553	2,348,628
Illinois	337,282	2,038,078	2,375,360
Indiana	217,269	230,282	447,551
Iowa	18,000	132,068	150,068
Kansas	353,497	456,751	810,248
Kentucky	188,000	296,218	484,218
Louisiana	523,406	459,132	982,538
Maine	368,366	370,139	738,505
Maryland	368,575	338,742	707,317
Massachusetts	380,140	811,292	1,191,432
Michigan	329,973	310,788	640,761
Minnesota	418,026	614,087	1,032,113
Mississippi	699,199	841,000	1,540,199
Missouri	352,501	356,037	708,538
Montana	1,809,539	1,586,271	3,395,810

WILDLIFE SERVICES FEDERAL AND COOPERATIVE FUNDING FISCAL YEAR 2012			
State	Federal	Cooperative	Total
Nebraska	572,246	1,002,815	1,575,061
Nevada	1,491,000	902,124	2,393,124
New Hampshire	522,734	269,538	792,272
New Jersey	318,092	824,568	1,142,660
New Mexico	1,646,592	1,515,467	3,162,059
New York	844,491	1,680,877	2,525,368
North Carolina	433,656	2,265,160	2,698,816
North Dakota	980,229	774,332	1,754,561
Ohio	903,192	449,651	1,352,843
Oklahoma	1,158,293	2,105,395	3,263,688
Oregon	1,274,498	2,533,196	3,807,694
Pennsylvania	744,974	1,837,425	2,582,399
Puerto Rico	20,851	0	20,851
Rhode Island	3,000	230,550	233,550
South Carolina	261,747	1,126,389	1,388,136
South Dakota	249,225	0	249,225
Tennessee	1,077,608	391,805	1,469,413
Texas	4,561,635	6,788,228	11,349,863
Utah	1,430,234	1,982,107	3,412,341
Vermont	363,111	110,543	473,654
Virginia	741,259	1,399,072	2,140,331
Washington	471,116	2,145,769	2,616,885
West Virginia	663,532	413,467	1,076,999
Wisconsin	783,762	1,907,864	2,691,626
Wyoming	1,712,969	2,044,483	3,757,452
Totals	$39,052,344	$54,285,628	$93,337,972

APHIS' policy is to cooperate with Federal, State and local agencies and public stakeholders to conduct wildlife damage management programs. APHIS will use Wildlife Services appropriated funds to cost-share with non-Federal entities to the extent that such funding is available. Currently, APHIS uses a variable cost-share formula based on the core mission, strategic and program priorities, whether it substantially enhances the program's efficiency, whether it is appropriate for the cooperator under a particular agreement, and the cooperator's ability to pay toward the program. As a result, cost share varies by State, cooperator, and project.

Mr. Aderholt: Provide the Subcommittee with a table showing the amount spent on animal damage control research, including the amount allocated to non-lethal methods development, to include fiscal years 2011 through 2012 and planned for 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

EXPENDITURES FOR ANIMAL CONTROL RESEARCH (dollars in thousands)			
Fiscal Year	Total Funding	Non-lethal (est.)	Percent Non-lethal
2011	$16,806	$14,621	87%
2012	$16,924	$14,000	83%
2013 est	$17,536	$13,152	75%
2014 est	$18,085	$13,563	75%

Mr. Aderholt: Provide a table that shows, by state, the amount that was spent on protection of threatened and endangered species activities for FY 2010 through 2013.

Response: The information is submitted for the record.

[The information follows:]

FUNDING SPENT ON ENDANGERED SPECIES ACTIVITIES

STATE	FY 2010	FY 2011	FY 2012	FY 2013 Est
Alaska	$42,584	$66,062	$86,863	$82,519
Alabama	4,050	1,250	0	0
Arizona	107,131	73,391	88,887	84,443
California	1,183,309	1,255,371	1,104,948	1,049,701
Colorado	4,600	50,350	52,275	49,661
Connecticut	5,000	5,001	0	0
Florida	869,342	869,342	869,342	825,874
Georgia	53,712	4,172	5,700	5,415
Hawaii	296,820	299,135	411,098	390,543
Idaho	123,849	363,205	65,700	62,415
Illinois	30,500	41,531	77,179	73,320
Indiana	26,200	52,200	78,200	74,290
Louisiana	30,856	24,865	23,170	22,012
Massachusetts	36,650	38,550	37,400	35,530
Maine	41,645	31,000	15,000	14,250
Michigan	138,220	146,821	52,182	49,573
Minnesota	468,000	560,000	290,000	275,500

STATE	FY 2010	FY 2011	FY 2012	FY 2013 Est
Mississippi	200,000	0	1,650	1,568
Montana	466,756	241,193	38,696	36,761
North Carolina	5,000	3,252	21,274	20,210
North Dakota	0	14,000	0	0
Nebraska	70,000	76,000	83,800	79,610
New Hampshire	10,370	0	2,600	2,470
New Jersey	13,044	15,402	20,704	19,669
New Mexico	58,817	58,121	99,350	94,383
New York	2,906	6,000	4,200	3,990
Ohio	0	0	119,290	113,326
Oregon	186,121	194,801	126,378	120,059
Pennsylvania	1,050	1,050	6,050	5,748
Rhode Island	6,000	10,500	10,000	10,000
Tennessee	3,200	3,200	6,000	6,000
Texas	76,437	55,068	58,365	55,447
Utah	39,100	39,600	76,150	72,343
Vermont	6,755	0	9,035	8,583
Virginia	108,468	96,665	113,556	107,878
Washington	1,201,475	1,400,555	1,302,403	1,237,283
Wisconsin	304,794	295,395	94,624	89,893
Wyoming	219,812	217,688	306,113	290,807
Guam	666,000	635,000	623,000	591,850
U.S. Virgin Islands	51,380	0	51,380	48,811
Total	$7,159,953	$7,245,736	$6,432,562	$6,111,735

Mr. Aderholt: What is the status of wolf control activities? How much did APHIS spend on this effort for fiscal year 2012 and how much is planned in fiscal years 2013 and 2014?

Response: APHIS works with the U.S. Fish and Wildlife Service (FWS) and State wildlife agencies to conduct wolf recovery plans. Gray wolf populations are comprised of three Distinct Population Segments (DPS) - Western Great Lakes (WGL), Northern Rocky Mountain (NRM), and Southwestern. The WGL and NRM populations continue to increase and have exceeded their recovery goals for several years.

Wolves in the WGL were delisted in January 2012, and management authority moved from the Federal to State government. FWS estimates that approximately 2,921 gray wolves are in Minnesota, 831 are in Wisconsin, and 658 are in Michigan. Because wolves in this DPS were, until recently, listed as threatened or endangered, APHIS addressed most of the conflicts with non-lethal methods including livestock investigations, radio-collaring and tracking wolves, and direct operational assistance with electronic guards and flashing lights. The Agency also carried out limited relocation and population reduction activities.

The NRM population segment covers Idaho, Montana, Wyoming, the eastern one-third of Washington and Oregon, and a small part of north central Utah. Wolves in the NRM DPS have been delisted and State officials are managing them. The population in this segment is estimated to be a minimum of 1,674 wolves, a 7 percent decrease from 2011. In Montana, Idaho and Wyoming, State wildlife agencies are integrating sport harvest of wolves to achieve population reductions and alleviate livestock predation and other wolf-related conflicts. APHIS provides assistance to these States as necessary to meet these objectives. In FY 2012, APHIS removed 103 wolves in Montana, 55 in Idaho, and 36 in Wyoming. The Agency removed no wolves in Oregon, Utah, or Washington.

In the Southwest, wolves have retained listing status, and are classified as a "Nonessential Experimental Population." APHIS personnel in Arizona and New Mexico cooperate with State and other Federal agencies, county governments, Native American tribes, livestock producers, and conservation groups involved in Mexican wolf recovery efforts. As of January 2013, there are at least 75 wolves in Arizona and New Mexico, up from 58 last year. During 2012, APHIS personnel conducted approximately 25 livestock depredation investigations and conducted one permanent removal action.

Gray wolves continue to also exist outside these three DPSs, where their status remains listed as "Endangered" under the Federal Endangered Species Act. APHIS participates as a member of interagency wolf working groups, and collaborates with State wildlife and agriculture agencies to evaluate wolf predation and provide integrated damage management assistance as part of its public trust responsibility, where resources allow.

In FY 2013, APHIS' National Wildlife Research Center initiated a research project by placing a European breed of guard dog on select Montana ranches to determine the effectiveness of reducing wolf predation of livestock. APHIS may expand the project during FY 2014 by increasing the number of breeds evaluated and add an additional State to the scope. This collaboratively-funded research will enhance APHIS' capabilities in using livestock protection dogs against wolves and grizzlies, since the different breeds may have different applications and efficiencies that could be applied across the American west as wolf populations increase in number and expand in distribution.

In FY 2012, APHIS spent approximately $798,000 on wolf control efforts, with cooperator contributions of $815,000. In FY 2013 and FY 2014, APHIS plans to spend similar levels of funding and receive similar levels of cooperative contributions.

NOXIOUS WEEDS

Mr. Aderholt: Did APHIS or its partners discover any new noxious weed introductions in the past two years? If so, what actions were taken to address the issues?

Response: In FY 2012, APHIS confirmed golden false beardgrass (Chrysopogon aciculatus) at Homestead Air Reserve Base in Miami-Dade County, Florida. The Florida Department of Agriculture and Consumer Services first identified it after the Institute for Regional Conservation detected it. The Institute for Regional Conservation conducted control activities, and there was no regrowth detected in January 2013 in the treated area.

The FY 2012 Appropriation Act, as requested by the FY 2012 President's budget, eliminated funding for noxious weed management activities. Following the elimination of the funding, APHIS no longer conducts detection activities for or responses to new detections of noxious weeds. State departments of agriculture now carry out these activities. As a result, States no longer routinely report the detections to APHIS. They only refer them to APHIS when requesting weed risk assessments to determine potential impacts and to help determine the appropriate regulatory or programmatic response.

To date, APHIS has responded to species evaluation requests and completed weed risk assessments for the following species of Black sage (Cordia curassavica), Kahili ginger lily (Hedychium gasrdnerianum), Uruguay sword plant (Echinodorus uruguayenis), Rock hakea (Hakea gibbosa), Finger hakea (Hakea salicifolia), Bushy needlewood (Hakea sericea), Cape-ivy (Senecio angulatus), and Sticky nightshade (Solanum sisymbriifolium). Recently, South Dakota reported new infestations of Marshmallow (Althaea armeniaca) and Coralberry ardisia (Ardisia crenata) to APHIS, which is currently evaluating them to determine whether they should be regulated as Federal noxious weeds.

AGRICULTURAL QUARANTINE INSPECTION (AQI) PROGRAM

Mr. Aderholt: Please outline the recommendations made by the Government Accountability Office in their March 2013 report on AQI fees and describe what APHIS is doing and plans to do in order to address GAO's concerns.

Response: Based on its key finding that AQI user fees are not currently covering the full cost of the program, GAO made 13 recommendations APHIS should consider for the AQI user fee structure and rates. The recommendations include: 1) recovering all costs borne by other Federal agencies when setting the fee rates; 2) establishing fees for cruise ship passengers; 3) establishing fees for passenger rail cars; 4) eliminating caps on commercial vessel and rail car fees; 5) setting truck fee rates that recover costs while also providing incentives for trucks to use transponders; 6) recovering the costs of AQI services for buses and bus passengers; 7) revising rates charged for reimbursable overtime by both APHIS and Customs and Border Protection (CBP); 8) charging user fees for AQI permit applications; 9) charging user fees for treatment services; 10) charging user fees for the costs of monitoring compliance agreements for regulated garbage; 11) working with CBP to allocate fee revenues consistent with each Agency's AQI costs; 12) establishing an AQI reserve target that is more closely aligned with program needs and risks; and 13) revising the process for collecting AQI railcar fees to conform to USDA regulation.

Prior to the GAO's review, APHIS had undertaken a third party review of the AQI user fee program to determine the full cost of providing services and options to consider for making changes to the current fee structure. Many of GAO's recommendations are consistent with options APHIS is already considering. APHIS is considering changes to the user fee rates and structure through the rulemaking process which would include the opportunity for the public to provide comments. APHIS would expect such a proposed rule to be published in the fall/winter of 2013. Such rulemaking would require cooperating closely with CBP throughout the process. As GAO recommended, APHIS is considering new authorities to collect additional fees for AQI services that currently do not exist or are not economically feasible under current authorities. APHIS also is engaging with its stakeholders to obtain feedback on the changes being considered.

Mr. Aderholt: Please provide a table showing the amount of AQI fees collected, the amount spent, and the carryover levels for fiscal years 2010 through 2012 and estimates for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION
FEE COLLECTIONS & PROGRAM OBLIGATIONS

Fiscal Year	Fee Collections	Amount Spent*	Carryover
2010	$512,568,490	$501,599,661	a/ $64,151,595
2011	534,729,510	509,853,972	a/ 94,242,154
2012	548,328,730	537,039,668	a/ 106,844,075
2013 (est)	557,650,318	541,790,985	b/ 111,687,408
2014 (est)	567,130,000	549,000,000	129,817,408

* Please note: This table includes APHIS spending and amounts transferred to the Department of Homeland Security's Customs and Border Protection from the AQI user fee account.

a/ Accounting adjustments related to prior year collections and deobligations increase the balance in the AQI user fee account end of year balance.
b/ The AQI user fee balance reflects reductions due to the FY 2013 sequestration.

Mr. Aderholt: Please provide a table showing the total number of staff years funded through the Agricultural Quarantine Inspection program, both the user fee program and the appropriated program, to include fiscal year 2010 through 2012 and estimates for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION PROGRAM
STAFF YEARS

Fiscal Year	Appropriated	User Fees	Total
2010	364	1,504	1,868
2011	364	1,350	1,714
2012	364	1,350	1,714
2013 (estimated)	360	1,350	1,712
2014 (estimated)	343	1,350	1,693

Mr. Aderholt: What was the fiscal year 2012 amount that APHIS transferred to the Department of Homeland Security for agricultural quarantine inspection from user fees? Did this occur on a reimbursable basis or was the transfer made before any work was carried out? What are the amounts expected to be transferred in FY 2013 and FY 2014, and on what schedule?

Response: In FY 2012, APHIS transferred $348,805,277 to the Department of Homeland Security. These transfers occur on a bi-monthly basis after APHIS and the Department of Homeland Security's Bureau of Customs and Border Protection (CBP) discuss collections and agree on spending plans for the year (not on a reimbursable basis).

For FY 2013, APHIS plans to transfer a total of $349,590,985 to CBP for activities in FY 2013 with transfers occurring in December, January, March, May, July, and August. APHIS and CBP representatives will develop spending plans and allocations for each Agency for FY 2014 based on estimates for FY 2013 collections.

Mr. Aderholt: Please provide a table showing the fee schedule for each activity and changes that have occurred since instituting the user fee.

Response: The information is submitted for the record.

[The information follows:]

AGRICULTURAL QUARANTINE INSPECTION
USER FEE HISTORY

FY	EFFECTIVE DATES	COMMERCIAL VESSELS	COMMERCIAL TRUCKS	COMMERCIAL TRUCK TRANSPORTERS	COMMERCIAL RAILROAD CARS	COMMERCIAL AIRCRAFT	INTERNAT'L AIR PASSENGER
1998 - 1999	10/1/97 THROUGH 9/30/99	$454.50	$4.00	$80.00	$6.50	$59.75	$2.00
2000	10/1/99 THROUGH 12/31/99	$461.75	$4.00	$80.00	$6.75	$60.25	$2.05
2000	1/1/00 THROUGH 9/30/00	$465.50	$4.25	$85.00	$6.75	$64.00	$3.00
2001	10/1/00 THROUGH 9/30/01	$474.50	$4.50	$90.00	$7.00	$64.75	$3.00
2002-2004	10/1/01 THROUGH 9/3/04	$480.50	$4.75	$95.00	$7.00	$65.25	$3.10
2005	10/1/04 THROUGH 9/30/05	$486.00	$5.00	$100.00	$7.50	$70.00	$4.95
2006	10/1/05 THROUGH 9/30/2006	$488.00	$5.25	$105.00	$7.50	$70.25	$5.00
2007	10/1/06 THROUGH 9/30/07	$490.00	$5.25	$105.00	$7.75	$70.50	$5.00
2008	10/1/07 THROUGH 9/30/08	$492.00	$5.25	$105.00	$7.75	$70.50	$5.00
2009	10/1/08 THROUGH 9/30/09	$494.00	$5.25	$105.00	$7.75	$70.75	$5.00
2010-PRESENT	10/1/09 TO PRESENT	$496.00	$5.25	$105.00	$7.75	$70.75	$5.00

Mr. Aderholt: Does APHIS anticipate any changes in AQI user fees during fiscal year 2013 or fiscal year 2014?

Response: APHIS is not proposing any changes in AQI user fees in FY 2013 but is considering a rule for publication in FY 2014 to update the AQI user fee rates and structure. Under such a rulemaking process, the proposed rule is expected to be published in the fall of 2013 and would provide the opportunity for public comment as well as reach out to stakeholders.

WORK WITH DEPARTMENT OF HOMELAND SECURITY

Mr. Aderholt: Please provide the Committee an update on the status of the Agency's work with Customs and Border Protection, including the efforts to review cargo data and entry documents. What percentage of the entries is reviewed for clearance and what percentage of entries is physically inspected? Specify percentage for those entries with permits as well as animals.

Response: The Department of Homeland Security, Customs and Border Protection (CBP) conduct reviews and inspections of cargo entering the United States. APHIS establishes import regulations and inspection policies and works with CBP's Agriculture Policies and Trade Liaison to provide guidance on inspections, identification of intercepted pests, training for CBP employees, and methods development support, among other things. Agricultural entry requirements and risk factors are built into CBP's Automated Targeting System (ATS), which reviews all cargo entries electronically and gives shipments a numerical score. If the score meets a certain threshold, the shipment will be flagged for additional review or inspection. CBP also has manifest review units that review entry data manually and monitor the output of the ATS. APHIS provides information to CBP regarding prohibited products found in the marketplace to assist in closing smuggling pathways and helping to target shipments for inspection. APHIS is working with CBP to review and refine the criteria entered into ATS related to agricultural risks. Additionally, 60 APHIS employees have access to ATS (with approval for 5 more employees pending) and can request that CBP inspect certain shipments. APHIS has also been working with other government agencies and CBP to develop and provide data for CBP's new Automated Commercial Environment (ACE)/ International Trade Data System initiative. ACE will eventually replace the Automated Commercial System, and it will enhance import review and tracking abilities for agricultural shipments. APHIS and CBP are in the process of developing data requirements and message sets for agricultural products for ACE.

All imports to the United States are subject to agricultural quarantine inspections regardless of whether they contain agricultural items because, among other reasons, pests and diseases may be present in the packing materials used. For certain products that carry a greater level of risk and must meet specialized requirements to enter the United States, APHIS requires a permit as a condition of entry. Examples include sugarcane, certain types of lumber, and certain live animals. In FY 2012, APHIS issued more than 7,212 import permits for plants and plant products and 8,026 import permits for live animals and animal products. Additionally, some agricultural shipments require physical inspections. For example, all shipments of plant propagative materials must be inspected and (with the exception of those imported from Canada, which are inspected at the border) these shipments are sent to APHIS' Plant Inspection Station (PIS) facilities for inspection. Approximately 25,000 plant shipments containing 1.2 billion plant units were imported and inspected through APHIS' PIS facilities in FY 2012. While plant propagative materials are inspected, we do not track the total volume of all incoming shipments subject to agricultural inspection and cannot specify the overall percentage inspected.

APHIS also conducts regulatory oversight for the importation of animals and animal products. In FY 2011, this included more than 20,000 horses, 12.7 million live poultry, 14.2 million hatching eggs, 0.5 million commercial birds, and 5.8 million units of poultry and livestock semen and livestock embryos. All live animal shipments regulated by APHIS are inspected by APHIS port personnel prior to release. With the exception of livestock from Mexico and Canada, which are inspected at the border, most live agricultural animals are imported through APHIS' Animal Import Centers or private quarantine facilities (with oversight from APHIS) where they are inspected and quarantined for a period of 3 to 60 days, depending on their origin and species. With limited exceptions of animals from Canada, each animal must be accompanied by a veterinary health certificate, and each shipment of live animals must have an import permit. Approximately 10 percent of live fish shipments regulated by APHIS (those susceptible to spring viremia of carp) receive a visual inspection, but health certification is reviewed for all fish shipments under APHIS jurisdiction.

The table below shows the number of agriculture-related cargo clearances and inspections by CBP at ports of entry in FY 2012.

[The information follows:]

FY 2012 AGRICULTURE QUARANTINE INSPECTIONS

ACTIVITY	TOTAL
Clearances of Nonregulated Cargo	364,979
Clearances of Regulated Cargo	904,614
Inspections of Nonregulated Cargo	244,123
Inspections of Regulated Cargo	481,914
Inspections of Exterior Container	41,954

The Department of Commerce, International Trade Administration reports that total imports of all merchandise (both manufactured and non-manufactured goods) were $2.275 trillion in FY 2012. Approximately 79 percent of all imports are manufactured goods that include items such as: computer and electronic products, beverages, tobacco products, textiles, transportation equipment and chemicals. The other 21 percent make up non-manufactured goods that are valued at $470 billion. These include items such as agricultural and livestock products, oil and gas, waste and scrap and used or secondhand merchandise. Of the $470 billion total of non-manufactured goods, the estimated value for agricultural and livestock products imports was approximately $50 billion. Therefore, agricultural and livestock products account for approximately 2.2 percent of the total U.S. value of imports.

Mr. Aderholt: Does APHIS plan on or anticipate any transfers of appropriated funds to DHS in FY 2013 and FY 2014? To any other Department?

Response: At this time, APHIS does not plan or anticipate any transfers of appropriated funds to DHS or to any other Department in FY 2013 and FY 2014.

Mr. Aderholt: Please provide a copy of the most recent Memoranda of Understanding between USDA and DHS regarding agricultural inspection, training, and data sharing as well as corresponding agreements involving the exchange of financial resources.

Response: The information is submitted for the record.

[The information follows:]

DHS Agreement Number: BTS-03-0001
USDA-APHIS Agreement Number: 03-1001-0382-MU

MEMORANDUM OF AGREEMENT
BETWEEN THE
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)
AND THE
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)

Article 1 - Purpose and Authorities

Section 421(a) of the Homeland Security Act of 2002 (hereafter the "Act") transfers certain agricultural import and entry inspection functions to the Secretary of Homeland Security from the Secretary of Agriculture (singly the "Party" or jointly the "Parties").

This document serves as the "Transfer Agreement" (hereafter the "Agreement") required by Section 421(e) of the Act. It specifies functions transferred to DHS and those retained by USDA and establishes mechanisms between the Parties regarding the exercise of the following functions: training of employees, transfer of funds, use of employees, and additional measures provided by the Act. Further, it identifies other areas of mutual interest and responsibilities which the Parties will cooperatively address through subsequent actions and documents. This Agreement emphasizes the importance of continuing and enhancing the agricultural import and entry inspection functions transferred to DHS so as to strengthen border security and thereby better protect American agriculture.

Historically, the USDA Animal and Plant Health Inspection Service (APHIS) Agricultural Quarantine Inspection (AQI) program has focused mainly on preventing the introduction of harmful agricultural pests and diseases into the United States. Now, the threat of intentional introductions of these pests or pathogens as a means of biological warfare or terrorism is an emerging concern that the United States must be prepared to deal with effectively. Guarding against such an eventuality is important to the security of the Nation. Failure to do so could disrupt American agricultural production, erode confidence in the U.S. food supply, and destabilize the U.S. economy. The transfer of USDA agricultural inspectors, with their extensive training and experience in biology and agricultural inspection, provides DHS the capability to recognize and prevent the entry of organisms that might be used for biological warfare or terrorism.

The Parties, through this Agreement and by other means, are committed to working cooperatively now and in the future to implement the relevant provisions of the Act and to ensure necessary support for and coordination of the AQI program components that reside in each Department following the transfer of functions and employees.

As required by the Act, in this Agreement the Parties shall address the following:

Transferred Functions and Employees (Article 2):
USDA agricultural import and entry inspection functions and associated employees to be transferred to DHS [Section 421(a) and (g)]

Excluded Quarantine Activities and Other Retained USDA Activities (Article 3):
Quarantine and associated activities excluded from the transfer [Section 421(c)] and remaining in USDA

Training (Article 4):
USDA supervision of training [Section 421(e) (2)(A)]

Transfer of Funds (Article 5):
[Section 421(e) (2) (B) and (f) (1 and 2)]

Cooperation and Reciprocity (Article 6):
DHS authority to perform functions delegated to USDA-APHIS [Section 421(e) (3) (A)] and USDA authority to use DHS employees to carry out authorities delegated to USDA-APHIS [Section 421(e) (3) (B)]

Regulations, Policies, and Procedures (Article 7):
[Section 421(d) (1), (d) (2), and (d) (3)]

Agreement Revisions, Amendments, and Appendices (Article 10):
[Section 421(e) (1) (a)]

Article 8 establishes the basis for collaboration between DHS and USDA on other issues and areas of mutual interest that the Parties recognize as necessary for the administration and maintenance of relations between the Parties in carrying out the provisions of the Act and the respective missions of the Parties.

The Parties agree to designate, in writing, an Authorized Representative who shall be responsible for administering the terms and conditions within this Agreement.

Article 2 – USDA Functions Transferred to DHS

The USDA AQI program will be divided, with some functions transferred to DHS as reflected in this Article, and others retained by USDA as reflected in Article 3.

The agricultural import and entry inspection functions transferred to DHS shall include:

a) Reviewing passenger declarations and/or cargo manifests and, utilizing USDA pest and risk data, targeting for inspection high risk agricultural passenger/cargo shipments
b) Inspecting international passengers, luggage, cargo, mail, and means of conveyance
c) Holding cargo and articles of suspected agricultural quarantine significance where

appropriate for evaluation of plant and animal health risk in accordance with USDA regulations, policies, and guidelines

d) Referring propagative and other designated materials to USDA for inspection, control, and disposition
e) Seizing articles in violation of USDA regulations, safeguarding to prevent pest escape, and destroying or re-exporting them
f) Referring all live animals, embryos, semen, and other viable animal products to USDA
g) Collecting and preparing or preserving pest and disease samples for analysis
h) Submitting intercepted pest and disease specimens via Pest Identification Form 309a
i) Assessing and collecting spot settlements in accordance with USDA guidelines, documenting suspected violations, and referring suspected violations to USDA for further investigation and appropriate action
j) Collecting, submitting, and reporting program information (e.g., Workload Accomplishment Data System (WADS) Form 280, AQIM)
k) Performing specific risk information collection activities for use in USDA risk analysis (e.g., Agricultural Quarantine Inspection Monitoring (AQIM) systems) and promptly notifying USDA upon detections of new or unusual infested or contaminated cargo
l) Maintaining, monitoring, and enforcing existing compliance agreements for functions conducted by DHS
m) Monitoring transit shipments and verifying exit
n) Reviewing import permits and certificates for validity and compliance
o) Preparing and forwarding documentation for reimbursable overtime services to USDA.

In accordance with Section 421(g) of the Act, USDA shall transfer not more than 3,200 full-time equivalent positions to DHS.

Article 3 - Quarantine and Other Relevant Functions Retained by USDA

The agricultural import and entry inspection and associated functions remaining in USDA shall include:

a) Providing risk analysis guidance, including, in consultation with DHS, the setting of inspection protocols
b) Applying remedial measures other than destruction and re-exportation, such as fumigation, to commodities, conveyances, and passengers
c) Providing specialized inspection of propagative plant material and pest identification services at plant inspection stations and other facilities
d) Conducting inter- and intra-state inspection of passenger, commodity, and conveyance movements, including the preclearance of passengers in Hawaii and Puerto Rico destined for the mainland United States
e) Performing inspection and related activities, such as compliance with requirements of agricultural protocols and systems, in connection with the preclearance of commodities in foreign countries
f) Verifying compliance with trade protocols, including but not limited to conducting domestic

market and transit surveys and outreach to the private sector as part of the APHIS Smuggling Interdiction and Trade Compliance Program

g) Investigating and adjudicating AQI violations, either civilly or through referral for criminal prosecution, in accordance with USDA's administrative procedures and applicable statutes
h) Issuing phytosanitary (plant health) and animal byproduct certificates for U.S. agricultural exports
i) Supervising training relating to agricultural inspection functions, as described in Article 4
j) Managing AQI user fee funds, including auditing of user accounts, as described in Article 5
k) Developing regulations, policy, and procedures as described in Article 7
l) Managing the AQI performance measurement system in consultation with DHS.

Article 4 - Training

In accordance with Section 421(e) (2) (A) of the Act, USDA shall supervise training of DHS employees to carry out functions transferred. The Parties agree that USDA will supervise and provide educational support and systems to ensure that DHS employees receive the training necessary to carry out the USDA functions transferred to DHS. This includes, but is not limited to the following:

a) New Officer Training for Agricultural Specialists

b) Basic Canine Officer Training for Agricultural Canine Teams

c) Regulatory Pesticide Applicator and Fumigation Training

d) Biological Security Training for Agricultural Specialists

The Parties will, subject to any necessary OMB approval, jointly develop an annual work plan and budget for agricultural training provided by USDA for DHS.

Article 5 - Transfer of Funds

The Parties understand that agricultural inspection activities as defined in Articles 2 and 3 of this Agreement will be funded, in part, out of funds collected by fees authorized under sections 2508 and 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136, 136a). The fees will continue to be paid to a dedicated account in the Treasury and be administered by USDA.

In accordance with Section 421 Subsections (e)(2)(B) and (f)(1-2) of the Act, USDA shall, from time to time, transfer funds to DHS for agricultural inspection functions carried out by DHS for which funds are collected.

Subject to any necessary OMB approval, the Parties agree to cooperate in the development of annual plans and budgets, user fee rates, and funds control and financial reporting procedures for the agricultural inspection functions in Articles 2 and 3. The Parties will develop specific methods and execute appropriate instruments to transfer funds from USDA to DHS in accordance with the previous paragraph.

Article 6 – Cooperation and Reciprocity

Section 421(e) (3) (A) of the Act provides authority for an agreement between DHS and USDA for DHS to perform functions delegated to USDA-APHIS regarding the protection of domestic livestock and plants not transferred to DHS. This includes but is not limited to the performance of those functions listed in Article 3.

Section 421(e) (3) (B) of the Act provides for an agreement between DHS and USDA for USDA to use DHS employees to carry out authorities delegated to USDA-APHIS regarding the protection of domestic livestock and plants. This includes but is not limited to the use of DHS employees in the management of agricultural pests and diseases throughout the United States.

DHS and USDA agree to develop procedures for USDA use of DHS employees and/or DHS performance of functions that recognize the importance of the homeland security mission while addressing the need for a skilled workforce to carry out USDA functions. These procedures will be incorporated into a subsequent amendment to this Agreement. Pending the completion of these procedures, the Parties are free to enter into agreements for reciprocity consistent with section 421 of the Act. Neither this Article, nor any appendix to this Agreement, shall obligate either Party to take action inconsistent with the fulfillment of its mission.

Article 7 - Regulations, Policies, and Procedures

In accordance with Section 421(d) of the Act, the Parties understand and agree that:

a) USDA retains responsibility for developing and issuing regulations, policies, and procedures covering the agricultural functions transferred to DHS

b) USDA shall provide DHS with copies of all relevant agricultural regulations, policies, and procedures; and train DHS employees as necessary in their application

c) USDA functions transferred to DHS shall be exercised and enforced by DHS in accordance with USDA regulations, policies, and procedures

d) Whenever USDA prescribes new regulations, policies, and procedures for administering those agricultural functions transferred to DHS, or proposes changes to relevant existing regulations, policies, and procedures, USDA shall coordinate such actions with DHS

e) Whenever DHS issues such directives or guidelines as may be necessary to ensure the effective use of DHS personnel carrying out the agricultural functions transferred to DHS, it shall do so in consultation with USDA

Article 8 –Communication and Liaison

The Parties will facilitate an orderly transition and develop the best possible safeguards to protect the nation's agricultural infrastructure. To this end, the Parties agree to coordinate actions and communicate changes in operations and other important information. Whenever credible threats are identified, the Parties shall, as soon as possible, provide to each other all relevant threat and vulnerability information relating to agricultural terrorism, consistent with national security interests. This may include, for example, intelligence for inspection of specific pest and disease threats to allow adjusting operations to changing risk levels.

The Parties agree that DHS will provide USDA with access to, subject to national security considerations and agreed upon information sharing protocols, port environs and port information/databases necessary to fulfill USDA's responsibilities, including but not limited to the functions listed in Article 3 of this Agreement.

The Parties will establish, to the extent and at the level(s) mutually deemed necessary, liaisons or points of contact to facilitate the execution of this article.

Article 9 - Limitation of Commitment

Any financial commitment made by either Party shall be contingent upon the availability of funds appropriated by the Congress of the United States or otherwise provided to the Parties through Congressional authorization. It is understood and agreed that any monies allocated for purposes covered by this Agreement shall be expended in accordance with its terms and in the manner prescribed by the fiscal regulations and/or administrative policies of the Party making the funds available.

If fiscal resources are to transfer, a separate interagency agreement, or other such instrument, as appropriate, must be developed by the Parties.

Article 10 - Revisions, Amendments, and Appendices

In accordance with Section 421(e) (1), the Parties understand and agree that:

a) This Agreement shall be reviewed periodically by the Parties when jointly deemed appropriate to determine if amendments or appendices are necessary. The Parties agree that the first such review will be completed by September 30, 2003.

b) This Agreement may be amended or supplemented at any time by agreement of the Parties in writing.

Article 11 - Effective Date

This Agreement will become effective upon date of final signature.

Article 12 – No Private Right Created

This Agreement is an internal policy statement of the undersigned agencies and does not create any rights, privileges, or benefits for any person or party.

Tom Ridge

TOM RIDGE
SECRETARY OF HOMELAND SECURITY

Feb. 28, 2003
DATE

Ann Veneman

ANN M. VENEMAN
SECRETARY OF AGRICULTURE

Feb 28, 2003
DATE

Appendix for Memorandum of Agreement (MOA) between the US Department of Homeland Security (DHS) and the US Department of Agriculture (USDA)
Article 5, Transfer of Funds

I. Purpose

This Appendix outlines the procedures and conditions that USDA Animal and Plant Health Inspection Service (APHIS) will use to transfer funds to DHS Customs and Border Protection (CBP) for the Agriculture Quarantine Inspection (AQI) activities carried out by CBP and funded by the AQI User Fee Account. It also outlines the process CBP and APHIS will follow to distribute user fee funds between the two agencies and financial reporting on the use of those funds.

II. Background

The Homeland Security Act of 2002 (the Act). Section 421 of the Act transferred to DHS functions of APHIS relating to agricultural import and entry inspection. Section 421(e)(2)(B) and (f)(1) and (2) of the Act provides authority for an agreement between USDA and DHS for the transfer of funds from USDA to DHS for activities carried out by DHS for which such fees were collected.

Memorandum of Agreement. The Secretary of USDA and Secretary of DHS signed the MOA required under Section 421(e) of the Act, on February 28, 2003. Article 5 of the MOA pertains to transfer of funds.

III. Responsibilities

APHIS and CBP Understand and Agree to:

1. CBP and APHIS recognize that the transfer of AQI port inspection user fee operating funds depends on the collection of AQI User Fees, the amount of which is influenced by market forces affecting international travel and commerce. The collections to the AQI User Fee account declined sharply after September 11, 2001, but have recovered over time. Accordingly, CPB and APHIS will develop budgets that allow the maintenance of an account reserve by APHIS, designed to cushion the blow of unexpected decreases in revenues.

2. CBP and APHIS will each designate a Chief Budget Liaison and an alternate to carry out the duties outlined in this Appendix, including the quarterly and annual reporting. The designated Chief Budget Liaisons will have at least four face-to-face meetings to discuss AQI funding during each fiscal year.

3. At the beginning of FY 2006, $33 million will be designated as the account reserve. This reserve will not be allocated to either CBP or APHIS. By the end of FY 2010, the financial goal is to establish a total minimum reserve of $95 million which equates to approximately 25% of the operating resources for the current level of effort for the AQI operations.

4. APHIS and CBP agree that of the AQI user fee available collections, minus the reserve, 60.64% will be designated for transfer to CBP to support the AQI user fee program and 39.36% will be designated to support APHIS' AQI user fee program. These percentages were determined based on the projected cost and level-of-effort required to carry out the FY 2006 program. The proportion designated to each agency will be reviewed, and adjusted if needed, at least annually by the designated Chief Budget Liaisons based on the expected cost of the respective programs and the best available information on expected annual fee collections. The last transfer from APHIS to CBP will be made in August in order to accommodate operational planning needs of CBP. Annually these agreements will take the form of a codicil to this Appendix, to be signed by the designated Chief Budget Liaisons.

5. Both APHIS and CBP will exercise control over their annual agreed upon allocations. For example, if CBP does not spend its entire FY 2006 transfer allocation estimated to be $211 million, they will carry any balance forward into FY 2007 to be used to carry out AQI user fee program functions.

6. CBP and APHIS agree that APHIS will propose revised fee schedules as necessary, taking into account CBP funding needs for the transferred AQI user fee functions as well as funding needs for the AQI user fee activities remaining in APHIS. Calculations will take into account projected Federal pay increases and inflation, as well as increased program needs.

<u>APHIS Understands and Agrees to:</u>

1. Initiate bimonthly revenue transfers to CBP beginning in November using an SF-1151, Non-Expenditure Transfer form. However, if the cash balance in the account is not sufficient to transfer the full amount in advance, transfers may take place monthly.

2. Calculate the APHIS AQI level-of-effort in Full-Time-Equivalent (FTE) staff years and associated program costs for comparison with the CBP level of effort in FTE staff years and program cost calculations, quarterly and annually.

3. Carry out the rulemaking function to propose and codify any necessary changes to the AQI User Fee program.

4. Inform the CBP Chief Budget Liaison when each AQI User Fee distribution to CBP has been initiated by APHIS.

5. Provide within 45 days after each quarter, a breakdown of AQI user fee collections, by activity. Collection amounts will be updated to reflect account adjustments, such as audit findings.

CBP Understands and Agrees to:

1. To provide the necessary information for auditing of the user fee costs and rates. CBP will report expenditures by each AQI fee type (*e.g.*, international passengers, commercial aircraft, etc.).
2. At the end of each quarter, and by November 15 following the end of each fiscal year, CBP will provide APHIS with an accounting of expenses incurred in the AQI program from CBP' Cost Management Information System (CMIS).
3. Calculate the CBP AQI level-of-effort in Full-Time-Equivalent (FTE) staff years and associated program costs for comparison with the APHIS level of effort in FTE staff years and program calculations, quarterly and annually.

VI. Effective Date and Changes to This Appendix

This document will serve as an appendix to Article 5 of the MOA and can be amended by mutual agreement at any time by agreement of the parties in writing. This agreement will be effective when signed by both designated officials.

R Balaban
Richard L. Balaban
Assistant Commissioner for Finance
Customs and Border Protection

9/14/05
DATE

Paul R. Eggert
Paul R. Eggert
Associate Deputy Administrator
Animal and Plant Health Inspection Service

10 · 05 · 05
DATE

Codicil to Appendix 5: Transfer of AQI User Fees from APHIS to CBP for Fiscal Year (FY) 2013 (prepared in November 2012).

The following AQI user fee fund transfers are mutually agreed by CBP and APHIS for Octobe 1, 2012 through September 30, 2013 in FY 2013. Additionally, CBP requests to revisit collections (and revise the FY 2013 Codicil, if necessary) at the end 1st quarter of FY 2013 should actual collections reflect higher than anticipated collections.

The Agencies agree upon the following amounts for spending of new available funding:

CBP: $349,590,985
APHIS: $208,059,333
Total $557,650,318

CBP Transfers:

Transfer 1:	$ 58,265,165
Transfer 2:	$ 58,265,164
Transfer 3:	$ 58,265,164
Transfer 4:	$ 58,265,164
Transfer 5:	$ 58,265,164
Transfer 6:	$ 58,265,164
Total:	**$349,590,985**

Distribution Schedule: Effective October 1, 2012 through September 30, 2013, bimonthly distributions of APHIS fees will be based on the distribution schedule above. Due to the lag in actual collections, transfers may be adjusted during the fiscal year or spread out into multiple transfers.

Osama El-Lissy
Assistant Deputy Administrator
Animal and Plant Health Inspection Service

11/20/12
Date

Deborah Schilling
Deborah Schilling
Chief Financial Officer
U.S. Customs and Border Protection

11/20/12
Date

FEDERAL AND NON-FEDERAL SOURCES

Mr. Aderholt: Please provide a table showing a breakout of all Federal and non-Federal dollars for all APHIS programs to include fiscal years 2010 through 2013 to date.

Response: The information is submitted for the record.

[The information follows:]

FEDERAL AND NON-FEDERAL FUNDING FOR APHIS PROGRAMS
(Dollars in Thousands)

Line-item	FY 2010		FY 2011		FY 2012		FY 2013 (to date)	
	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal**
Animal Health Technical Services	$40,056	$2,992	$32,216	$5,604	$30,349	$8,403	$12,571	$0
Aquatic Animal Health	6,011	172	5,401	30	2,261	756	712	0
Avian Health	67,998	227	53,649	4,546	53,206	15,060	24,021	0
Cattle Health	117,873	34,291	110,759	48,589	97,722	71,967	36,504	0
Equine and Cervid Health	20,342	4,149	17,881	4,931	5,050	16,248	1,610	0
National Veterinary Stockpile	5,177	0	4,342	0	3,026	0	1,647	0
Sheep and Goat Health	18,451	25	19,197	551	18,502	459	6,057	0
Swine Health	25,723	72	25,543	459	22,897	4,983	6,586	0
Veterinary Biologics	16,457	0	16,416	0	16,445	42	8,023	0
Veterinary Diagnostics	29,985	0	32,303	0	31,582	636	11,227	0
Zoonotic Disease Management	10,468	0	10,447	0	8,956	8,403	2,186	0
SUBTOTAL Animal Health	358,542	41,928	328,154	64,710	289,996	126,957	111,144	0
Agricultural Quarantine Inspection	28,948	0	25,907	0	27,211	0	13,089	0
Cotton Pests	23,238	29,088	20,979	24,046	19,860	20,339	4,366	0

Line-item	FY 2010		FY 2011		FY 2012		FY 2013 (to date)	
	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal**
Field Crop & Rangeland Ecosystems Pests	12,854	720	11,259	512	8,896	487	2,211	0
Pest Detection	28,071	9,762	26,697	1,154	27,358	1,359	7,131	0
Plant Protection Methods Development	21,704	940	21,066	739	20,081	281	2,785	0
Specialty Crop Pests	171,383	57,777	153,959	52,891	166,886	50,095	64,122	0
Tree & Wood Pests	70,966	15,330	76,398	15,597	78,300	5,491	15,732	0
SUBTOTAL Plant Health	357,164	113,617	336,265	94,939	348,592	78,052	109,436	0
Wildlife Damage Management	79,132	40,784	75,366	59,244	70,480	59,286	33,997	0
Wildlife Services Methods Development	19,110	2,324	18,782	2,559	16,924	4,630	7,949	0
SUBTOTAL Wildlife Services	98,242	43,108	94,148	61,803	87,404	63,916	41,946	0
Animal & Plant Health Regulatory Enforcement.	15,445	0	15,011	0	16,189	0	7,227	0
Biotechnology Regulatory Services	13,285	0	13,019	0	18,134	0	6,639	0
SUBTOTAL Regulatory Services	28,730	0	28,030	0	34,323	0	13,866	0

Line-item	FY 2010		FY 2011		FY 2012		FY 2013 (to date)	
	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal**
Contingency Fund	3,206	0	0	0	1,500	0	583	0
Emergency Preparedness & Response	19,622	535	19,428	1,742	16,753	5,943	7,577	0
SUBTOTAL Emergency Management	22,828	535	19,428	1,742	18,253	5,943	8,160	0
Agriculture Import/Export	12,587	0	12,573	0	13,310	0	4,816	0
Overseas Technical & Trade Operations	20,156	16,076	20,002	17,806	20,104	12,607	7,140	0
SUBTOTAL Safe Trade & International Technical Assistance	32,744	16,076	32,575	17,806	33,414	12,607	11,956	0
Animal Welfare	24,445	44	23,895	0	27,016	0	11,295	0
Horse Protection	498	0	497	0	696	0	260	0
SUBTOTAL Animal Welfare	24,943	44	24,392	0	27,712	0	11,555	0
APHIS Information Technology Infrastructure	4,414	0	4,610	0	4,494	0	1,135	0
Physical/ Operational Security	5,669	0	5,540	0	5,224	0	1,560	0
SUBTOTAL Agency Management	10,083	0	10,150	0	9,718	0	2,695	0

Line-item	FY 2010		FY 2011		FY 2012		FY 2013 (to date)	
	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal	Federal*	Non Federal**
Commodity Credit Corporation	54,678	698	40,954	2,954	24,561	280	2,692	0
Farm Bill Section 10201 and 10202	51,152	5,352	52,378	2,588	52,115	2,053	1,135	0
Advances and Reimbursements	139,039	0	158,636	0	157,285	0	84,613	0
H1N1 from Health and Human Services	3,909	0	2,914	0	4,793	0	2,271	0
VHS Supplemental, Homeland Security, HUB Relo,& Department	6,852	0	885	0	111	0	0	0
Buildings & Facilities	8,589	0	8,218	0	3,633	0	652	0
Trust Funds	18,649	0	14,641	0	11,702	0	5,694	0
Agricultural Quarantine Inspection User Fees	189,373	0	190,738	0	188,234	0	84,356	0
SUBTOTAL Other	472,242	6,050	469,364	5,542	442,434	2,333	181,413	0
TOTAL	$1,405,516	$221,358	$1,342,506	$246,542	$1,291,846	$289,808	$492,171	0

*Represents Federal obligations against available funding.
**The 2013 amounts for the non-Federal funding will be received at the end of the fiscal year.

INDEMNITY AND CONTINGENCY FUNDS

Mr. Aderholt: Describe what has happened during the past year in terms of serious outbreaks of pests and diseases. What resources did the Agency expend on each?

Response: In FY 2012, APHIS continued responding to an outbreak of the Asian longhorned beetle in Clermont County, Ohio. APHIS spent approximately $10.4 million in emergency funds transferred from the Commodity Credit Corporation (CCC) and approximately $5 million from the Tree and Wood Pests line item on the response effort. More than 48 percent of Clermont County is covered by forest. To address the infestation in FY 2012, APHIS provided funds through a cooperative agreement to the Ohio Department of Agriculture (ODA) to hire personnel to conduct delimiting survey activities. APHIS projects to complete delimitation by the end of FY 2016. Completing delimiting surveys is essential to ensuring that all infested trees are found and removed and that the treatment and regulated areas are accurately defined. In addition, the program entered into a tree removal contract to remove trees in infested areas and a chemical treatment contract to treat exposed trees. APHIS is regulating approximately 61 square miles. At the end of FY 2012, the program had inspected approximately 204,000 trees, found 8,918 infested trees, and removed 8,781 infested trees. In FY 2013, the ODA is continuing delimitation activities. In addition, the program will continue removing infested trees and replanting trees, as well as applying preventative treatments to healthy trees in Monroe Township and Stonelick Township.

APHIS also continued working to eliminate the European grapevine moth (EGVM) from California, using $10.4 million in CCC funds and approximately $835,000 from the Specialty Crop Pests line item. EGVM is a significant pest of grapes and other specialty crops including stone fruit. APHIS has worked collaboratively with California's Department of Food and Agriculture, counties, extension service, and the industry to successfully work towards the eradication of EGVM. The program consists of intensive survey efforts to identify affected areas, regulatory compliance activities to prevent the artificial spread of the pest, and an outreach program to coordinate with industry groups, affected growers, and residents. In calendar year 2012, following successful eradication activities and a year of intensive trapping with no detections, APHIS released nine of the ten counties that were quarantined because of EGVM. The program will continue intensive eradication efforts in the remaining affected Napa county.

In FY 2012, APHIS also continued addressing the giant African snail (GAS) in affected residential areas of Miami, Florida, using $1.5 million from the Agency's contingency fund. GAS can affect at least 500 types of plants, including fruit and vegetable crops and nursery stock, and cause structural damage to buildings by eating plaster and stucco to find the calcium required to grow its large shell. Of the more than 1,500 nurseries in Miami-Dade County, approximately 250 are in the immediate area affected by GAS. It has not, however, been found in agricultural production areas. In FY 2012, APHIS and the Florida Department of Agriculture and Consumer Services (FDACS) carried out extensive survey and eradication activities through removal and treatment of snails from infested areas. In addition, APHIS and FDACS created an extensive outreach campaign in the Miami area that included a helpline, publications, industry meetings, media interviews, newspaper advertisements, billboards, and social media networking sites, all of which alerted the public of a toll-free telephone number to report possible snail sightings. Due to the positive response from the social media networking sites such as Facebook and Twitter, additional detections have been reported. At the end of FY 2012, 17 of the 20 known infestations had been reported by the public. APHIS continues to coordinate with the Centers for Disease Control and Prevention (CDC) regarding GAS and its potential public health risk. In October 2012, the CDC confirmed that four GAS collected in a regulated area of Miami were positive for rat lungworm (*Angiostrongylus cantonensis*), which can cause meningitis. This is a parasite of rats but is passed to snails when a snail eats infected rat droppings. However, meningitis in humans caused by GAS is rare and, to date, no suspect cases of meningitis have been reported in Miami-Dade County. APHIS has also conducted outreach with public health departments within Miami-Dade County and surrounding counties. Note: FY 2012 data for EGVM reflects updated information from data available at the time of the Agricultural Secretary's hearing on the FY 2014 budget.

INDEMNITY AND COMPENSATION FUNDS

Mr. Aderholt: Were any indemnity funds used in fiscal years 2010 through 2013 to date?

Response: The information is submitted for the record.

[The information follows:]

APHIS INDEMNITY AND COMPENSATION OBLIGATIONS

Disease Program	FY 2010	FY 2011	FY 2012	FY 2013 (as of April 18, 2013
Plum Pox	$58,127	$33,662	$79,337	0
BSE	0	0	19,913	0
Brucellosis	28,381	10,138	14,408	$1,330
Chronic Wasting Disease	53,248	150,967	0	0
Avian Influenza	1,137,162	696,322	90,390	7,392
Pseudorabies	130	2,096	15,455	0
Scrapie	121,651	138,178	64,135	13,880
Tuberculosis	2,980,579	1,182,339	2,633,944	577,574
Total	$4,379,278	$2,213,702	$2,917,582	$600,176

Mr. Aderholt: What is the current status of the APHIS Contingency Fund?

Response: The information is submitted for the record.

[The information follows:]

APHIS CONTINGENCY FUND
(Dollars in Thousands)

Availability:	
Total Balance Carried Forward from FY 2012	$3,043
FY 2013 Appropriation	1,384
FY 2013 Availability	$4,427
FY 2013 Releases as of April 18, 2013:	
Feral Swine	$1,000
Current Available Balance	$3,427

Mr. Aderholt: Please update a table listing all funding expenditures from the Contingency Fund, to include fiscal years 2009 through 2013 to date and estimates for FY 2014.

Response: The information on APHIS Contingency Fund obligations is submitted for the record.

[The information follows:]

Program	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimated (through) 04/18/13)
Cattle Fever Tick	$383	0	0	0	0
Contagious Equine Metritis	378	$108	0	0	0
Feral Swine	0	0	0	0	$559
European Grapevine Moth	0	3,098	0	0	0
Giant African Land Snail	0	0	0	$1,500	0
Total	$761	$3,206	$0	$1,500	$559

Because APHIS uses its contingency fund for unplanned, small scale emergencies that occur during the fiscal year, we cannot predict obligations for FY 2014.

Mr. Aderholt: Provide a five-year table that shows the projected revenue for import/export user fees and the projected revenue for veterinary diagnostic user fees including fiscal year 2013 estimates.

Response: The information is submitted for the record.

[The information follows:]

ESTIMATED USER FEE REVENUE FYs 2012-2015 (Dollars in Millions)					
	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	FY 2016 Estimate
Import/Export User Fees (includes Animal Import Centers in Newburgh and Miami)	$42.8	$42.8	$42.9	$43.0	$43.1
Veterinary Diagnostics User Fees	$4.3	$5.7	$5.8	$5.9	$6.1

Mr. Aderholt: Please provide a table showing how much APHIS spent in foreign countries to include fiscal years 2010 through estimated 2014.

Response: The information is submitted.

The information provided includes APHIS appropriated and user fee spending in foreign countries. Please note this table does not include spending from other funding sources (e.g., reimbursable agreements, trust funds, etc.)

[The information follows:]

Region	Country	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Africa	Egypt	$674,658	$416,456	$310,248	$460,000	$500,000
	Senegal	1,161,157	1,015,306	559,089	350,000	350,000
	South Africa	983,739	455,992	503,089	570,000	620,000
	Other	93,200	0	0	0	100,000
Asia/Pacific	Australia	76,485	0	0	0	0
	Burma	199,883	117,707	31,134	0	0
	Cambodia	223,974	128,262	40,664	0	0
	China	492,951	763,116	1,319,385	1,460,000	1,460,000
	India	327,000	401,687	651,155	460,000	460,000
	Indonesia	431,734	237,316	11,534	0	0
	Japan	572,313	839,040	967,769	980,000	980,000
	Laos	199,706	136,713	41,339	0	0
	Philippines	404,493	489,834	506,119	480,000	480,000
	South Korea	406,357	430,255	422,494	430,000	430,000
	Taiwan	440,871	419,566	434,376	400,000	400,000
	Thailand	570,780	513,916	619,937	550,000	550,000
	Other	441,593	0	0	0	0
Caribbean	Dominican Republic	3,232,788	2,157,327	1,497,905	810,000	810,000
	Haiti	502,978	400,000	315,152	0	0
	Trinidad	73,488	100,000	177,164	150,000	150,000
Central America	Belize	720,999	251,288	101,073	160,000	160,000
	Costa Rica	1,043,047	847,196	747,541	570,000	600,000
	Guatemala	23,998,619	23,230,564	26,651,941	23,700,000	24,000,000
	Honduras	278,711	90,019	101,951	110,000	150,000
	Nicaragua	744,838	456,740	258,075	0	0
	Panama	21,844,822	19,623,945	15,177,161	15,100,000	15,100,000
Europe	Austria	677,934	651,441	692,099	310,000	310,000
	Belgium	748,419	1,320,578	1,412,678	1,530,000	1,530,000
	France	303,245	394,514	257,417	250,000	250,000

Region	Country	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
	Italy	588,479	549,782	523,333	670,000	670,000
	Other	141,376	208,879	394,489	150,000	150,000
North America	Canada	685,876	573,488	353,788	170,000	170,000
	Mexico	13,500,553	11,988,075	7,497,365	7,770,000	8,000,000
South America	Argentina	462,448	348,246	334,210	340,000	200,000
	Bolivia	76,485	201,067	290,839	150,000	150,000
	Brazil	984,854	1,523,272	967,717	700,000	725,000
	Chile	801,854	848,353	543,198	420,000	500,000
	Colombia	1,397,869	1,390,716	1,561,906	1,100,000	1,350,000
	Ecuador	176,485	236,851	190,352	150,000	175,000
	Peru	76,485	36,691	597,754	570,000	420,000
	Uruguay	76,485	5,242	152,286	220,000	225,000
	Venezuela	176,485	208,994	20,476	0	0
Total		$81,016,516	$74,008,434	$67,236,267	$61,240,000	$62,125,000

Note: APHIS corrected FY 2010 spending in the Dominican Republic from what was shown in this table in previous years (spending in Haiti was tracked with spending in the Dominican Republic and was previously shown on both lines/counted twice). Additionally, the FY 2011 amount reported for Colombia last year omitted spending for a risk assessment laboratory, which is added in this table. FY 2013 and FY 2014 figures reflect updated estimates based on FY 2013 enacted.

RABIES

Mr. Aderholt: What is the status of the national rabies management plan? How much did the Agency spend in FY 2012 and estimated expenditures for fiscal years 2013 and 2014 for this program?

Response: The National Rabies Management Program (NRMP), which is linked to the North American Rabies Management Plan, focuses on three broad goals: enhancing the coordination of rabies surveillance, management and preventing further spread; and, eliminating rabies virus variants in terrestrial carnivores. APHIS and cooperators have made significant progress toward meeting these goals. The NRMP distributes oral rabies vaccination baits in more than 15 States. Using a coordinated, strategic application of oral rabies vaccine, along with other rabies control measures, we have eliminated rabies in coyotes and are on the verge of eliminating rabies in gray foxes in Texas. In addition, there has been no case of canine rabies in the United States since 2004, and no appreciable spread of raccoon rabies toward the western United States or north into Canada. APHIS continues to prevent the westward spread of raccoon rabies by managing a vaccination zone from Maine to Alabama. To increase the likelihood of eliminating raccoon rabies, we are continuing to pursue new vaccine-bait combinations. APHIS is conducting field trials on a new oral rabies vaccine in five States to evaluate if substantial increases in rabies immunity in the raccoon population will occur. In FY 2012, APHIS spent approximately $23.8 million for national rabies control and surveillance. APHIS plans to spend approximately $22.9 million in FY 2013 and $23 million in FY 2014.

Mr. Aderholt: What rabies management programs, activities or locations will be reduced or eliminated in fiscal year 2013 and 2014, if any? What is the risk associated with such changes in the program?

Response: Program decisions are based on sound scientific research as well as a number of other factors such as the national strategic value of oral rabies vaccination (ORV) in a specific State, rabies activity, ecology, and funding history. The program reductions in FY 2013 are specific to States outside of the national ORV zone that is not central to the national effort to stop the spread of raccoon rabies. For FY 2013, rabies activities have been reduced by approximately $900,000. APHIS will work with the impacted States to provide service on a reimbursable basis. APHIS will continue to focus efforts on maintaining the integrity of current rabies barrier zones. We are not proposing a funding change for rabies for FY 2014.

Mr. Aderholt: What additional efforts are conducted by APHIS to control the spread of wildlife rabies?

Response: APHIS conducts oral rabies vaccination (ORV) campaigns in defined zones to protect public health by working to eliminate and prevent the spread of rabies in wildlife. Our efforts reduce significant costs associated with living with rabies. Our goal is to continue to contain rabies outbreaks and to maintain the rabies-free status that has been achieved for canine rabies in coyotes and gray foxes in Texas through the continued application of strategic ORV. In addition to these

accomplishments, we have prevented spread of raccoon rabies toward the western United States or north into Canada.
Currently, we are working with the Centers for Disease Control and Prevention to expand the use of a rapid rabies diagnostic field procedure that allows us to diagnose rabies in the field in one hour. In addition, the National Rabies Management Program is conducting collaborative field trials of an oral rabies vaccine (ONRAB). The ONRAB vaccine could increase the rabies immunity of raccoons in the United States, and provide a more cost efficient mechanism for preventing the spread of rabies.

APHIS relies on the international collaborative rabies management framework, established through the North American Rabies Management Plan. Partners to this plan include the United States, Canada, Mexico, and the Navajo Nation. The plan involves coordination with surveillance activities, control programs, vaccine development, and field trials. APHIS and Canadian provincial and federal agencies have coordinated rabies surveillance and control in raccoons along the border to monitor and ensure program effectiveness.

EMERGENCIES

Mr. Aderholt: How was USDA's emergency authority used in fiscal years 2011 and 2012? How much did USDA use for each incidence and was it transferred from CCC?

Response: All emergency transfers to APHIS were from the Commodity Credit Corporation (CCC). Amounts available and used for each incident are submitted for the record.

[The information follows:]

COMMODITY CREDIT CORPORATION FUNDING
(Dollars in thousands)

Program *	FY 2011 CCC Releases/ Redirections	FY 2011 Obligations	FY 2012 CCC Releases/ Redirections	FY 2012 Obligations
Asian Longhorned Beetle	$0	$18,356	$14,294	$10,385
Bovine Tuberculosis	0	1,760	0	1,606
Cattle Fever Tick	0	56	0	34
Chronic Wasting Disease (Redirection to the Asian Longhorned Beetle program)	0	0	-1,000	0
Emerald Ash Borer	0	122	0	0
European Grapevine Moth	16,922	14,327	8,000	10,364

Program *	FY 2011 CCC Releases/ Redirections	FY 2011 Obligations	FY 2012 CCC Releases/ Redirections	FY 2012 Obligations
Grasshopper	0	322	0	246
Light Brown Apple Moth	0	5,702	0	1,922
Mormon Cricket	0	78	0	3
Potato Cyst Nematode	0	232	0	0
Redirection from existing CCC balances	-6,000	0	0	0
TOTAL	$10,922	$40,955	$21,294	$24,560

* Please note that balances were available from CCC transfers prior to FY 2011.

Mr. Aderholt: For CCC funds approved for APHIS emergencies, what were the carryover amounts into fiscal years 2011 and 2012?

Response: Of the CCC funds approved for APHIS emergencies in FY 2010 (including CCC releases in prior years), APHIS obligated $54.68 million and carried over $45.36 million into FY 2011.

In FY 2011, APHIS received a new CCC transfer of $10.92 million. Of the CCC funds approved for APHIS emergencies in FY 2011 (including CCC releases in prior years), APHIS obligated $40.96 million and carried over $21.17 million into FY 2012. The carryover into FY 2012 includes an additional $5.84 million in account recoveries from prior year deobligations.

Mr. Aderholt: Has the agency requested any funds from the CCC for emergency purposes in fiscal year 2013 to date? If so, for what programs? What was the amount of the request? Have the funds been apportioned?

Response: As of April 18, 2013, APHIS has not requested approval for any new CCC requests for FY 2013.

Mr. Aderholt: Please provide a table that shows a breakout of the number of emergencies that occurred, as well as the amount of both agency and CCC funds that were used to combat the emergency to include fiscal years 2010 through 2012 and fiscal year 2013 estimates. Please include a total column.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

EMERGENCY PROGRAM FUNDING

(Dollars in Thousands)

Fiscal Year	Emergency	APHIS Funds			CCC Funds	Total
		Program Funds	Contingency Funds	Sub-Total		
2010	Asian Longhorned Beetle	$33,021	0	$33,021	$41,451	$74,472
	Contagious Equine Metritis		$144	144	0	144
	European Grapevine Moth	0	3,100	3,100	0	3,100
	Grasshopper	5,578	0	5,578	10,735	16,313
	Redirected Balances	0	0	0	-16,070	-16,070
	2010 Total	$38,599	$3,244	$41,843	$36,116	$77,959
2011	European Grapevine Moth	0	0	0	$16,922	$16,922
	Redirected Balances	0	0	0	-6,000	-6,000
	2011 Total	0	0	0	$10,922	$10,922
2012	Asian Longhorned Beetle	$39,667	0	$39,667	$13,294	$53,961
	European Grapevine Moth	0	0	0	8,000	8,000
	Giant African Snail	0	$1,500	$1,500	0	1,500
	2012 Total	$39,667	$1,500	$41,167	$21,294	$63,461
2013	As of April 18, 2013	0	0	0	0	0
	2013 Total	0	0	0	0	0

Mr. Aderholt: Please provide a table for the record showing all APHIS line items that have proposed increases for fiscal year 2014 that were funded out of the CCC in fiscal years 2012 or 2013 and the corresponding funding amounts.

Response: APHIS is proposing an increase in FY 2014 for two programs that received emergency funding from the Commodity Credit Corporation (CCC) in FY 2012: Asian longhorned beetle and European grapevine moth. APHIS has received no CCC funding in FY 2013.

Emergency Funding for Programs
Requesting an Increase in FY 2014
(Dollars in Thousands)

Fiscal Year	Line Item/Program	CCC Funding
2012	Specialty Crops/European Grapevine Moth	$8,000
2012	Tree and Wood Pests/Asian longhorned beetle	$13,294

Mr. Aderholt: Please provide for the record a copy of the transmittal letters to the Committee on the fiscal years 2010 through 2012 transfers from the CCC to APHIS to combat emergency pest and disease outbreaks.

Response: APHIS reports this information each year in its budget request (Explanatory Notes). A summary of funding transfers for FY 2011 through FY 2012 is as follows.

[The information is submitted for the record.]

COMMODITY CREDIT CORPORATION
TRANSFER SUMMARY
(Dollars in Thousands)

FY 2010 New Funding Transfers:	
Asian Longhorn Beetle	$27,881
Grasshopper	8,235
* Total	$36,116
FY 2011 New Funding Transfers:	
European Grapevine Moth	$10,922
* Total	$10,922
FY 2012 New Funding Transfers:	
Asian Longhorn Beetle	$13,294
European Grapevine Moth	8,000
* Total	$21,294

*The table includes new emergency funding transfer amounts for each fiscal year only and does not include redirected, unobligated balances carried over from prior years. APHIS redirected prior, unobligated balances to the programs listed above as follows: $16 million in FY 2010; $6 million in FY 2011; and $1 million in FY 2012.

Mr. Aderholt: Regarding fiscal year 2013 transfers from the CCC to APHIS to combat emergency pest and disease outbreaks, how much has the Agency requested from the Department? How much has the Department requested from OMB? How much has OMB apportioned?

Response: As of April 18, 2013, APHIS has not requested approval for any new transfers from the Commodity Credit Corporation for FY 2013.

Mr. Aderholt: For the record, provide a five-year history of funds that have come from the CCC for emergency outbreaks, and into two categories: (1) expenditures to combat pest and/or disease outbreaks that are indigenous to the United States, and (2) expenditures that have been made to combat pest and/or disease outbreaks that have been "imported" to the U.S.

Response: The information is submitted for the record.

[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EMERGENCY PROGRAM OBLIGATIONS
(Dollars in Thousands)

Fiscal Year	Emergency	Indigenous	Imported	Total Obligations a/
2008	Asian Longhorned Beetle	--	$764	
	Avian Influenza	--	127	
	Belgian Sheep	--	7	
	Cattle Fever Tick	$4,082	--	
	Citrus Canker	--	7,260	
	Emerald Ash Borer	--	9,128	
	Exotic Newcastle Disease	--	63	
	Glassy-winged Sharpshooter	--	252	
	Infectious Salmon Anemia	--	32	
	Light Brown Apple Moth	--	34,467	
	Mediterranean Fruit Fly	--	1,275	
	Mexican Fruit Fly	--	584	
	Mormon Cricket	1,339	--	
	Plum Pox	--	243	

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EMERGENCY PROGRAM OBLIGATIONS
(Dollars in Thousands)

Fiscal Year	Emergency	Indigenous	Imported	Total Obligations a/
2008	Potato Cyst Nematode	--	9,710	
	Pseudorabies	--	91	
	Rabies	--	272	
	Spring Viremia of Carp	--	50	
	Sudden Oak Death	--	1,388	
	Tuberculosis	42,998	--	
	Total	$48,419	$65,713	$114,132
2009	Asian Longhorned Beetle	--	$23,967	
	Avian Influenza	--	402	
	Cattle Fever Tick	$4,768	--	
	Citrus Canker	--	29	
	Emerald Ash Borer	--	3,313	
	Exotic Newcastle Disease	--	25	
	Glassy-winged Sharpshooter	--	252	
	Infectious Salmon Anemia	--	30	
	Light Brown Apple Moth	--	26,210	
	Mediterranean Fruit Fly	--	188	
	Mexican Fruit Fly	--	143	
	Mormon Cricket	1,641	--	
	Potato Cyst Nematode	--	2,080	
	Tuberculosis	8,215	--	
	Total	$14,624	$56,639	$71,263

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EMERGENCY PROGRAM OBLIGATIONS
(Dollars in Thousands)

Fiscal Year	Emergency		Indigenous	Imported	Total Obligations a/
2010	Asian Longhorned Beetle		--	$24,809	
	Cattle Fever Tick		$751	--	
	Grasshopper		4,207	--	
	Light Brown Apple Moth		--	22,068	
	Mediterranean Fruit Fly		--	243	
	Potato Cyst Nematode		--	138	
	Tuberculosis		2,462	--	
		Total	$7,420	$47,258	$54,678
2011	Asian Longhorned Beetle		--	$18,356	
	Cattle Fever Tick		$56	--	
	Emerald Ash Borer		--	122	
	European Grapevine Moth		--	14,327	
	Grasshopper		322	--	
	Light Brown Apple Moth		--	5,702	
	Mormon Cricket		78	--	
	Potato Cyst Nematode		--	232	
	Tuberculosis		1,760	--	
		Total	$2,216	$38,739	$40,955

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
EMERGENCY PROGRAM OBLIGATIONS
(Dollars in Thousands)

Fiscal Year	Emergency	Indigenous	Imported	Total Obligations a/
2012	Asian Longhorned Beetle	--	$10,385	
	Cattle Fever Tick	$34	--	
	European Grapevine Moth	--	10,364	
	Grasshopper	246	--	
	Light Brown Apple Moth	--	1,922	
	Mormon Cricket	3	--	
	Tuberculosis	1,606	--	
	Total	$1,889	$22,671	$24,560

a/ Please note that prior year balances were available in some cases.

CHRONIC WASTING DISEASE

Mr. Aderholt: What is APHIS doing to combat chronic wasting disease (CWD) in farmed cervid populations? What is the Agency's involvement with CWD in wild cervid populations?

Response: In June 2012, APHIS published an interim final rule that established a voluntary national chronic wasting disease (CWD) herd certification program (HCP) and interstate movement requirements to assist States, Tribes, and the cervid industry in controlling CWD in farmed cervids in the United States. The national CWD HCP will help control the spread of this disease by allowing the interstate movement of cervids only from certified low-risk herds. This activity supports the growing cervid industry in the United States and complements existing State CWD herd certification programs.

Specific to wild cervid populations, APHIS' CWD interim final rule provides minimum requirements for interstate movement of farmed and captured wild cervids. Cervids captured from a free-ranging wild population for the purpose of interstate movement and release must be from a source population that has been documented to be low-risk for CWD. This determination is based on having a surveillance program for wild cervids that is approved by the receiving State and APHIS. These efforts are aimed at reducing the risk of CWD spread between States and disease transmission between wild and farmed cervids.

Mr. Aderholt: Please provide a five year history for APHIS efforts in support of CWD in cervid populations?

Response: Between FY 2008 and FY 2011, APHIS' chronic wasting disease (CWD) program focused on conducting testing of farmed cervids, epidemiology investigations for positive facilities, and providing indemnity funding for the testing, appraisal, depopulation, and disposal of positive animals. APHIS supported State and Tribal CWD surveillance and control activities. Additionally, APHIS' National Wildlife Research Center developed new diagnostic test methods and decontamination methods. APHIS spent approximately $14.0 - $17.0 million annually in support of these activities.

In FY 2012, APHIS reduced program activity levels considerably. Funding for indemnity payments, cooperative agreements to States and Tribes for surveillance, and research was eliminated from the budget. Funding for CWD testing of farmed cervids was also eliminated; therefore, cervid producers now are responsible for those testing costs. States are responsible for management of CWD positive, suspect, and exposed herds. In June 2012, APHIS published the CWD interim final rule that established the voluntary CWD herd certification program and interstate movement requirements. Since APHIS began implementing the rule in December 2012, the Agency approves continued enrollment of participating States and cervid producers in the national herd certification program and national reporting of certified herds. In FY 2012, APHIS spent approximately $1.9 million on activities related to CWD, and plans to spend approximately $1.0 million in FY 2013.

Mr. Aderholt: What are some of the arguments used against the provisions or policies established in the June 2012 interim final rule covering the voluntary herd certification program (HCP) and how does APHIS respond to those criticisms?

Response: The CWD interim final rule establishing a voluntary national chronic wasting disease (CWD) herd certification program (HCP), published in June 2012, has elicited three primary concerns from stakeholders: APHIS' existing preemption policy, current funding levels, and the existing program standards that accompany the rule.

The interim final rule set minimum requirements for the interstate movement of farmed and wild cervids but does not preempt State or local laws or regulations that are more restrictive, with the exception of State regulations that prohibit the transit of cervids moving interstate. APHIS requested public comments on this policy decision in June 2012. The Agency is reviewing public comments and will address preemption concerns when we finalize the interim rule.

To address concerns regarding Federal funding reductions for CWD indemnity, APHIS has been working with States, who also have authority over CWD-positive herds, to find alternative solutions for marketing animals from CWD-positive herds to control the spread of disease while reducing the business impact on herd owners.

Finally, APHIS is aware there are concerns over the existing program standards, which provide guidance for implementation of the CWD rule. Because there is a range of technical concerns and stakeholder priorities, APHIS has convened a working group of State, industry, and Federal representatives to review and revise this accompanying document.

Mr. Aderholt: How does APHIS plan to deal with the issue in fiscal years 2013 and 2014?

Response: With the regulatory framework in place and current funding allocations, APHIS activities will be able to approve continued enrollment of participating States and cervid producers in the national herd certification program (HCP) and national reporting of certified herds. The success of the voluntary HCP is based upon cooperation and shared responsibility among the Federal government and State and local interests. Currently, 30 States have applied to participate in the national CWD program. APHIS continues to review and approve these applications.

Mr. Aderholt: If the Agency provides little to no support for this disease, what contingencies are in place to deal with the issue?

Response: Since Chronic Wasting Disease (CWD) is endemic in the wild, State and local governments are better positioned to take a more active role and to better anticipate and plan for local or regional needs for the prevention and control of CWD. APHIS will continue to support confirmatory testing of presumptive CWD cases with routine testing costs at producers' expense. APHIS will also continue to oversee the Herd Certification Program. Specifically, the Agency will approve State applications and conduct periodic State reviews to ensure compliance and will serve in an advisory capacity. This program is voluntary, and producers can participate if they perceive it to be beneficial to their businesses.

In the event of additional CWD cases in farmed cervids, APHIS will continue to provide advice and collaboration for States and industry to manage these cases.

SCRAPIE

Mr. Aderholt: Please provide the latest status of APHIS' efforts to reduce and/or eradicate classical scrapie from the United States? What resources are planned for this program in fiscal years 2013 and 2014?

Response: The National Scrapie Eradication Program focuses on seven primary areas: education and prevention, sheep and goat identification and compliance, surveillance, tracing and testing positive and exposed animals, cleanup of infected and source flocks through genetic testing and indemnification of susceptible exposed animals, monitoring of previously infected and exposed flocks, and the Scrapie Free Flock Certification Program (SFCP).

APHIS and cooperators have made great progress in reducing the prevalence of scrapie. Since 2003, APHIS has collected samples from 373,529 sheep and goats from nearly all establishments in the program that slaughter significant numbers of mature sheep. The percentage of cull sheep sampled at slaughter that test positive for scrapie has decreased 95 percent since slaughter surveillance began in FY 2003. Also, 34,443 sheep and goats have been tested on-farm since 2002. The number of newly identified infected/source flocks decreased by 47 percent in FY 2012 compared to FY

2011. As of April 18, 2013, only four new infected/source flocks have been identified this fiscal year.

APHIS assists owners of infected and exposed flocks with clean-up efforts by providing testing and indemnity for scrapie-susceptible exposed animals in these flocks. In FY 2012, the Agency assisted approximately 23 owners and provided more than 3 million eartags to producers as part of the scrapie program. APHIS also collaborates with industry to distribute educational materials to producers, markets, and veterinarians on recognizing infected animals, identification requirements, genetic testing, and flock cleanup.

APHIS reviewed five State scrapie programs in FY 2012 to ensure that the States met the requirements to remain scrapie-consistent States. The reviews resulted in improvements in program implementation. APHIS and the States cooperatively administer the National Scrapie Eradication Program and the SFCP. The SFCP provides sheep and goat producers an avenue by which they can demonstrate disease freedom in their flocks and herds. This program also allows U.S. producers to meet the requirements to export sheep and goats to other countries. Currently there are 1,182 participating flocks and herds in the SFCP. In FY 2013 and FY 2014, APHIS plans to spend approximately $13.8 million on scrapie activities.

CARRYOVER AMOUNTS

Mr. Aderholt: For each APHIS program with extended availability of funds, what were the carryover amounts from fiscal year 2010 through 2011, from fiscal year 2011 into 2012, and from fiscal year 2012 into 2013?

Response: The information is submitted for the record.
[The information follows:]

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
ESTIMATED PROJECTED CARRYOVER OF FUNDING
(Dollars in Thousands)

Line Item - Program	Carryover into FY 2010	Carryover into FY 2011	Carryover into FY 2012	Carryover into FY 2013
Animal Health Technical Services [a/]	$10,369	$4,558	$2,347	$4,877
APHIS Information Technology Infrastructure	106	173	104	170
Avian Health	20,275	22,210	12,372	12,290
Cotton Pests	1,417	1,663	1,888	630
Cattle Health [b/]	5,707	2,290	91	502
Equine, Cervid & Small Ruminant Health [c/]	3,618	4,543	4,403	2,890
Field Crop & Rangeland Ecosystem Pests	1,805	2,185	2,212	2,401

Line Item - Program	Carryover into FY 2010	Carryover into FY 2011	Carryover into FY 2012	Carryover into FY 2013
National Veterinary Stockpile	5,129	3,945	3,184	2,924
Specialty Crop Pests	29,005	14,279	13,659	13,589
Tree & Wood Pests	19,497	29,217	29,998	10,663
Wildlife Service Methods Development	217	5	217	21
Wildlife Damage Management	708	588	607	631
TOTAL	$97,853	$85,656	$71,082	$51,588

[a/] Available for Animal Disease Traceability
[b/] Available for Screwworm
[c/] Available for Scrapie indemnities only

OIG AUDITS

Mr. Aderholt: What improvements is APHIS making in response to deficiencies noted by the OIG audits of the program?

Response: The information is submitted for the record.
[The information follows:]

APHIS ACTIONS TO ADDRESS OIG AUDIT RECOMMENDATIONS

OIG REPORT #	AUDIT TITLE AND AGENCY ACTIONS
33002-04-SF	Animal Care Inspection of Problematic Dealers The OIG issued the audit report on May 14, 2010, with 14 recommendations that focused on ensuring dealer compliance and preventing large breeders from circumventing Animal Welfare Act (AWA) requirements. APHIS had previously reported that 13 of the recommendations have been implemented and 1 is pending implementation based on approval of the proposed rule titled, "Animal Welfare: Retail Pet Stores and Licensing Exemptions" that will address this recommendation. APHIS has proposed regulatory changes to the AWA to ensure that animals sold at retail, including animals sold over the internet, are monitored for their health and humane treatment. Breeders that sell over the internet are currently not monitored for their animals' overall health and humane treatment. APHIS published a proposed rule in the *Federal Register* on May 16, 2012. The Agency is reviewing more than 75,000 comments received and is making revisions to the final rule. When published, APHIS will work to bring new licensees into compliance with the AWA and is confident that the numerous actions that were implemented have led to increased standards of care, which will also apply to

OIG REPORT #	AUDIT TITLE AND AGENCY ACTIONS
	businesses newly regulated by the retail pet store rule.
33601-02-KC	Oversight of Designated Qualified Persons Enforcing the Horse Protection Act The OIG issued the audit report on September 3, 2010, with 13 recommendations. APHIS had previously reported that 11 of the recommendations have been implemented and 2 are pending approval from the Office of the Chief Financial Officer. The Agency's increased presence at horse shows and horse-related events, modernizations to the regulations, use of new technologies and internal reviews of processes in place are all improving compliance. In 2012, APHIS tests of foreign substances samples more than doubled than in the prior year. These actions are showing improvements in compliance. Recently, we analyzed the results of our presence at the 2012 Tennessee Walking Horse National Celebration, the breed's largest annual show. In collaboration with the industry's Designated Qualified Persons, APHIS inspected all 1,849 horses in attendance. Agency inspectors found an 18 percent reduction in violations from the prior year. The publication of a final rule in June 2012 requiring a minimum penalty protocol makes our enforcement more consistent.
33601-0012-CH	Effectiveness of the Smuggling, Interdiction, and Trade Compliance Unit The OIG issued the audit report in August 2012, and included 13 recommendations aimed at assessing the effectiveness of the Smuggling Interdiction and Trade Compliance (SITC) program mission and strengthening accountability of program management. Of the 13 recommendations, APHIS has taken actions on 12, with 10 closed through the Office of the Chief Financial Officer. APHIS is developing plans on the remaining recommendation, with a targeted completion date of September 2013. To ensure SITC activities are focused on finding and mitigating significant plant and animal health risks not intercepted by Agriculture Quarantine Inspection (AQI) operations at ports of entry, APHIS developed and implemented guidance to aid SITC personnel in focusing on high-risk commodities. APHIS has also revamped the program's supervisory structure and developed training and performance evaluation tools for new SITC supervisors. Additionally, APHIS made improvements to the SITC national database, including developing data integrity/quality control features and a module that assigns risk levels to commerce sites. APHIS also

OIG REPORT #	AUDIT TITLE AND AGENCY ACTIONS
	worked with Customs and Border Protection (CBP) to streamline the process for requesting that CBP officers target particular pathways for inspection.

BOVINE SPONGIFORM ENCEPHALOPATHY (BSE)

Mr. Aderholt: What is the status of the activities associated with BSE, including the number of samples taken in fiscal years 2010 through 2012 as well as estimates for fiscal years 2013 and 2014? Please inform the Subcommittee on any recent policy changes with regard to this disease.

Response: APHIS continues to conduct surveillance for bovine spongiform encephalopathy (BSE), focusing on animals that are greater than 30 months of age with clinical signs associated with the central nervous system disease. APHIS tested 44,301 valid samples for BSE in FY 2010; 40,482 in FY 2011; and 42,202 in FY 2012.

In April 2012, APHIS received a report of an inconclusive BSE test result on a sample from a California rendering facility. After the sample was confirmed by APHIS' National Veterinary Services Laboratory as positive, APHIS and the State of California began an extensive epidemiological investigation of the dairy herd of origin (approximately 1,400 dairy cattle), offspring from the infected animal, and associated premises. No additional cases and no feed supplier irregularities were identified through the epidemiological investigation. It was determined this occurrence was an atypical (i.e., not a classical), case of BSE. Atypical BSE cases are rare, and are not generally associated with animals consuming infected feed. Additionally, the animal was never presented for slaughter for human consumption, so at no time was the U.S. food supply or human health at risk. The United States' longstanding system of interlocking safeguards against BSE continues to be effective.

There have been no recent policy changes in the BSE Ongoing Surveillance Program. APHIS' BSE plans for FY 2013 and 2014 includes the collection of no less than 40,000 samples, with an anticipated outcome of meeting this goal. This level of testing allows the detection of one case of BSE in one million adult cattle with 95 percent confidence and far exceeds the standards set by the World Organization for Animal Health.

HOMELAND SECURITY AND FOOD DEFENSE

Mr. Aderholt: Please describe the general activities and dollars for APHIS' involvement in the area of Homeland Security and/or food defense. What is the total requested for select agents?

Response: APHIS' FY 2014 budget request includes approximately $320.7 million related to USDA's homeland security and food and agriculture defense efforts. Included in the total amount is $236.9 million targeted at excluding and reducing potential threats entering our borders through the Agency's Agricultural Quarantine Inspection (AQI) program and analyzing data streams regarding agricultural imports. The AQI program encompasses a variety of activities designed to address the agricultural pest risks that international travel and trade pose. These activities include developing regulatory import policies to protect the health of U.S. agriculture and ecosystems; conducting off-shore risk reduction activities, such as foreign commodity preclearance programs for specific products; and, treating arriving containers and cargo, among others. The AQI program is funded by user fees and appropriations for certain activities.

Also included in the total amount is $56.3 million related to protecting agriculture and food, and government facilities. Activities include gathering and analyzing plant and animal health information, including zoonotic disease information, and assessing potential agricultural threats. This amount also includes $5 million for the select agents program. These activities are captured as portions of the animal health and plant health commodity line items, as well as the Emergency Preparedness and Response line item. APHIS also ensures continued mission operations and protection for employees. Funding for these activities is provided for in the Physical and Operational Security line item.

Lastly, APHIS maintains a cadre of trained professionals prepared to respond immediately to intentional and unintentional animal and plant health emergencies. Program personnel investigate reports of suspected exotic pests and diseases and take emergency action if necessary. APHIS also actively engages State, Tribal, and local governments, and industries to advance their emergency preparedness and response capabilities. Funding for these activities is $27.5 million of the total amount and can be found within the Veterinary Diagnostics, Emergency Preparedness and Response, and National Veterinary Stockpile line items.

COMBATING INVASIVE SPECIES

Mr. Aderholt: Please provide the Subcommittee with any new innovative methodologies used by APHIS to combat invasive species?

Response: APHIS uses a variety of approaches and tools to combat invasive species and continually works to refine and enhance its methods, while searching for methods that fit particular pest situations and meet the needs of farmers, including organic producers. APHIS also takes advantage of new technologies and works to build them into its programs. For example, APHIS is developing sophisticated, risk-based computer models to guide field activities and manage resources for its pest programs. APHIS has also expanded the use of traditional tools, such as detector dogs, to help find agricultural pests like snails and Asian longhorned beetle (rather than only detecting food items at ports of entry).

One of the most innovative methods is the use of sterile insect technology (SIT), which involves the release of sterile insects that mate with their wild counterparts and interrupt normal reproduction. APHIS first used SIT in combating and preventing outbreaks of the Mediterranean fruit fly (Medfly) in California and Florida and established Preventive Release Programs (PRPs) with State cooperators. In the PRP, sterile Medflies are released continually in areas that historically experienced Medfly outbreaks and numerous eradication operations. These efforts have proven very successful, with few outbreaks occurring in areas covered by the PRP. SIT is also used to eradicate outbreaks of Medfly when they occur. APHIS has also developed SIT for the Mexican fruit fly, pink bollworm and screwworm.

Other innovative methods include the use of pheromones to disrupt pests' normal reproduction and population growth. For example, APHIS is successfully using mating disruption pheromones to help eradicate European grapevine moth and control gypsy moth. Another innovative and environmentally friendly control tool is Bacillus thuringiensis (Bt), a toxin used in the boll weevil eradication effort and for a variety of moth pests, including gypsy moth. APHIS also uses biological control, or the use of natural enemies, to control a variety of insects and weeds. APHIS is currently developing biological control programs for the Asian citrus psyllid and emerald ash borer, two destructive pests for which effective, long-term management tools do not currently exist. APHIS will continue to look for and develop new and innovative control methods for its invasive species programs.

OVERSEAS OFFICES

Mr. Aderholt: How often does APHIS re-evaluate missions to overseas offices?

Response: APHIS evaluates overseas operations and post locations on an ongoing basis to make sure our resources are strategically located to reduce risks to U.S. agriculture and to facilitate safe agricultural trade. APHIS considers the needs related to trade facilitation, ongoing safeguarding programs, and Agency mission and budget priorities when evaluating locations. In FY 2012, as part of the Blueprint for Stronger Service, APHIS closed offices focused on avian influenza in Burma, Cambodia, Indonesia, and Laos after evaluating pathways through which avian influenza might enter the United States and determining that domestic surveillance and other domestic activities would be the most effective strategy to protect the health of U.S. poultry. As APHIS analyzes ongoing priorities and related global dynamics and takes funding levels into account, the Agency decides to maintain or close existing offices or open new offices.

Mr. Aderholt: How does APHIS make annual resource allocation decisions to overseas offices? Please note any consideration of performance measures associated with this decision making process.

Response: APHIS makes allocation decisions for its overseas offices based on the potential impact a trading partner may have on U.S. agricultural trade, ongoing safeguarding activities or concerns, workload of the office, presence of international organizations (for leveraging resources), and other Federal priorities and initiatives. Additional factors are the number of employees required to deliver the Agency's mission in a given location and the operating cost in each location where APHIS has an office. Top priorities for overseas offices include opening and maintaining agricultural trade markets; facilitating the release of U.S. shipments held up in foreign ports; and overseas collaboration with foreign governments on programs to monitor and respond to potentially harmful invasive species and diseases and prevent their spread to the United States. APHIS considers all of these aspects to determine what resources are needed in each location.

Mr. Aderholt: What factors does APHIS consider for both new and continuing overseas activities? Please note any consideration of performance measures associated with this decision making process.

Response: APHIS considers factors such as how the post supports APHIS' mission (including trade facilitation, agricultural health safeguarding, and capacity building); how the post supports the larger U.S. Government's international priorities (including USDA's Feed the Future initiative, the State Department's Biosecurity Engagement Program, the Department of Defense's cooperative bioengagement program, and the African Growth and Opportunity Act); and logistical concerns such as safety and security. With Federal budget pressures increasing in the last several years, APHIS has focused on the highest-priority activities and locations and reduced presence in lower priority areas. For example, APHIS closed offices focused on avian influenza in four Asian countries while ensuring that robust resources remain in key locations such as China to facilitate trade. APHIS also closed a laboratory office in Colombia focused on plant health risk assessments related to import requests because APHIS has adequate resources in the United States for this activity. These closures were part of the Blueprint for Stronger Service initiative. Additionally, APHIS transferred its sterile screwworm production facility in Tuxtla Gutierrez, Mexico, to the Mexican government. APHIS is focusing on producing sterile screwworm flies at the newer facility that is closer to the screwworm barrier in Panama, allowing for lower overall spending on screwworm prevention activities overseas.

INFORMATION SYSTEMS

Mr. Aderholt: Please provide a table showing a complete breakout of the appropriated funds for information systems acquisition and the purpose of the acquisition for fiscal years 2010 through 2012 as well as estimates for fiscal years 2013 and 2014.

Response: The information is submitted for the record.

[The information follows:]

APHIS Information Technology Infrastructure Obligations
by Purpose/Category
FY 2010 - FY 2014
(Dollars in Thousands)

Purpose	FY 2010	FY 2011	FY 2012	FY 2013 (Est.)	FY 2014 (Est.)
Hardware Acquisitions	$293	$338	$681	$425	$380
Hardware Maintenance	1,706	1,785	231	244	205
Software Acquisitions	365	267	366	376	380
Software Maintenance	2,049	2,256	3,216	3,080	3,105
Cloud Computing	0	0	0	0	265
Totals	$4,413	$4,646	$4,494	$4,125	$4,335

The APHIS Information Technology Infrastructure program provides funding for the hardware, software (including licensing and supports costs) and telecommunications infrastructure that gives Agency employees office automation tools, Internet access and access to mission-critical programs and administrative applications. The program supports the stable and secure information infrastructure for those mission-critical applications and the day-to-day business of APHIS. APHIS has been able to maintain the same level of infrastructure, at a reduced cost, due to the retirement of a server operating system, and the transition to a new email platform. A similar level of funding is anticipated in future years to maintain current levels of licensing and maintenance.

ANIMAL AND PLANT HEALTH REGULATORY ENFORCEMENT

Mr. Aderholt: How many animal and plant health regulatory enforcement violation cases are pending at the agency? How many cases did APHIS close or complete in FY 2012 and FY 2013?

Response: APHIS currently holds 553 open investigations involving alleged violations of animal and plant health regulatory provisions, and 944 non-investigated reports of violation involving animal and plant health regulatory provisions. A non-investigated report of violation contains adequate evidence to substantiate an enforcement action (generally an official warning or modest pre-litigation monetary penalty) without the need for a full investigation.

APHIS closed 4,186 cases against alleged violators of animal and plant health laws in FY 2012. In FY 2013 (through April 18, 2013), APHIS has pursued enforcement action against 2,339 alleged violators of animal and plant health laws.

Mr. Aderholt: How many training courses were provided in fiscal year 2012 and planned for in fiscal year 2013 to increase foreign animal disease awareness, where were they conducted, what was the number in attendance, and what did they cost?

Response: The information is submitted.

[The information follows:]

FOREIGN ANIMAL DISEASE TRAINING COURSES PROVIDED BY APHIS
FY 2012

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST a/
Veterinary Laboratory Diagnostic Training	Foreign Animal Disease Diagnostic Laboratory, Plum Island, New York	20	$39,666
Foreign Animal Disease Diagnostician Training Course for APHIS, State, and Military Veterinarians**	Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	22	$43,936
Foreign Animal Disease Inspection Refresher Course	National Veterinary Services Laboratory, Ames, Iowa, portions broadcasted from the Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	16	$9,159

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST a/
Foreign Animal Disease Diagnostician Training Course for APHIS, State, and Military Veterinarians**	Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	25	$47,010
Response to Emergency Animal Diseases in Wildlife	University of Georgia, Athens, Georgia	17	$1,572
Smith Kilborne Program, Cornell University b/	Ithaca, New York, and Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	30	$88,258
Foreign Animal Disease Inspection Refresher Course	National Veterinary Services Laboratory, Ames, Iowa, broadcasted from the Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	25	$9,481
Foreign Animal Disease Diagnostician Training Course for APHIS, State, and Military Veterinarians**	Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	22	$48,151
Foreign Animal Disease Response Refresher	Pullman, Washington	30	$9,494
Quarantinable Diseases Training	Lima, Peru	28	$3,700

**An Interagency Agreement was in place with the Department of Defense to send attendees to FADD courses sponsored by USDA/APHIS. The total of this agreement reduced the cost of each FADD course by $28,666.

a/ Unless noted otherwise, amount does not include participant travel expenses.

b/ The amount for this course also includes participant travel.

ESTIMATED FY 2013

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST a/
Veterinary Laboratory Diagnostic Training	Foreign Animal Disease Diagnostic Laboratory, Plum Island, New York	29	$40,186
Foreign Animal Disease Diagnostician Training Course for APHIS, State, and Military Veterinarians**	Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	30	$0

COURSE TITLE	LOCATION	NUMBER OF PARTICIPANTS	APHIS COST a/
Foreign Animal Disease Inspection Refresher Course	National Veterinary Services Laboratory, Ames, Iowa, portions broadcasted from the Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	15	$7,407
Area Foreign Animal Disease Diagnostician Response Refresher Course - Texas and Oklahoma	Denton, Texas	36	$8,113
Area Foreign Animal Disease Diagnostician Response Refresher Course - Tennessee	Nashville, Tennessee	24	$7,003
Wildlife Seminar for Emergency Animal Disease Preparedness*	University of Georgia, Athens, Georgia	15	$2,000
Smith Kilborne Program, Cornell University* b/	Ithaca, New York, and Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	30	$95,703
Foreign Animal Disease Inspection Refresher Course*	National Veterinary Services Laboratory, Ames, Iowa, broadcasted from the Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	20	$16,000
Foreign Animal Disease Diagnostician Training Course for APHIS, State, and Military Veterinarians*	Foreign Animal Disease Diagnostics Laboratory, Plum Island, New York	31	$84,100
Area Foreign Animal Disease Diagnostician Response Refresher Course - Michigan*	East Lansing, MI	71	$10,350
Area Foreign Animal Disease Diagnostician Response Refresher Course - Kansas*	Manhattan, KS	51	$10,350
University of Tennessee Foreign Animal and Emerging Disease (FAED) Training*	Knoxville, TN	6	$14,000
Live Bird Marketing System*	Pomona, CA	52	$32,150

*Estimate

**An Interagency Agreement is in place with the Department of Defense to send attendees to FADD courses sponsored by USDA/APHIS. The cost of this course was covered by this agreement.

a/ Unless noted otherwise, amount does not include participant travel expenses.

b/ The amount for this course also includes participant travel.
Please note: APHIS conducts additional training for foreign officials at the request of and with reimbursement from other entities.

OVERALL PERFORMANCE MANAGEMETN AT THE GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Mr. Aderholt: Administrator Mitchell's testimony notes that GIPSA started re-engineering some of the program processes in 2006. Despite fiscal challenges, the testimony and budget justification contain indicators of improved performance over the past couple of years in areas such as "aggregate industry compliance", "poultry payment review" and elsewhere.

Please provide the Subcommittee with a few particular performance measures over the past year that show the agency's overall progress.

Response: Packers and Stockyards Program (P&SP) measures its overall performance by annually measuring the regulated entities' compliance with the Packers and Stockyards Act. The performance measure encompasses activities P&SP conducts that directly or indirectly influence industry compliance. P&SP's overall performance rate is a composite index of five program-wide audit and inspection activities based on a scientifically-drawn random sample of subject entities. In 2012 the index included: 1) the financial components of the poultry contract compliance; 2) financial reviews of custodial accounts; 3) financial reviews of prompt payments of a random sample of firms; 4) inspection of scales and weighing practices at markets, dealers, and poultry integrators, and 5) inspection of all carcass evaluation devices and carcass evaluation practices for packing plants purchasing more than 1,000 head per year. The compliance rate increased to 87 percent last year after declining to 76 percent in 2011 and was 7 percentage points higher than the average rate from 2008 through 2010.

The results of the individual component inspections and audits that comprise the aggregate index showed a year-to-year increase in compliance rates in 2012 for all of the five areas reviewed. Improvement in the poultry payment review has been especially steady, increasing from the initial rate of 60 percent in 2009 to 85 percent in 2012.

Mr. Aderholt: The Administrator's testimony points out that a slight increase can lead to improved industry compliance as the Agency strives for 100 percent compliance levels from the current rate of 87 percent. Please confirm that the Agency is on track to exceed performance within the Packers and Stockyards area of responsibility.

Response: Each year P&SP establishes a goal for compliance as a performance measure. For 2013, that goal is 81 percent compliance. In order to determine the status of achieving the goal, P&SP analyzes compliance data quarterly. Based on data from the first and second quarters, P&SP's compliance rate is 83 percent. An increase in the compliance rate from 2011 can be attributed to an increased presence in the industry and swift enforcement. P&SP was able to realize an 87 percent level of industry compliance in 2012, exceeding its goal of 81 percent. While the Agency strives for 100 percent compliance, until P&SP can replicate the higher level of compliance, an 81 percent compliance rate remains a realistic goal.

Mr. Aderholt: Please describe the latest performance results in the area of grain inspection and weighing.

Response: GIPSA's Grain Regulatory Program evaluates performance based on the percent of market-identified quality attributes needed for trading for which GIPSA has provided standardization. Ongoing research contributes to continued success in meeting its performance objectives. Adoption and implementation of new moisture measurement technology are the cornerstone of the achievements. They supported reaching the 88.7 percent rate for FY 2012 and will be key for reaching the target of 92.7 percent for FY 2013. In FY 2014, GIPSA expects to provide standardization for 95.4 percent of all market-identified quality attributes.

LIVESTOCK MARKETING RULE

Mr. Aderholt: Does GIPSA have any plans to issue additional written guidance on how the Agency plans to enforce the most recent Livestock Marketing rules so that all segments of the industry know precisely how to interpret GIPSA regulations?

Response: GIPSA will consider drafting publications to help swine contractors and live poultry dealers better understand the 2008 Farm Bill and final rules about marketing contracts.

Mr. Aderholt: What steps is GIPSA taking to carry out the language in Section 742 of the fiscal year 2013 Full-Year Continuing Appropriations Act?

Response: The Agency is not expending any funds on the specific proposed rules referenced in the General Provision or any other proposed rules referenced other than those that were published on December 9, 2011 (76 F. Reg. 76874). Nor is the Agency expending any funds to enforce or take regulatory action based on or in furtherance of sections 201.2(a), 201.3(a), or 201.215(a) of Title 9 of the Code of Federal Regulations. Finally, General Provision 742 directs the Secretary of Agriculture to rescind sections 201.2(a), 201.3(a), or 201.215(a) of Title 9 of the Code of Federal Regulations. The Agency is reviewing the language and determining next steps.

U.S. EXPORTS

Mr. Aderholt: Please provide a description of GIPSA's involvement with biotechnology and U.S. exports.

Response: GIPSA evaluates the performance of commercially available rapid protein-based test kits upon request of the manufacturer and also contributes toward establishing international standards relating to testing. To this end, GIPSA works with the CODEX Alimentarius Commission, the National Institute for Standards and Technology, and other organizations to develop official methods and references that will be recognized on a global basis. There have been a few instances of inadvertent releases of unauthorized GE events into the U.S. grain handling system. When such an inadvertent release occurs, a rapid response is necessary to identify and validate methods to detect the trait and thereby protect the integrity of U.S. grain and related markets. In 2013-2014, automated detection methods focusing on high-throughput DNA extraction methodologies will be developed. These new methods will enable GIPSA to more effectively respond to any such future situations.

Mr. Aderholt: Please describe GIPSA's overall involvement in the facilitation of U.S. trade and how the agency works with other parts of USDA or other parts of the federal government to assist with U.S. exports.

Response: GIPSA's Grain Regulatory Program works with exporters, importers, and other end-users of U.S. grain around the world to facilitate the marketing of U.S. grain in global markets. GIPSA also works with other USDA and U.S. Government agencies such as the Foreign Agricultural Service, Animal and Plant Health Inspection Service, U.S. Trade Representative, State Department, Environmental Protection Agency, and Food and Drug Administration, as appropriate, to resolve grain quality and weight discrepancies, help other countries develop domestic grain and commodity standards and marketing infrastructures, help importers to develop quality specifications, and to train foreign inspectors in U.S. inspection methods and procedures. These activities foster a better understanding of the entire U.S. grain marketing system and serve to enhance purchasers' confidence in U.S. grain. Ultimately, these efforts help move our nation's harvest to end-users around the globe. During 2012, GIPSA personnel met with 36 teams from 24 countries.

In 2012, China and the United States signed a Memorandum of Understanding on Soybean Quality, and GIPSA is actively engaged in implementing a multiyear plan of work. In FY 2013, we are conducting the first of four soybean cargo monitoring projects between U.S. and Chinese ports.

Since 2002, GIPSA has stationed an employee in Asia from 2 weeks to 6 months a year to work with customers and their governments throughout Asia to address immediate and long-term issues in the region, promote a better understanding and adoption of U.S sampling and inspection methods to minimize differences in results, and develop face-to-face relationships with customers, USDA Cooperators, and government officials. These outreach efforts have drawn praise from overseas buyers, their governments, and U.S. industry stakeholders and continue as a critical means to support the GIPSA mission to facilitate the marketing of U.S. grains.

In addition, GIPSA works with global partners to develop scientifically sound methods for identifying genetically engineered (GE) grains. GIPSA's Biotechnology Proficiency Program, initiated in 2002, enables organizations to improve their accuracy in identifying GE events in grain. Today, 160 organizations—over 80 percent of which are located outside the United States—participate in the program.

GRAIN REGULATORY PROGRAM

Mr. Aderholt: GIPSA is seeking an increase of $1.213 million for the Grain Regulatory Program to purchase necessary capital equipment. Of the funds provided for this activity in fiscal year 2013, what portion of the FY

2014 request provided GIPSA with the equipment necessary to conduct tests on U.S. grains for export? How will such new equipment improve performance or quality of U.S. grains?

Response: GIPSA's Grain Regulatory Program facilitates the marketing of U.S. grains, oilseeds, and related agricultural products by providing farmers, handlers, processors, exporters, and international buyers with information that accurately and consistently describes the quality of these products. To maintain the Agency's worldwide reputation as leader in grain quality assessment, GIPSA is seeking an increase of $1.213 million from $16,581,000 for equipment needed to complete development of tests to determine key market factors for rice and for equipment needed to refine and expand effective mycotoxin and pesticide residue testing and monitoring programs for U.S. grain exporters.

GIPSA is continually developing and refining practicable, rapid and reproducible tests to determine specific qualities that enhance the marketability of U.S. grains, rice and pulse crops. GIPSA maintains over $9 million of equipment to support the official inspection system.

Within GIPSA's Technology and Science Division (TSD), the average age of equipment in need of replacement varies from 9 to 26 years depending on the program that it supports. GIPSA seeks funding for equipment necessary to finalize development and implementation of objective tests for use by the rice industry. One test could conceivably measure the amount of surface lipids in rice; a factor currently measured by the rice industry but for which GIPSA currently does not provide a standard means of determining measurement consistency. The rice surface lipids factor may also be useful as an independent and objective measure of determining the degree of milling in rice, a measure for which the rice industry has expressed a strong market need.

GIPSA has made major strides in the last fiscal year toward development of this test, and is in the process of initiating a pilot in FY 2013, with plans for full implementation in FY 2014. However, implementation of the test will require FGIS to procure near-infrared detectors, commonly known as NIR detectors, to perform the test at field sites. Another test in development is a systemic process using optical scanners for determining the percentage of broken kernels in rice. Both these tests could replace the current process of visual assessments used to determine these conditions. Replacing visual assessment with a systemic, standardized means to assess these conditions will provide greater stability since the assessment will be based on an objective standard determined by equipment. Doing so will enhance the overall marketing environment for rice.

SPENDING ON INFORMATION TECHNOLOGY

Mr. Aderholt: How much does GIPSA plan to spend on IT purchases in fiscal years 2013 and 2014? How much did the Agency spend on IT purchases in fiscal years 2011 and 2012?

Response: GIPSA plans to spend $3 million on IT purchases in fiscal year 2013 and $4 million in fiscal year 2014. In fiscal years 2011 and 2012, GIPSA spent $3.2 million and $2.3 million on IT purchases, respectively.

PACKER OWNERSHIP

Mr. Aderholt: Please provide the Committee with the most recent study or data surrounding the issues of packer ownership. Also, please inform of the Committee of any additional planned studies or reports.

Response: The most recent study surrounding issues of packer ownership is the Livestock and Meat Marketing study conducted by RTI International, Inc. completed in February 2007. The report can be found at: http://www.gipsa.usda.gov/Publications/psp/live_meat_market.html.

The study was funded through a special $4.5 million appropriation by Congress in 2003. While GIPSA has no plans to conduct additional studies on packer ownership of livestock, the Packers and Stockyards Program Annual Report contains some statistics on packer ownership. The report can be found at: http://www.gipsa.usda.gov/Publications/psp/ar/2012_psp_annual_report.pdf

USER FEES

Mr. Aderholt: The budget proposes legislation for GIPSA to convert to user fees in standardization activities. Has GIPSA begun work with the Authorizing Committee relating to these proposed fees? If so, please provide a copy of the proposed legislation for the record. If not, when will the Administration begin this critical process? How much support does the fee have, and what likelihood is there that that money will be available to you?

Response: The President's fiscal year 2013 budget included a legislative proposal to recover approximately $27.4 million. This proposal would initiate user fees for the development of grain standards ($5 million) and would amend the Packers and Stockyards Act, 1921, to provide authority to collect license fees to cover the cost of the program ($22.4 million). This proposal is consistent with the overall effort to shift funding for programs with identifiable beneficiaries to user fees. The proposal is currently under review at OMB. GIPSA is not in a position to speculate on whether Congress will enact this proposal.

REGULATORY ENFORCEMENT

Mr. Aderholt: Were there any violation cases pending at the end of fiscal year 2012? What is the status of those violation cases to date in fiscal year 2013?

Response: At the close of fiscal year 2012, there were 244 cases open that had been referred to headquarters from the field. As of April 18, 2013, GIPSA and OGC had closed 102 of those cases. Of the 102 closed cases that were pending on October 1, 2012: 17 involved a civil penalty and a suspension, 9 involved a suspension, 37 involved a civil penalty, 14 involved stipulations, and the remaining 25 cases were closed as other, no sanction or action taken.

Mr. Aderholt: How many violation report calls did you receive in fiscal years 2011 and 2012? How many were investigated? What is the nature of violations reported?

Response: GIPSA does not segregate investigation by the source. But overall, in fiscal year 2011, GIPSA was informed through calls, its own audits, inspections, and market monitoring of 2,780 instances of alleged violations. GIPSA opened investigative cases on all of these allegations. In the livestock industries, 10 were allegations of competition violations, 1,411 were allegations of financial violations, and 1,219 were allegations of trade practice violations. In the poultry industry, 2 were allegations of competition violation, 16 were allegations of financial violations, and 122 were allegations of trade practice violations.

By comparison, in fiscal year 2012, GIPSA was informed through calls, its own audits, inspections, and market monitoring of 3,044 instances of alleged violations. All of these allegations were opened as investigative cases. In the livestock industries, 22 were allegations of competition violations, 1,493 were allegations of financial violations, and 1,408 were allegations of trade practice violations. In the poultry industry, 2 were allegations of competition violation, 21 were allegations of financial violations, and 98 were allegations of trade practice violations.

POULTRY COMPLIANCE COMPLAINTS

Mr. Aderholt: Please provide the Subcommittee with a table showing the number of poultry compliance complaints received in fiscal years 2009 through 2012 and the number of related investigations.

Response: GIPSA investigates all complaints. The information is provided, for the record, below.

[The information follows:]

Poultry Complaints and Investigations, 2009-2012

Fiscal Year	Number of Complaints	Number of Investigations
2009	84	84
2010	108	108
2011	116	116
2012	124	124

Mr. Aderholt: What was the nature of the poultry complaints received in the most recent year?

Response: In response to the question, the information is provided below. All poultry complaints in 2012 led to an investigation.

[The information follows:]

Nature of Poultry Complaints and Investigations, 2012	Number
Bond Claims	1
Concentration/Industry Structure	2
Contract Poultry Arrangements	16
Failure to Pay	7
Failure to Pay When Due	5
Feed Checkweighing	5
Financial Instrument Discrepancy/Not Received	2
Grower Termination	12
Payment Practices	3
Poultry Checkweighing	2
Poultry Compliance	12
Poultry Trust	5
Total	124

Mr. Aderholt: How many investigations were done in the most recent year?

Response: In fiscal year 2012, P&SP opened 3,044 investigations, of which 3,020 were alleged violations for financial or trade practice behaviors. During the fiscal year, P&SP closed 2,545 cases without referring them to the Office of the General Counsel (OGC). Another 177 cases were resolved that had been referred to OGC, including 25 that had been referred further to the Department of Justice.

Mr. Aderholt: Please provide a table showing dealer/order buyer financial failures to include fiscal years 2010 through 2013 to date. Please provide an assessment of the data.

Response: The information is provided, for the record, below.

[The information follows:]

Total Dealer Financial Failures and Restitution, 2010-2013

Fiscal	**No. of Failures**		**Closed, Owed For Livestock**	**Closed, Restitution**		**Closed Recovery**
				From Bonds	From Other Sources	
Year	Open	Closed				
2010	2	7	$213,332	$20,000	0	9%
2011	6	14	878,620	407,105	$4,479	47%
2012	3	5	512,255	100,000	40,600	27%
2013*	2	2	131,912	90,000	16,452	81%

*through April 18, 2013

Table Note: Entries show the number of firms that have claims open at year-end and those cases that have closed at year-end. Dollar amounts are for failures with claims closed as of the most recent year-end, so historical data may have been updated to reflect any settlements after the year the failure occurred.

From 2002 through 2012, an average of 14 dealers failed each year, with a range of 1 to 31 failures per year. During that same time period, producers received an average 19 percent payment of amounts owed to them, with recovery ranging from 0 to 56 percent.

MARKET CONCENTRATION AND COMPETITION

Mr. Aderholt: Please provide a table showing firm concentration ratio for steer and heifer slaughter, boxed beef, sheep and lamb slaughter, and hog slaughter to include data for 2010 through 2012.

Response: The information for steer and heifer, hog, and sheep and lamb slaughter is provided below. P&SP no longer collects data specifically on boxed beef production.

[The information follows:]

Four-Firm Concentration in Livestock Slaughter by Type of Livestock, 2010 - 2012

Year	Steers & Heifers (%)	Sheep & Lambs (%)	Hogs (%)
2010	85	65	65
2011	84	59	64
2012	81	56	66

Mr. Aderholt: Please update the table that appears in last year's hearing record showing the number of slaughtering and processing packers subject to the Packers and Stockyards Act since fiscal year 2008.

Response: The information on number of slaughtering packers is provided below.

Number of Slaughtering Packers Subject to the P&S Act, 2008-2012

Year	Bonded Slaughter Firms	Non-Bonded Slaughter Plants*
2008	281	471
2009	284	488
2010	233	495
2011	258	509
2012	287	537

*Number of Federally Inspected (FI) slaughter plants minus the number operated by reporting packers. This is an estimate of the number of non-bonded slaughter firms (operating FI plants) that are not required to be bonded because they purchase less than $500,000 of livestock per year (includes slaughtering plants that also do processing but excludes non-FI plants).

Because non-slaughtering packers do not purchase from livestock sellers, they are not subject to the payment provisions of the P&S Act or its payment regulations. Data needed from this segment of the packing industry is different than those subject to the payment provisions, such as prompt payment and bonds, and we do not collect annual reports or data from this segment the same as from the slaughtering packers. GIPSA does, however, conduct investigations as needed.

Mr. Aderholt: Please provide a table showing the amount of funds spent on competition, fair trade practices, and financial protection for fiscal years 2008 through the projected level for fiscal year 2013.

Response: The information is provided below. These data are compiled as of fiscal year end. FY 2013 data is not available at this time.

Total Regulatory and Investigation Expenditures, 2008-2012

	Regulatory (000)			Investigation (000)		
Fiscal Year	Competition	Trade Practice	Financial	Competition	Trade Practice	Financial
2008	----	$3,664	----	$330	$6,220	$6,238
2009	$205	2,047	$3,281	245	3,330	9,244
2010	81	1,342	4,463	388	4,928	8,621
2011	183	924	2,141	414	8,909	6,464
2012	129	1,494	2,614	431	8,588	5,414

Table Note: For 2008, competition, trade practice, and financial regulatory activities were not differentiated.

Mr. Aderholt: Please provide a table showing the number of auction market failures, the amount owed for livestock each year, and the amount recovered from bonds and other sources during each year from fiscal years 2008 through 2012. Provide the Subcommittee with an explanation of any changes in recovery rates.

Response: The information is provided below. These data are compiled on a fiscal year basis. Data for 2013 are not available.

[The information follows:]

Total Auction Market Financial Failures and Restitution, 2008-2012

Fiscal Year	No. of Failures Open	No. of Failures Closed	Closed, Owed Consignors	Closed, Restitution From Bonds	Closed, Restitution From Other Sources	Closed Re-covery
2008	NA	6	$602,100	$237,734	$352,111	98%
2009	NA	7	981,189	261,498	1,365	27%
2010	1	4	20,901	4,547	0	22%
2011	0	4	158,279	0	89,586	57%
2012	3	2	326,178	25,000	0	8%

Table Note: Starting in 2010, entries show the number of firms that have claims open at year-end and those cases that have closed at year-end; for past years, the total number of failures with claims closed is shown. Dollar amounts for all years are for failures with claims closed as of most recent year-end, so historical data may have been updated to reflect any settlements after the year the failure occurred.

From 2008 through 2012 an average of 5.4 auction markets failed per year. Consignors received average restitution of 42.4 percent payment of amounts owed to them in cases closed, with a range of 8 to 98 percent. The average amount owed increased to just over $163,000 for cases closed in 2012. However, it is possible that additional recoveries may have been obtained after closing he cases.

Mr. Aderholt: Please provide a table showing what percentage of the livestock that is slaughtered annually comes from captive supplies and/or forward contracts to include the most recent fiscal year data available.

Response: The information is provided below.

[The information follows:]

Packer-fed Cattle and Acquisition by Forward Contracts and Marketing Agreements as a Percentage of Total Steer and Heifer Slaughter, 2008-2012

Year	Packer Fed Cattle(%)	Cattle From Forward Contracts And Marketing Agreements(%)	Total Committed(%)
2008	4.4	45.2	49.6
2009	4.7	44.9	49.6
2010	5.0	49.9	54.9
2011	5.3	55.3	60.6
2012	5.9	60.1	66.0

Previously, GIPSA collected and reported use of committed supply by only the four or five largest firms. GIPSA has begun using data published by USDA's Agricultural Marketing Service (AMS) on prices and volumes of livestock purchased under alternative pricing methods, which covers all slaughter firms reporting to AMS under Mandatory Price Reporting (http://mpr.datamart.ams.usda.gov).

MARKET AUDITS

Mr. Aderholt: Please provide a table showing the number of market audits conducted on custodial accounts, the number of markets with shortages, the total dollars involved, and the amount restored from fiscal years 2008 to 2012.

Response: The information is provided below.

Number of Market Audits and Shortages Corrected Through On-Site Investigations, 2008-2012

Fiscal Year	Custodial Account Audits	Markets With Shortages	Amount Restored by On-Site Investigation
2008	176	62	$5,022,966
2009	383	181	2,581,725
2010	297	79	3,402,608
2011	318	96	2,861,471
2012	331	105	5,960,677

LIMITATION ON INSPECTION AND WEIGHING SERVICES

Mr. Aderholt: What was the carryover for the Limitation on Inspection and Weighing Services Expenses account in fiscal year 2013 and what is the estimated carryover into fiscal year 2014?

Response: The carryover for the Limitation on Inspection and Weighing Services Expenses account in fiscal year 2013 was $14,130,306. The estimated carryover into fiscal year 2014 is $11,998,810.

QUESTIONS SUBMITTED BY CONGRESSMAN TOM LATHAM

FERAL SWINE PROGRAM

Mr. Latham: For FY14 the APHIS request proposes $20 million for a dedicated feral swine control program. This issue is of great interest to producers in my state due to the potential for feral swine to introduce diseases into the domestic population.

A net increase of only $12.4 million is proposed for the Wildlife Service's line item for FY14, indicating that the feral swine control program would be funded in part through reductions elsewhere in the budget. Can you explain how the agency is proposing to fund the feral swine control program at the $20 million level in its request, as well as how priorities for this feral swine program will be set for each state?

Response: APHIS has been prioritizing programs and activities to determine how and where funding should be spent to meet the needs of our stakeholders, while meeting the challenge of declining budgets. APHIS has requested $20 million to implement a national effort to reduce feral swine damage. To fund the feral swine program, APHIS is requesting the majority of funding in new appropriations for the wildlife damage management line item. The remainder will be funded from proposed reductions in other lower priority programs and reduced funding in cost-share programs where the Federal government is currently contributing more than 50 percent of total program costs.

The overall objective of the program is to minimize damage inflicted by feral swine populations. In States where feral swine are emerging or populations are low, APHIS' priority will be to cooperate with local and State agencies to implement strategies to eliminate them. In States where populations are well-established, and/or State regulations impact management efforts, APHIS' priority will be to focus on controlling populations.

TRANSPORTATION AND MARKETING DEVELOPMENT PROGRAM

Mr. Latham: The request for AMS includes $4.3 million and 6 full time equivalent positions under the Transportation and Marketing Development Program, to support more farmers markets. While I am certainly in favor of making sure small and medium sized farms grow and prosper, I am concerned that USDA may be devoting too many resources to local niche markets at the expense of the long term agricultural economy. Do you feel funding for this program should be a priority at a time when market competition for agricultural products across the globe is only going to get much more challenging?

Response: We do feel that funding for this program is a priority. The agriculture industry is diverse, and so are the many farms that produce products to meet the demand of U.S. consumers. Of the 2.2 million farms in the United States that produce grains, vegetables, fruit, livestock, and other types of agricultural products, the 2007 Census of Agriculture reveals that 91 percent of all farms are considered small farms. This is a significant number of farms; and these farms are typically the farms that experience the greatest difficulty accessing and competing in more established supply chains that move bulk commodities around the globe or into mainstream retail outlets. With more farms operating in these sectors, continued investments to strengthen the food distribution system and enhance marketing opportunities for these farms could lead to 1) greater local and regional food security, 2) improved local and regional economies, 3) reduced risk of food-supply disruption, 4) reduced barriers to entry of new farms, and 5) additional capacity for scaling up production.

Consumer demand for food that is locally produced, marketed, and consumed is generating increased interest in local food throughout the United States. Small to mid-sized farms have a comparative advantage in producing these highly differentiated products. Their smaller size enables them to remain flexible and innovative enough to respond to highly differentiated markets. As small and medium-sized farmers develop marketing and business expertise to take advantage of available markets, their capacity to scale up production and to implement vertically integrated enterprises is enhanced; thereby serving the food supply chain more effectively.

Smaller and medium sized farms complement and enhance the role of large producers. Small farms in 2008 accounted for 11 percent of total local food sales and medium-sized farms accounted for 19 percent of total local food sales. These farms account for 73 percent ($64 million) of sales for farmers that sell locally only direct-to-consumer. Formal and informal collaboration with other farmers provides a way for these small farms to meet the quantity, quality, packaging, and delivery requirements of grocers and restaurants. Nearly 51 percent ($614 million) of sales for farms that sell locally through combined use of direct-to-consumer and intermediated outlets are small or medium sized. Addressing the obstacles that remain in aggregation and distribution for small and medium sized farms can increase sales while satisfying rapidly growing consumer demand.

QUESTIONS SUBMITTED BY CONGRESSMAN KEVIN YODER

Country of Origin Labeling Cost/Benefit Analysis

Mr. Yoder: I wish to take this opportunity to express my concern about the Proposed Rule Titled: "Mandatory Country-of-Origin Labeling of Beef, Pork, Lamb, Chicken, Goat Meat, Wild and Farm Raised Fish and Shellfish, Perishable Agricultural Commodities, Peanuts, Pecans, Ginseng, and Macadamia Nuts" *Federal Register* Vol. 78, No. 48, Tuesday, March 12,2013, pages 15645 - 15653. Unlike voluntary labeling, I am concerned that this rule will not provide tangible benefits, while at the same time generate unnecessary costs, which will ultimately be borne by both consumers and producers.

In developing this rule, has AMS prepared a cost benefit analysis?

Response: Yes, the Agency prepared an initial analysis of costs and benefits for the proposed rule, which can be found on pages 15647-15650 of the *Federal Register* notice published on March 12, 2013. Link:(http://www.gpo.gov/fdsys/pkg/FR-2013-03-12/pdf/2013-05576.pdf).

Mr. Yoder: In particular, I want to know if AMS included the costs associated with the increased segregation of livestock and meat products required to comply with the rule.

Response: In the initial analysis of costs and benefits, the Agency did not include costs potentially associated with increased segregation of livestock and meat products due to the elimination of commingling flexibility in the proposed rule. The Agency concluded that "Given that the information needed to label production steps is already available and that most packers already segregate animals of differing countries of origin in the slaughter and processing of those animals, the most widespread cost of implementing the proposed amendments is expected to be related to label change; this cost would be incurred partially at the packing or processing facility and partially at the retail level" (78 FR 15648). The Agency received a number of comments on the proposed rule on this issue, and will take those comments into account as the final rule is drafted.

Mr. Yoder: In addition, I appreciate it if you would provide any information you may have on the impact livestock segregation would have on processing facilities, especially plants that rely on livestock of other than U.S. origin.

Response: Numerous commenters on the proposed rule provided statements on the costs of segregating livestock they believe will be necessitated by the proposed rule. These commenters explained how, in their opinion, the labeling changes will require additional livestock and meat segregation and record keeping that will increase costs to the industry that must be absorbed by livestock producers, feedlots, shippers, meat packers, processors, retailers and consumers. The comments will be taken into account as the final rule is drafted.

Mr. Yoder: Kansas State University published a study in November 2012 that found that Mandatory Country-of-Origin Labeling has not positively impacted demand for U.S. meat. Have you seen this study, and if so, can you comment on their findings?

Response: The Agency has reviewed the study entitled "Mandatory Country of Origin Labeling: Consumer Demand Impact," November 2012, by G.T. Tonsor, J.L. Lusk, T.C. Schroeder, and M.R. Taylor. The Agency acknowledges that an empirical finding of a change in demand due to COOL would support the conclusion that consumers act on the information provided through COOL. Conversely, however, the Agency does not concur that an empirical finding of no change in demand implies that consumers do not value the information or that there are no benefits from providing the information. The purpose of COOL is to provide consumers with information upon which they can make informed shopping choices. The availability of COOL information and its corresponding benefit to consumers does not imply that there will necessarily be any change in aggregate consumer demand or in demand for products of one origin versus others.

COUNTRY OF ORIGIN LABELING - WTO COMPLIANCE

Mr. Yoder: The current Mandatory Country-of-Origin Labeling rule was found to violate World Trade Organization (WTO) Technical Barriers to Trade, due to the issue of livestock sequestration. It is my understanding that instead of addressing this issue, the proposed rule would require additional segregation of livestock and meat products.

What are the Agency's plans to achieve WTO compliance?

Response: We are confident that the proposed changes as outlined in the March 12, 2013 proposed rule will improve the overall operation of the program while also bringing the current COOL requirements into compliance with the WTO ruling.

Mr. Yoder: Have Mexico and Canada, two of our largest trading partners for beef, weighed in on this matter with the Department? If so, how are you planning to address their concerns?

Response: Both Canada and Mexico submitted comments on the March 12, 2013 proposed rule. These comments will be taken into consideration along with the other comments we received. The United States values our relationships with our trading partners, and we remain open to working together to resolve this matter.

QUESTIONS SUBMITTED BY CONGRESSMAN DAVID G. VALADAO

COUNTRY OF ORIGIN

Mr. Valadao: USDA recently closed comments on their proposed changes to the country-of-origin labeling (COOL) rule. This would require labels to state the country where the animal that produced the beef was born, raised, and slaughtered. This is an attempt to satisfy the WTO as well as the Canadians and Mexicans. Both Canada and Mexico have told us they will not accept this label change as a way to settle their WTO case. We expect that to be the decision from WTO as well. Ultimately, the WTO will authorize Canada and Mexico to retaliate against the U.S. When that happens, we expect the COOL statute to change. Therefore, we have a situation where this proposed rule would require our industry to make changes (and spend a lot of money) to comply with a rule that will ultimately not be accepted by the WTO. Therefore, we need USDA to finish the rule, but delay implementation for a year or until the WTO has finished their review of this case and has made a final decision. This will prevent our industry from making changes, but then having to make additional changes later on when the WTO is done.

Mr. Under Secretary. The proposed COOL rule currently at AMS seeks to change the labeling requirements in an attempt to satisfy the WTO. I have heard from industry that the changes required under this proposal will require a significant investment in new labels, scale printers, segregation, storage, and other modifications that will need to be made in order to comply. At this point, we do not know for sure whether the WTO will accept this change. Will you delay implementation and enforcement of this proposed rule until the WTO completes all decisions regarding the case filed by Canada and Mexico in order to prevent our beef producers from having to make investments to comply with a rule that may not even fix the current problem?

Response: AMS received a number of comments on this issue in response to the proposed rule. We cannot provide any specifics because we are in the rulemaking process, but we will take whatever steps we can to minimize the burden on the regulated entities while still meeting the intent of the statute and our international trade obligations.

NATIONAL ANIMAL HEALTH LABORATORY NETWORK

Mr. Valadao: Undersecretary and Administrator Shea, though this question is in regards to the NIFA budget and the National Animal Health Laboratory Network (NAHLN), I know APHIS plays a significant role in the partnership between the state labs and the federal labs. The recent BSE case in 2012 illustrates the partnership between APHIS and the California lab network.

The herd veterinarian I use in California uses the Tulane laboratory near my district to help diagnose problems in my own dairy herd.

I know there are investments in the Federal laboratory network; however I am concerned about the support for the state laboratories and a decline in the important infrastructure necessary for the timely identification of animal diseases and food safety risks.

What is the long-term plan for maintaining state laboratories in the network in order to continue to be able to be the first in identifying emerging animal diseases and food safety risk?

Response: The National Animal Health Laboratory Network (NAHLN) is a nationally coordinated network and partnership of Federal, State, and university-associated animal health laboratories; the nationally distributed State and university laboratories are a key to the existence of the network and compromise 56 out of 60 NAHLN laboratories. Each NAHLN laboratory, in meeting the requirements to be a part of the network, provides expertise for the animal health diagnostic testing to detect biological threats to the nation's food animals, thus protecting animal health, public health, and the nation's food supply.

APHIS received feedback from a wide variety of stakeholders indicating a change was needed to the NAHLN structure to fully meet original surveillance and response goals, and to expand detection of emerging and zoonotic diseases through the network. As a result, APHIS is preparing a concept paper to obtain stakeholder input on proposed changes to the NAHLN structure.

The concept paper defines the NAHLN laboratory membership structure; recognizes NALHN oversight by the USDA; identifies the role of the NAHLN Coordinating Council; identifies the National Veterinary Services Laboratories as the reference laboratories for the NAHLN; and affirms the opportunity for each State to have a NAHLN laboratory as long as State laboratories meet defined minimum criteria. APHIS will consider all comments received within 60 days. APHIS' goal is to ensure that the NAHLN continues to meet the current and future needs of Federal and State governments, as well as American livestock producers.

Mr. Valadao: I would like to see a long-term plan from APHIS and the Department on the role of state laboratories in the National Animal Health Laboratory Network; what expertise and infrastructure is needed to be maintained and the associated funding level that is needed to support a long-term plan?

Response: APHIS plans to publish a concept paper in the *Federal Register* to propose changes in the National Animal Health Laboratory Network (NAHLN) network. The concept paper will describe the roles and responsibilities of the NAHLN network members and will offer a revised structure that would clarify opportunities for participation by State-based NAHLN laboratories. Inclusion of State-based laboratories in the NAHLN allows for greater proximity to and linkages with producers and veterinarians, which is critical to early detection of foreign animal and emerging diseases. APHIS will describe possible criteria and designations for various levels of participation, including participation by private laboratories. The proposed revisions to the structure of the NAHLN and classification of USDA oversight, the existence of a NAHLN charter, and the outline of the network structure will give the NAHLN flexibility to respond to future national animal health testing needs.

Founding principles that guided NAHLN development in preceding years would remain intact. For each participating laboratory, these include operating within a quality management system; establishing and maintain competency of laboratory personnel; using standardized protocols, reference materials, and equipment; participating in communications and reporting systems established by the NAHLN; using facilities with biosafety/biosecurity levels requisite for testing performed; and evaluating preparedness through scenario testing.

APHIS will consider all comments received on the proposed concept paper within 60 days. Currently, APHIS spends approximately $6.7 million to fund NAHLN activities, including payments for testing. The availability of funding and finalization of the NAHLN concept paper, which will include stakeholder input, will determine what resources are devoted to the NAHLN in the future.

SANITARY AND PHYTOSANITARY (SPS) TRADE ISSUES

Mr. Valadao: According to the US Trade Representative U.S. farm exports totaled $145.4 billion in 2012. That's good and we want to keep US agriculture exports moving to markets.

But sometimes the U.S. and other governments have legitimate rights to adopt and enforce measures to protect people, animals, and plants from Sanitary and Phytosanitary (SPS) risks. Understanding that when an SPS barrier is erected against the U.S. and it appears to be discriminatory, unscientific, or unwarranted we have the right to question whether the SPS measure guards against legitimate health and safety risks or just acts to protect favored foreign products.

Last year there were 583,297 shipments of U.S. agricultural commodities certified by issuing required Phytosanitary Certificates. USDA issued 140,337; state cooperators around the nation issued 208,123, and 234,837 (or 40 percent of the nation's total) were issued by County Agricultural Commissioners in California. In Kern county alone, 30,000 were issued for commodities including almonds, pistachios, grapes, citrus and carrots.

Can you explain APHIS's role and how you work with other agencies like the U.S. Trade Representative and USDA's Foreign Agriculture Service to break down?

Response: APHIS coordinates closely with the Office of the United States Trade Representative (USTR) and the USDA Foreign Agricultural Service (FAS) to facilitate trade efforts. Each Agency plays a complementary but unique role in assisting U.S. farmers and businesses to export agricultural goods.

USTR's Office of Agricultural Affairs has overall responsibility for U.S. government trade negotiations and policy development and coordination regarding agriculture. Specific responsibilities include negotiation and implementation of the agricultural provisions of Free Trade Agreements (FTAs) and the World Trade Organization (WTO) Doha Development Agenda, and operation of the WTO Committees on Agriculture and Sanitary and Phytosanitary (SPS) Measures. APHIS works closely with USTR to provide the technical expertise needed to successfully address animal and plant health regulatory issues in FTA negotiations and WTO committees.

Within USDA, APHIS' expertise is in addressing technical SPS issues while FAS plays a broader, diplomatic role in promoting U.S. trade interests, articulating U.S. government policy to trading partners, negotiating reductions in tariffs and quotas for U.S. agricultural goods, and providing U.S. producers with intelligence on foreign market opportunities.

APHIS works to keep U.S. agricultural industries free from notifiable pests and diseases and certifies that U.S. agricultural and food products shipped to markets abroad meet the importing countries' entry requirements. APHIS uses its technical expertise and regulatory role in animal and plant health issues to monitor pest and disease status in the United States. This surveillance data is used to certify exports of U.S. agricultural products to other countries.

In addition, APHIS personnel play leadership roles within international standard setting organizations, such as the World Organization for Animal Health and the International Plant Protection Convention, that develop science-based standards for the safe trade in agricultural products between countries. APHIS conducts capacity building projects to assist developing countries in establishing science-based regulatory systems that will, in turn, ultimately help them become stable trading partners for the United States.

APHIS also works closely with USTR and FAS to maintain a coordinated, strategic approach to resolving SPS trade-barriers.

WEDNESDAY, APRIL 24, 2013.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT

WITNESSES

DOUG O'BRIEN, DEPUTY UNDER SECRETARY, RURAL DEVELOPMENT, UNITED STATES DEPARTMENT OF AGRICULTURE

JOHN PADALINO, ACTING ADMINISTRATOR, RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

LILLIAN SALERNO, ACTING ADMINISTRATOR, RURAL BUSINESS-COOPERATIVE SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

TAMMYE TREVINO, ADMINISTRATOR, RURAL HOUSING SERVICE, DEPARTMENT OF AGRICULTURE

MICHAEL YOUNG, BUDGET OFFICER, UNITED STATES DEPARTMENT OF AGRICULTURE

INTRODUCTION OF WITNESSES

Mr. ADERHOLT. Good morning. The Subcommittee will come to order. I would like to welcome everyone here this morning and thank you for joining us. Mr. Doug O'Brien, the Deputy Under Secretary for Rural Development is with us; also Mr. John Padalino, Acting Administrator, Rural Utilities Services, Ms. Lillian Salerno, Acting Administrator, Rural Business-Cooperative Service; Ms. Tammye Trevino, Administrator, Rural Housing Service; and Mr. Mike Young, USDA Budget Director. We would like to welcome you again to the Subcommittee this morning to discuss budget requests for fiscal year 2014 for the Rural Development mission area.

OPENING STATEMENT

As noted in the testimony, USDA is the sole department charged with serving the needs of Americans who live in the rural parts of this Nation. It seems we have seen this budget request before, and it is hard to believe that once again USDA proposes very large cuts for programs such as Single-Family Direct Loans and Water and Waste Disposal Grants which matter most to rural Americans. Instead, the administration seems to have placed its focus on a new $55 million economic development program that has not been reviewed by Congress. As the only department dedicated to rural America, we have to ask if this budget request is truly in tune with its needs, especially the needs of rural Americans and those with the lowest incomes.

Nevertheless, we look forward to your testimony, and at this time I would like to recognize the distinguished member from California, Mr. Farr.

Mr. FARR. Thank you very much, Mr. Chairman. My reflection on this rural program that is proposed is one that I think is very positive, and I hope we can learn more about it today.

Before being in Congress, long before, right after college, I was in the Peace Corps in Latin America and did community development, and one of the things you learn about the culture of poverty is that you have to empower people. You have to give access to institutions of learning so they can get an education, learn to read and write, they have to have access to water, they have to have access to medical clinics, doctors and so on. You will never work yourself out of the culture of poverty until you have a safe place to sleep, an education and access to health care. If you have those, you have a chance. Without them, you don't.

What we do in our Federal programs is we have categorical funding, we did this in education, we just put everything into silos, and if you fit into a silo, you get some money, but you don't really learn to work your way out of it. I think what we do with all our grant programs, whether the grant comes from the Department of Energy or the Department of Transportation or the Department of Agriculture, the Department of Education, whatever it is, they all try to meet these underserved needs in America by competitive grants and you end up with this sort of raining down on grants within their silos, and nobody is pulling them all together and saying you have got a problem here that needs to be solved that is about infrastructure, it is about capacity building, it is about ability to really check all points.

I think that is what Secretary Vilsack is seeing and is leading this rural strategy, as I call it, to try to make sure that you get a much better bang for your buck in the rural areas. Why is the rural part of America, census after census, 10 years after 10 years, decades after decades, still dirt poor and still not able to be there? It is the way we sort of did our foreign aid program. We just sort of rained money down without trying to build the capacity.

So whether it is foreign aid or aid to rural America, it seems to me the same idea ought to be there, that we concentrate all our Federal expertise in trying to develop an ability to empower those local communities to care for themselves, just like more sophisticated communities can do.

So I look forward to this hearing. Thank you.

Mr. ADERHOLT. Thank you. Also let me just remind you the microphones are sort of sensitive, so whoever speaks, just grab the microphone in your direction, that would also make sure we get you on record.

So again, Mr. O'Brien, we look forward to your testimony.

OPENING STATEMENT

Mr. O'BRIEN. Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you to discuss the President's fiscal year 2014 budget proposal for the Department of Agriculture's Rural Development mission area. Before I begin, I would like to recognize and thank you and thank our outgoing Under Secretary Dallas Tonsager, whose commitment to rural America was evident in each of his decisions as he led the mission area through an historic time of opportunities and challenges.

Since 2009, President Obama's commitment and this committee's support have brought about significant investments in rural communities that have made them stronger and more vibrant. Rural Development has directly invested or guaranteed more than $130 billion over the last four years in projects that have benefited not only the communities our agency serves, but the overall economy.

Under the leadership of Secretary Vilsack, we are transforming USDA, increasing efficiencies and saving taxpayers millions of dollars while supporting opportunities in areas such as the bio-economy, local and regional food systems and new broadband infrastructure. The vitality of rural America has helped lead the way for America's economic recovery.

The budget we present continues the administration's commitment to rural areas by targeting resources to citizens in greatest needs and where there is greatest economic opportunities. We capitalize on beneficial subsidy rates in a number of our programs such as the Guaranteed Family Housing and Community Facilities Direct Loans to provide historic program levels in these crucial programs. At the same time, we take care of the most vulnerable by increasing funding in the Rental Assistance Program.

The budget proposal includes $55 million for an economic development grant program designed to target small and emerging private businesses in rural areas. The program will join several of our current technical assistance grants into a new Rural Business and Cooperative Grant Program. Doing so will enable Rural Development to better promote economic development while also improving the agency's current allocation and evaluation process.

The budget requests $32 million of the total funding provided to be set aside for information technology investments for the Comprehensive Loan Program. Investing in modernizing this system will ensure that loan programs are serviced with up-to-date technology, safeguarding the portfolio from cyber threats and upgrading the management capabilities of the agency. This level enables us to sustain customer responsiveness, service our existing portfolio and maintain a low delinquency rate. Simply put, we need to invest in modern technology systems to manage our growing portfolio.

Over the past 10 years, Rural Development's portfolio has more than doubled and now stands at $183 billion. I am pleased that the principal balances for loans and loan guarantees delinquent more than 1 year remains at 2.15 percent of the total principal outstanding. By fiscal year 2014, our portfolio is anticipated to be more than $200 billion.

Growth in our programs is exciting, yet the continued reductions to our staff resources are daunting. Since the beginning of fiscal year 2012, Rural Development has reduced nearly 18 percent of its workforce. While reductions save the agency an estimated $95 million in staff costs in future years, at a certain point we risk the integrity of the delivery of the programs and the servicing of the growing portfolio.

Over the past few years, Rural Development has embraced multiple streamlining efforts to reduce operating costs. We consolidated and reorganized our field structure, providing projected savings of

$758,000 annually. We achieved additional savings of $1.3 million with reductions in printing and supplies. We also anticipate savings from data center consolidation and using specific services that cost less money.

Despite our best efforts to prepare for additional funding reduction through these prudent practices, we cannot prevent the negative impact of reduced funding in the final 2013 Appropriations Act. We will have to cut back on essential services. The reduced level of program funding will mean that rental assistance will not be available for more than 15,000 very low income residents, generally elderly, disabled and single parent heads of household who live in multi-family housing in rural areas. We are working closely with property owners to deal with reduced income from rental assistance. Efforts including servicing options such as debt deferrals, reserve account funds to supplement operating expenses, and increasing occupancy and property income. We are not able to fully address this reduction on our own, however. The loss of such a substantial amount of funding will require the cooperation and understanding of owners and tenants.

Finally, I would like to take this opportunity to personally thank the hard-working and dedicated employees who support rural communities. Rural Development has delivered more for rural America with fewer staff and tighter budgets. With their help, I can say that our portfolio is sound, our mission is strong and our service is in demand. We know because we live and work there that the potential in rural America is great. I am pleased that this budget recognizes this reality.

I appreciate the opportunity to testify today before members of this committee, and I thank you for your support of Rural Development programs. I am happy to answer your questions at this time.

Mr. ADERHOLT. Thank you.

[The information follows:]

RURAL DEVELOPMENT

Statement of Doug O'Brien
Deputy Under Secretary for Rural Development
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Chairman Aderholt, Ranking Member Farr and Members of the Subcommittee, thank you for the opportunity to present the President's 2014 Budget for the Department of Agriculture's (USDA) Rural Development mission area. I am accompanied this morning by Mr. John Padalino, Ms. Lillian Salerno and Ms. Tammye Trevino, Administrators for Rural Development's Utilities, Business and Cooperatives, and Housing and Community Facilities Programs. I respectfully ask that their statements be included in the record. Also with me is Mr. Michael Young, USDA's Budget Officer.

President Obama believes that "strong rural communities are the key to a stronger America." USDA Rural Development, as the only Federal Department with the primary responsibility of serving rural areas, takes seriously our responsibility and key role in supporting the continued revitalization of rural America and the Nation.

Since 2009, President Obama's commitment and this Committee's support have brought about significant investment in rural communities that has made them stronger and more vibrant. USDA Rural Development alone has directly invested or guaranteed more than $131 billion over the last four years in broadband, businesses, housing, safe water, community facilities and more that have benefited not only the communities our agency serves, but the overall economy.

As you know, rural America has unique challenges and assets. Rural communities are characterized by their isolation from population centers and product markets and benefit most from initiatives that integrate local institutions and businesses with State and Federal agencies that have intimate knowledge of local needs. To address these unique challenges, Congress has provided USDA with a variety of programs that comprehensively attend to the rural dynamic.

The presence of USDA field offices in every State helps us serve the specific needs of local communities. USDA Rural Development employees are able to identify a wide range of community and economic development resources for local elected officials, business owners, families, farmers and ranchers, schools, nonprofits, cooperatives and tribes. USDA Rural Development staffs are located throughout the Nation and are members of the communities they serve and possess expert knowledge of the economic challenges and opportunities that exist in their particular region.

USDA Rural Development assistance includes direct and guaranteed loans, grants, technical assistance, and other payments. We provide assistance to intermediaries that make loans or provide technical assistance to the ultimate beneficiaries. We require or encourage recipients, in several programs, to contribute their own resources or obtain third-party financing to support the total cost of projects, in which case these programs leverage USDA's support with private sector financing.

Through USDA Rural Development's infrastructure development programs, we make investments in rural utility systems that helped improve and expand the rural electrical grid, provide clean drinking water to rural communities, and deliver increased Internet service to rural families and to businesses, allowing them to compete in the global economy. In 2012, we provided nearly 64,000 rural households, businesses and community institutions with new or better access to broadband Internet service, provided more than 8 million consumers with new or improved electric service, and provided 2.5 million of our borrower's customers with new or improved water or wastewater service.

Through USDA Rural Development's business and cooperative loan, grant, and technical assistance programs, the agency helped thousands of rural small business owners and agricultural producers improve their enterprises, including those related to renewable energy. Beyond direct assistance to these business owners and producers, financial support from USDA also creates lasting economic development opportunities in the rural communities where the projects are located. Business and cooperative funding created or saved over 52,000 rural jobs in 2012.

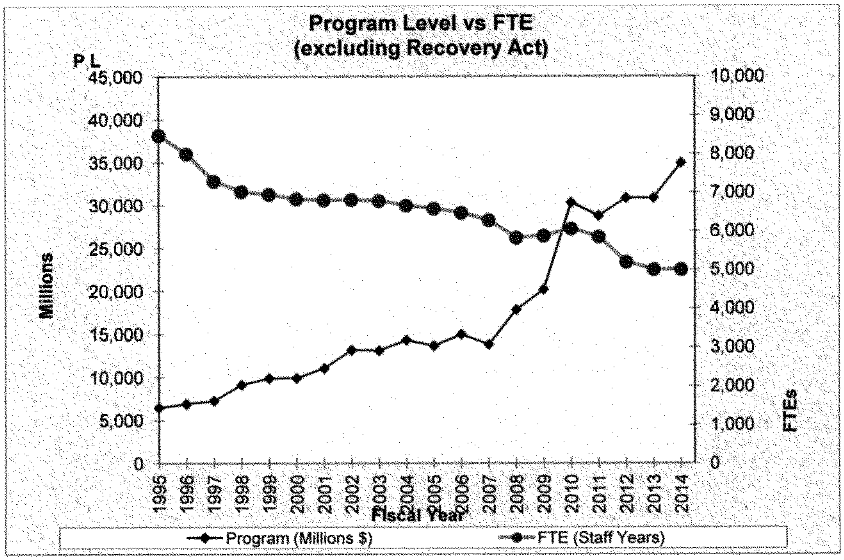
Not only have we supported small businesses, but we also support the social infrastructure that makes rural communities attractive to small business owners and their employees. USDA Rural Development's Community Facilities loan and grant program provided assistance to construct or improve 215 educational facilities, and supported 168 health care projects – part of more than 1,400 Community Facilities projects nationwide in 2012. Other key projects included support for local, rural emergency responders.

Finally, the USDA Rural Development housing program ensures that rural families have access to safe well-built, affordable homes. In 2012, more than 153,000 families with limited to moderate incomes purchased homes utilizing our housing programs. We also helped about 7,000 rural individuals or families repair their existing homes under our home repair loan and grant program. More than 400,000 low- and very-low income people were able to live in USDA-financed multi-family housing thanks to rental assistance.

At Rural Development we continue to recognize the responsibility we share to help shoulder the burden of deficit reduction and, as such, have pursued continual process improvements to ensure that our agency operates as a responsible steward of taxpayer dollars. Over the past ten years, Rural Development's portfolio has more than doubled and now stands at $183 billion.

The agency has also embraced multiple streamlining efforts to reduce operating costs. Rural Development contributed to savings under the Secretary's *Blueprint for Stronger Service* by consolidating and reorganizing its field office structure, providing projected savings of $758,000 annually. These efforts are continuing and are expected to result in additional savings over the next few years. Rural Development achieved savings of $1.3 million with reductions in printing, supplies and promotional items. Furthermore, the agency anticipates savings from data center consolidation at our National Information Technology Center and using specific services that would cost less money.

In terms of staff, since the beginning of fiscal year 2012, USDA Rural Development has reduced nearly 18 percent of its workforce or 1,053 people. Those reductions will save the agency more than $95 million per year in staff costs moving forward, however, at a certain point we risk the integrity of the delivery of the programs and the servicing of a burgeoning portfolio. The chart below illustrates the agency-wide challenge of rapidly increasing program level funding and a steady decrease in staffing resources. This type of dynamic strains the agency's ability to responsibly deliver and service the programs provided for and funded by Congress.



Despite our best efforts to prepare for additional funding reductions through these prudent actions, we cannot prevent the negative impact of the March 1 sequestration or across-the-board reductions in every Rural Development program as outlined in the Consolidated and Further Continuing Appropriations Act of 2013. We will have to cut back on essential services. The reduced level of program funding will mean that rental assistance will not be available for more than 15,000 very low income rural residents, generally elderly, disabled, and single family heads of households, who live in multi-family housing in rural areas. We are also concerned that there will be a need to furlough employees during 2013 unless other means can be found to address the funding situation. We are doing our best to avoid furloughs because it would be disruptive to rural communities, emergency personnel and residents who rely on our services; however, it remains a distinct possibility at this time.

That said, we know that American taxpayers expect more, so we are continually looking for ways to improve, innovate and modernize. The Rural Housing Service (RHS) directed each State office to centralize the loan guarantee process for the Single Family Housing Guaranteed program. The purpose of the initiative is to maximize efficiencies that enable a reduction in staff time while still meeting audit requirements and providing states flexibility. Each state was instructed to centralize the guarantee process into one entry point, and then electronically distribute workflow to the appropriate workstation where the designated employee was located. The purpose was not to reassign employees to a central office location, but to deploy technology for a process improvement as a remedy for staff reductions. The result of the centralization initiative has been a success. All States have centralized their guarantee workflow process or are in the process of implementing it. Some States even implemented the same workflow for other Rural Development programs.

RHS hopes to go even further in 2014 with a proposal that will make USDA's guaranteed home loan program a direct endorsement program, which is consistent with Veterans Affairs and Housing and Urban Development's guaranteed home loan programs. This will make RHS more efficient and allow the Single Family Housing staff to refocus on other unmet needs.
RHS is also in the process of instituting an automation project known as "Automated Loan Closing" or "ALC," that will eliminate the need for staff to process paper checks for guarantee fees. It will eliminate the double entry of data and automate the scanning of critical loan closing documents. It will also enable an e-signature feature which will eliminate the need for staff to print and sign a Loan Note Guarantee. The ALC project will begin deployment nationwide this summer.

The Rural Utilities Service (RUS) has also undertaken initiatives to improve performance and accountability measures. In FY 2010, we launched a process improvement project to address issues related to the Rural Alaska Village Grant Program. A Steering Committee composed of senior officials from both the national and State offices of USDA Rural Development, Alaska Department of Environmental Conservation, Alaska Native Tribal Health Consortium, Indian Health Service, Environmental Protection Agency and the Denali Commission was formed and convened in Anchorage. In June 2011, the partners, signed a Memorandum Of Understanding outlining a streamlined application process, new grant agreements, improved accountability measures and other critical documents. Today, we are seeing the results of those efforts with projects being built serving Alaskan villages, many for the first time. Based on these successes, we are in the process of codifying the streamlining of this program through a regulation that we plan to announce later this year.

RUS is also undergoing a business process review (BPR) in electric and telecom programs to consolidate and streamline program activities, both in the field and in the national office as a result of exponential increases in the portfolio size, coupled with diminishing staff resources. This activity includes increased use of technology, staff reorganization and retraining, and potential revision of program regulations to increase the efficiency and effectiveness of program delivery.

In Rural Business and Cooperative Service (RBS) we established a field structure, consisting of ten regions. The structure allows the National office to provide direction and oversight for all RBS programs nationally, with reliance on two Regional Coordinators (East and West), and ten RBS Team Leaders (State program directors) that provide guidance to the State RBS program directors in their regions. This regional structure improves agency efficiency and effectiveness, which is vital as RBS addresses reductions to budget and staffing levels.

With its regional structure, RBS is able to save on travel and training expenses by reducing the number of staff that attend training. Typically, Regional coordinators work with National office staff to train team leaders who then provide guidance and direction to the program directors in their region.

This approach also improves communication across the agency, resulting in greater consistency in program delivery. The regional structure provides a network for sharing institutional knowledge, best practices, and solutions to common challenges within a region.

RBS' regional structure also enables offices to address gaps in staffing by sharing human resources. For instance, a team leader can temporarily help with program delivery in a state if a program director retires or leaves the agency. This is especially important now, as RBS has lost a number of program directors over the last several years. Not only do team leaders help fill in where a program director position is vacant they also provide training and guidance to new program directors. Over the last few years this has been essential to the agency's success in supporting the many programs delivered by RBS, with fewer staff.

Under the budget proposal, we continue to seek efficiencies to better serve the American people. For example, the budget includes $55 million for a new economic development grant program designed to target small and emerging private businesses and cooperatives in rural areas with populations of 50,000 or less. This new program will award funding to grantees that meet or exceed minimum performance targets, and that agree to be tracked against those performance targets. This consolidation will utilize all existing authorities available under the Rural Business Opportunity Grant, Rural Business Enterprise Grant, Rural Microenterprise Assistance Grant, Rural Cooperative Development Grant, Small/Socially Disadvantaged Producer Grant and Rural Community Development Initiative Grant programs. Doing so will enable RBS to leverage resources to create greater wealth, improve quality of life, and sustain and grow the regional economy. The new program is also expected to improve the agency's current grant allocation and evaluation process.

The President's budget reflects his commitment to jobs, growth and opportunity for America. With a proposed budget authority of $2.3 billion and a proposed program level of $35 billion, the three agencies of Rural Development are fully engaged in efforts to increase opportunities and address the challenges unique to rural America. The budget provides $662 million in funding for salaries and expenses needed to carry out USDA Rural Development programs. This level of funding will support an estimated staff level of 5,000 in 2014 – many of whom are located in rural areas throughout the United States and Puerto Rico. In addition, the budget requests that $32 million of the total funding provided for salaries and expenses to be set aside for information technology investments for the Comprehensive Loan Program. Investing in modernizing this system will ensure that all loan programs are serviced with up to date technology safeguarding the portfolio from cyber threats and upgrading the management capabilities for the agency.

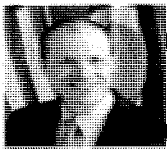
I take great pride in noting that our largest programs at Rural Development, the Electric, Telecommunications, Community Facilities Direct Loan, and the Single Family Housing Guarantee programs require no Federal funding and are all operating at a negative subsidy rate. The budget also supports $1.2 billion in Water and Waste Disposal direct loans at no Federal cost due to improved performance of the program. However, I note that as savings from programs have been realized due to program performance and low interest rates, funding for S&E has not kept pace. The S&E request needs to be fully funded in order to realize the full authorized loan levels in these most efficient programs. The execution of these programs, particularly in an extremely challenging economic environment, is a win for taxpayers, rural residents and communities working to enhance their quality of life and increase their economic opportunities.

Rural Development is known as an agency that can help build a community from the ground up. Today, we are assisting rural America prepare for the global challenges of the 21st century by looking not only within a community for defining strengths and opportunities, but to regions and strategic partners, where one community or program can complement and draw upon the resources of another to create jobs and strengthen economies.

We are resolutely pursing President Obama's vision of an America that promotes the economic well-being of all Americans. In rural communities, we support entrepreneurs and innovators, individuals and families, the youth and the elderly. We support entire communities. We do so by financing housing for individuals, families and the elderly, building schools and emergency centers, connecting leading doctors to rural clinics and hospitals, and encouraging business startups and expansions. We know our investments will pay dividends for years to come.

I appreciate the opportunity to work with members of the Subcommittee to build a foundation for American competitiveness. The President has offered a responsible, balanced budget that continues to meet key priorities and includes targeted investments to support long-term job creation and renewed economic expansion. Moving forward will require hard work and sacrifice from everyone, and Rural Development is committed to doing its part. I am confident that the agencies of Rural Development will successfully implement the programs needed for a thriving rural America.

I appreciate the opportunity to testify today before Members of the Committee. This budget proposal supports our efforts and helps us fulfill the promise of rural communities. Thank you for your support of Rural Development programs. I am happy to answer your questions on the budget proposals at this time.



Doug O'Brien,

Doug O'Brien J.D., LL.M., was appointed Deputy Under Secretary for USDA Rural Development on August 1, 2011. Prior to his appointment, O'Brien served as a Senior Advisor to Secretary Tom Vilsack and Chief of Staff to Deputy Secretary Kathleen Merrigan.

Before joining the United States Department of Agriculture, O'Brien served as the Assistant Director at the Ohio Department of Agriculture. In this capacity, he assisted the Director in administering the day-to-day operations of that department in such areas as plant industries, animal health, and its laboratories. In addition, he was responsible for developing the department's biofuels, bioproducts and renewable energy policy efforts.

O'Brien has also served as Senior Advisor to Iowa Governor Chet Culver, Interim Co-Director for the National Agricultural Law Center in Fayetteville, Ark., and Senior Staff Attorney at the Drake Agricultural Law Center in Des Moines, Iowa.

He is former counsel for the U.S. Senate Agriculture Committee, where he worked on the 2002 Farm Bill, livestock marketing, concentration, agricultural credit, and cooperative issues.

He also served as Legislative Assistant for Representative Leonard Boswell, focusing primarily on Rep. Boswell's work on the House Agriculture Committee, and as a Clerk for Justice Jerry Larson of the Iowa Supreme Court. O'Brien graduated from Loras College and earned a Juris Doctorate with honors from the University of Iowa. In addition, he holds a Master's Degree in Agricultural Law from the University of Arkansas.

O'Brien, who was raised on a diversified farm in Iowa, has dedicated his career to agriculture and rural policy.*(August 2011)*

RURAL HOUSING SERVICE

Statement of Tammye Trevino, Administrator, Before the subcommittee on Agriculture, Rural Development Food and Drug Administration, and Related Agencies

Chairman Aderholt, Ranking Member Farr and Members of the Subcommittee, thank you for the opportunity to present the President's 2014 Budget for the Department of Agriculture's (USDA) Rural Housing Service (RHS).

As the only Federal Department with the primary responsibility of serving rural areas, the presence of USDA field offices in every state helps us serve the specific housing needs of local communities. USDA's housing programs ensure that rural families have access to safe, well-built, affordable homes. In Fiscal Year (FY) 2012, more than 153,000 families with limited to moderate incomes purchased homes utilizing our housing programs. We also helped about 7,000 rural individuals or families repair their existing homes under our home repair loan and grant program. More than 400,000 low and very-low income people were able to live in safe and affordable USDA-financed multi-family housing. More than 280,000 of these households were able to afford this thanks to rental assistance.

We also support the social infrastructure needed to make rural communities attractive to small business owners, employees and families. The Community Facilities program, also part of the RHS portfolio, provided assistance to construct or improve 215 educational facilities and supported 168 health care projects – part of more than 1,400 projects supported nationwide in FY 2012.

In FY 2014, the mission of the RHS remains unchanged. Through mortgage finance and refinance, as well as rental subsidies, we will continue to make housing opportunities available and affordable to rural Americans as they continue to work to ensure the security and prosperity of our Nation. We will seek to ensure that communities have access to the capital they require to expand local infrastructure and build a lasting foundation for renewed economic growth. For 2014, RHS requests total budget authority of $1.13 billion, supporting a program level of approximately $27.23 billion in loans, loan guarantees, grants, and technical assistance.

RHS is the only Federal agency that provides direct single family housing loans to very-low and low income rural borrowers. The continuation of this program is crucial to maintaining access to affordable mortgage credit in rural America. Without these housing programs, it is possible that many rural residents would be without a home and dependant on other, more costly, assistance programs.

Our programs have grown significantly in recent years and that expansion has helped satisfy the homeownership and community development aspirations of many thousands of families across rural America. As we embark upon an era of much tighter budgets and significant reductions to salaries and expenses, our success will be gauged not only by how many new loans we can provide, but by how well we continue to manage the program and portfolio risks associated with existing loan obligations. Careful monitoring of our portfolio and effective management of its risk has always been among our topmost priorities. We view the expansion of our programs as tacit recognition of their importance to underserved rural communities, and we are grateful to Congress for the shared commitment to our mission.

Today, after experiencing staffing reductions in offices around the country, our shrinking portfolio servicing and risk management capability struggles to keep pace with the origination requirements of our expanding programs. As Secretary Vilsack emphasized in his testimony on the 2014 budget, any further reduction in funding for our back office operations would significantly impair our ability to deliver critical services, and would imperil our efforts to manage an increasingly complex workload with less money and fewer workers.

Single Family Housing SFH)

The impressive FY 2012 results posted by the Single Family Housing (SFH) Guaranteed program underscore both the successes and the challenges of expansion. For the seventh consecutive year, the total amount of rural home loans guaranteed has increased – from $2.9 billion in 2006 to $19.2 billion last year. In 2012, more than 145,000 guarantees were issued. By the end of FY 2012, we had provided more than 1 million rural families guaranteed loans for purchase and refinance since the SFH Guaranteed program started with a small pilot program in 1987. FY 2013 promises to be another record breaking year of about $24 billion, the current authorized level.

The 2014 budget request proposes a continuation of the program level for the SFH Guaranteed program at $24 billion, which could provide over 171,000 homeownership opportunities in 2014. This level of funding is supported by a fee structure which, coupled with low and stable default rates, results in a negative subsidy program requiring no budget authority. As in 2013, the fee structure includes a 2 percent up-front fee and 0.4 percent annual fee for both purchase and refinance transactions. The budget also includes language that will make the SFH guaranteed program a direct endorsement program, which is consistent with VA and HUD's guaranteed home loan programs. This will make RHS more efficient and allow the single family housing staff to refocus on the other unmet needs.

A pilot program implemented a year ago has increased the applications for refinancing loans. Refinance loans can be made to borrowers with existing USDA loans through our Guaranteed or Direct home loan programs. The pilot program expands eligibility for mortgage refinancing by eliminating the need for a credit report if a borrower has been current on loan payments for 12 consecutive months. Providing homeowners a new refinance option helps them keep their homes, pay their bills, and invigorate the local economy through increased consumer spending. Because these loans are already part of the existing USDA portfolio and because this pilot will lower monthly payments for borrowers, it will also mitigate portfolio risk and help protect taxpayers by reducing the incidence of default and subsequent foreclosure. The pilot has resulted in 3,700 refinance transactions in 35 States through April 10, 2013.

SFH Direct loans and housing repair grants are both funded at reduced levels for FY 2014. This again reflects budgetary constraints and places increased emphasis within RHS on cost-efficiency as an important determinant of program viability. On an absolute basis, the lower-cost guaranteed loan program, which serves low and moderate income homeowners, dwarfs the reduction of the SFH Direct program, which serves very low and low-income homeowners and historically low interest rates mean that lower income applicants are able to qualify for the guaranteed program.

At a requested program level of $360 million, the direct loan program is expected to provide just over 3,100 homeownership opportunities to very-low and low income borrowers. This is a reduction of $357 million in program level. This reflects that with a $24 billion guarantee single family housing loan level and interest rates at their lowest levels in decades, demand for the historical levels should be waning, and the focus should be on the utilizing the guarantee program to its fullest extent.

Given the current budget limitations, Mutual and Self-Help grants to local non-profit groups that provide assistance to families building their own homes is funded at a maintenance level of $10 million. In addition, a few minimally funded housing assistance grants were eliminated.

Through the SFH Housing Repair grant program, USDA will provide approximately 4,100 grants to very-low income, elderly, rural homeowners in order to make essential safety-and health-related repairs to their homes. For 2014, the budget is requesting $26 million in the repair loan program which will allow us to serve over 4,700 of the lowest income rural homeowners and optimizes historically low interest rates that allow lower income families to qualify for affordable repair loans.

In response to tightening budgets, RHS has continued to explore more cost efficient business models. Among them are the Real Estate Owned (REO)/Foreclosure and Single Family Housing Guaranteed centralization initiatives that could eliminate operational redundancies both within and among States. In addition to their cost benefits, these streamlining efforts reflect the Department's commitment to a "best-practices" approach with regard to the implementation of business process controls.

Multi-Family Housing Programs (MFH)

The Multi-Family Housing (MFH) budget reaffirms Rural Development's commitment to providing affordable housing options to the poorest of the poor in rural America. The average income of these program tenants is approximately $11,000 per year. The total program level request for MFH programs is $1.28 billion, 79 percent or just over $1 billion, is for MFH Rental Assistance contract renewals. The requested rental assistance is sufficient to accommodate the expected over 230,000 rental assistance contracts that will be renewed. The 2014 budget also includes a re-proposal of legislation to gain authorities for USDA's RHS staff to have access to the Health and Human Service National Database of New Hires as well as Internal Revenue Service data, similar to what Housing and Urban Development has for its project based rent programs. This will help reduce improper payments in its means- tested programs, where the biggest benefit will most likely be in the Rental Assistance grant program.

The 2014 budget request proposes $26 million in program level for the Section 515 direct loan program as well as about $37.7 million in program level for the Multi-Family Preservation and Revitalization (MPR) Program. The high cost of housing replacement and the need to protect taxpayer investment in housing assets supports the request for preservation and management of RHS' existing housing portfolio. The funding of the revitalization program provides the tools needed to preserve RHS' aging portfolio of rental housing. The 2014 budget also includes a legislative proposal to provide permanent authorization for MPR tools. The MPR tools we have been using through annual demonstration program authority are a more efficient way to revitalize the existing multi-family housing portfolio. Enacting permanent authority for the current MPR tools will provide flexible financial tools for critical multi-family housing preservation.

The budget request proposes $32.6 million in BA for the combined MPR and Rural Housing Voucher Program. The voucher funding provides a rental subsidy to supplement the tenant's rent payment in properties that leave the portfolio either through prepayment or foreclosure. The budget requests for MFH Section 514/516 Farm Labor Housing is approximately $32.1 million in program level funding.

Community Facilities Programs (CF)

The Community Facilities (CF) budget request will provide financing for the construction and improvement of essential community infrastructure and facilities across rural America, including hospitals, schools, libraries, clinics, child care centers, and public safety facilities. The budget proposes $1.5 billion for direct loans, which is the optimal loan level given expected demand and underwriting ability of the RHS staff. The CF program will continue to provide critical health, public safety and educational benefits to over 9 million rural residents. The performance of these loans, coupled with the current economic assumptions and interest rate projections have translated into a negative subsidy cost for this program in FY 2014. The CF program continues to be a resource across rural America, as communities come together to modernize critical community infrastructure that is vital to improving rural health and educational outcomes and attract new businesses, quality jobs and improve economic growth. In addition, CF has been successful in leveraging direct loan funds through public private partnerships with capital credit markets and institutional investors seeking to invest in social infrastructure.

The budget proposes no funding for the CF guaranteed loan program since the direct loan program has become less costly, nor the Economic Impact Initiative (EII) Grant programs. The gradual increase in the direct loan program, coupled with private public partnerships, will more than offset the effects of the guaranteed loan program termination. For the EII grant program, which provides assistance to rural communities with extreme unemployment and severe economic depression, the regular CF grant program can be used to fund these projects.

The 2014 budget no longer includes a CF set-aside for the Rural Community Development Initiative (RCDI). Activities similar to those provided through RCDI and the other grant programs will be consolidated and provided through the new Rural Business and Cooperative Grant program in the Rural Business and Cooperative Service. The new program will assist a wide range of recipients, including economic development organizations, business and community intermediaries, tribes and individuals. The new program will use an evidence-based model in awarding funding where grantees must meet minimum performance targets that encourage private sector growth.

In FY 2012, we invested over $253 million of CF funding in 215 educational and cultural facilities serving a population totaling more than 3.8 million rural residents; over $126 million in 413 public safety facilities serving a population totaling more than 2.2 million rural residents; and over $862 million in 168 health care facilities serving a population totaling more than 4.3 million rural residents. The remaining balance was used for other essential community facilities such as food banks and other food security projects, community centers, early storm warning systems, child care centers, and homeless shelters.

Conclusion

As we consider the best way to position limited resources in 2014 to serve the complex needs of rural areas, we are confident that RHS will successfully implement the programs needed for a thriving rural America. USDA reaffirms its commitment to rural America in this budget proposal that balances the needs of the most poor, evident in the renewal of rental assistance subsidies, while still responding to the need for wealth creation in rural America, through the enormous growth and investments provided by the SFH guaranteed and CF direct programs. The budget proposal continues targeted investments that support long-term job creation and renewed economic expansion.

I appreciate the opportunity to testify before Members of the Committee and with my distinguished colleagues from RUS and RBS. We work well together, collectively serving constituents, to further support American competitiveness and growth. This budget supports our efforts and helps us fulfill the promise of rural communities. Thank you for your support of RHS programs. I am happy to answer your questions at this time.

Tammye Treviño

Administrator for Housing and Community Facilities Programs

On June 9, 2009, Agriculture Secretary Tom Vilsack appointed Tammye H. Treviño as Administrator for Housing and Community Facilities Programs in USDA's Rural Development Agency.

Since 1999, Treviño served as CEO for FUTURO, an Uvalde, Texas, non-profit organization that was created to implement a 10-year strategic plan for community and economic development. Before that, she was the Economic Development Director for LaSalle County, Texas, where her accomplishments included the conversion of a 47-county, South Texas think tank into a non-profit organization to work on regional economic development. Ms. Treviño held several positions with the Middle Rio Grande Council of Governments, including Research Assistant to the Deputy Director. She also was the Director of the 9-county region's Area Agency on Aging. Prior to her work in community development, Treviño spent more than 10 years in the health field managing a rural health clinic.

Treviño currently serves on the President's Task Force on the Status of Puerto Rico and is Secretary Vilsack's representative on the United States Interagency Council on Homelessness. She serves on several Federal working groups, including one on rental policy and another on Single Family Housing. The groups study issues such as rehabilitating Rural Development's aging Multi-Family Housing portfolio and the effects of housing foreclosures on the mortgage industry. Treviño works closely with groups that address narrowbanding issues in rural America, health information technology requirements, and ways to improve the accessibility and quality of medical services in rural America.

As Administrator of Housing and Community Facilities, Treviño is leading a Cultural Transformation Initiative within the Agency. She is implementing a plan that includes hiring reform, leadership and employee development, work-life balance, talent management and diversity training and awareness. The initiative has already significantly improved employee satisfaction, employee diversity and labor relations within Rural Housing and Community Facilities.

Treviño is certified as an Economic Development Finance Professional and a Housing Development Finance Professional. She received her Master of Business Administration from Sul Ross State University, Rio Grande College in Uvalde, Texas, and her Bachelor of Arts degree in communications from the University of Texas at San Antonio. Treviño is a native of Pearsall, Texas.

RURAL UTILITIES SERVICE

Statement of John Padalino
Acting Administrator,
Before the subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Chairman Aderholt, Ranking Member Farr and Members of the Subcommittee, thank you for the opportunity to present the President's 2014 Budget for the Department of Agriculture's (USDA) Rural Utilities Service (RUS).

A strong rural America helps build a strong American economy. To meet the goal of increasing economic opportunity and enhancing the quality of life in rural communities, RUS programs fund basic infrastructure services, including electric, telecommunications and water and waste facilities. RUS infrastructure investment delivers reliable, affordable electricity to power our homes and industries, broadband to expand access to education, healthcare, business and social services in rural areas, and clean, safe water to support healthy rural communities and meet growing needs of rural America.

In Fiscal Year (FY) 2012, RUS financed projects that will provide over 8 million consumers with upgraded electric service, nearly 64,000 rural households, businesses and community institutions with improved access to telecommunications services, and 2.5 million rural residents with modern reliable water and wastewater services necessary for health, safety and economic opportunity.

Business growth in a rapidly diversifying rural economy, combined with tighter environmental standards, have significantly increased program demand. Funding requests for the Rural Broadband Access Loan and Loan Guarantee Programs were down in FY 2012 and 2013 due to the release of new regulations for the broadband program, combined with the uncertainty of proposed Federal Communication Commission changes to the Universal Service Fund. Currently, however, RUS has identified approximately $254 million in loan applications for broadband funding program currently in house or being prepared for submission. While the sequester and other budget challenges will affect RUS programs, we will continue to do everything we can to meet growing infrastructure needs of rural areas.

Today, our rural utilities portfolio of loans outstanding is over $60 billion. While our portfolio balance has increased, the staff level to deliver these programs has declined. The success of these programs is in part due to our ability to work with our borrowers and leverage Federal loans to continue to spur rural economic growth.

Electric Programs

During 2012, RUS approved 119 loans and loan guarantees for electric infrastructure totaling $4.7 billion, which included over $1.7 billion for new or improved distribution system facilities, almost $1.2 million for transmission facilities, and nearly $1.4 billion for generation plant upgrades and additions. Generation investments included over $278 million for renewable generation, over $175 million for environmental improvements to existing plants, and a $480 million loan to South Mississippi Electric Power Association to purchase a 15 percent share of a new advanced integrated gas combined cycle coal plant with carbon capture and sequestration. In 2012, electric program loans also financed $246 million in smart grid investments bringing the two year total to over $396 million, far exceeding the Department's goal of supporting $250 million in new smart grid investment in rural communities. USDA investment also advances the Administration's grid modernization commitment with funding for over 20,341 miles of new and/or improved transmission and distribution facilities.

RUS approved four loan guarantees totaling over $278 million in support of USDA goal to increase use of renewable energy. Three new renewable generation plants will use woody biomass fuel to serve rural electric cooperative customers in Colorado, Hawaii, and Texas. An RUS loan of $14.6 million to Southern Maryland Electric Cooperative's (SMECO) Solar LLC to build a 5.5 megawatt solar farm will help SMECO meet its State Renewable Energy Portfolio Standard with locally generated, customer-owned solar power.

The budget for the Electric Programs provides for $4 billion in electric loans. Of the total, $3 billion will be used to fund renewable energy projects or facilities using carbon sequestration.

The remaining $1 billion will fund equipment to reduce emissions from utilities that generate power using fossil fuels.

The proposed reduction in funding reflects the demand of borrowers during the last two fiscal years due to lower rates of growth in consumer electric demands and the lingering impacts of the recession.

The budget also does not request funding for the 5 percent Hardship Loans because borrowers can access other programs at a lower rate of interest.

Telecommunications Programs

Broadband deployment is increasingly seen as providing a path towards increased regional economic development and, in the long term, creating jobs. From our long history of working with companies in rural America and providing capital for broadband infrastructure, we know that many rural areas, due to factors such as low population density and high cost associated with difficult terrain, cannot attract the investment required for a sustainable broadband operation.

To meet the goal of increasing economic opportunity in rural America, RUS programs finances rural telecommunications infrastructure. RUS telecommunications programs, with a combined loan portfolio of $4.6 billion, help deliver affordable, reliable advanced telecommunications services to rural communities—services comparable to that in urban and suburban areas of the United States. The National Broadband Plan in 2010 estimated that $24 billion of further Federal investment is necessary to bring all of rural America up to an adequate level of broadband service. RUS will continue to play a major role in closing the urban rural digital divide.

RUS has focused on funding broadband through the traditional telecommunications program, the broadband program and and the American Recovery and Reinvestment Act of 2009, which awarded over $3.4 billion in funding for broadband projects and has helped extend broadband access in rural areas. As a result of the Recovery Act program, over 43,197 miles of fiber and 562 wireless access points have been deployed to serve over 99,424 households, 6,358 businesses, and 640 libraries, educational, healthcare and public service providers across rural

America. In addition, since 2009, the traditional infrastructure program has provided new or improved service for 658,000 rural subscribers.

The 2014 budget for the Telecommunications programs provides for $690 million in traditional telecommunications infrastructure loans to finance broadband projects for rural telephone service providers and $63 million through the broadband program authorized under the Farm Bill to fund broadband in rural areas.

The Community Connect program has provided grants to rural communities completely lacking in broadband service, and without the resources to fund access to high-speed internet. The budget requests $10.4 million to fund these projects.

The Distance Learning and Telemedicine program provides funds to expand access to educational and health care services in rural areas. The budget requests $24.95 million for this program. Rural areas often lack access to adequate educational and health care services, and the use of technology can deliver advanced placement classes to high school students, and expand the quality of health care though telemedicine projects.

Water and Environmental Programs

RUS Water and Environmental programs provide the most elemental of needs—access to clean, safe water for rural communities of 10,000 or less in population.

Since 2009 USDA, RUS Water and Environmental Programs has invested more than $8 billion in new and improved infrastructure that will benefit 4.5 million households and businesses and 12.7 million rural residents. The majority of the funds provided—nearly 70 percent—were loans. The program provides much needed financing to many rural communities, including the smallest and most economically challenged areas that often lack access to commercial credit. In fact, applicants must demonstrate that they cannot obtain financing from commercial lenders or investors to participate in the program. In FY 2012, approximately 80 percent of the projects funded proposed to serve rural populations of 5,000 or less. Approximately half of all projects funded in 2012 will serve communities of less than 1,000 people.

During FY 2012, RUS water programs invested over $1.4 billion in 845 water and wastewater projects in rural areas nationwide that will benefit nearly 2.5 billion rural residents. RUS also continued the build-out of our Recovery Act projects. Over 395 projects are completed, and nearly all of the remaining projects are under construction, under contract, or are soliciting bids. Many of the 357 projects that are in active construction will be completed this year.

In addition, RUS funded over $38.5 million in technical assistance and training activities that resulted in circuit riders completing nearly 100,000 technical assistance calls, training for thousands of rural water board members and system operators, and new tools and guides to assist rural water operations.

For FY 2014, the proposed budget for RUS water and waste water loan and grant programs is $1.5 billion, and includes $1.2 billion in loan and $300 million in grant funds. Of that amount, $36 million is requested for targeted funding, such as projects for Alaskan Natives, Native Americans, Hawaiian Homelands and Colonias. The budget also requests approximately $16 million in circuit rider and technical assistance and training grant funds.

Business Process Review and Program Streamlining

RUS programs have been in operation for more than 77 years. During this time, RUS has experienced large increases in program level while continually absorbing staff reductions through attrition. The RUS' growing portfolio includes direct and guaranteed loans and grants. These programs are administered in the field and in Washington, DC. Our staffing levels continue to decline while program levels have increased during the past five years. RUS programs are under a full effort to modernize and streamline its operations and program delivery.

As a result of these challenges, the RUS Electric and the Telecommunication programs have embarked on a business process re-engineering that will include a reorganization of the staff. Significant efforts for operation streamlining have also taken place in the Water and Environmental Programs that are primarily delivered through our State Rural Development Offices. Business process re-engineering is a primary operational goal of all RUS programs. This effort will ensure efficient program delivery, provide investments in staff development, and institutionalize a forum and process for continual process improvement.

As we consider the best way to position limited resources to serve the complex needs of rural areas, we are confident that RUS will successfully implement the programs needed for a thriving rural America. The budget proposal includes targeted investments to support long-term job creation and renewed economic expansion, while taking current economic realities into account.

RUS programs help fund reliable electric power, essential broadband service and clean safe water to help rural communities continue to grow and prosper, and contribute to a stronger economy nationwide.

Along with my colleagues from RBS and RHS, I appreciate the opportunity to testify before the Committee on how USDA Rural Development works to support American competitiveness and growth. I am happy to answer your questions at this time.

John Charles Padalino
Acting Administrator
Rural Utilities Service

John Charles Padalino was named Acting Administrator of the Department of Agriculture's Rural Utilities Service (RUS), a Rural Development agency, September 17, 2012. Mr. Padalino's appointment follows his role as acting administrator for USDA Rural Development's Rural Business-Cooperative Service (RBS). Before coming to RBS, John served as the Acting Principal Deputy General Counsel for the Office of General Counsel and as Chief of Staff for USDA Rural Development Under Secretary Dallas Tonsager.

Mr. Padalino holds a Bachelor of Arts degree from the University of Texas at Austin and a law degree from Rutgers School of Law. In his professional career, John practiced law in El Paso, Texas, where he represented rural water districts, litigated complex commercial cases, and briefed cases before the appellate courts of Texas and the United States Courts of Appeal. Prior to becoming a lawyer, Mr. Padalino worked in the water and wastewater industry.

RUS, the successor to the Rural Electrification Administration, has funded rural electric cooperative utilities since its creation May 11, 1935. Currently, RUS has over $60 billion in assets under management to finance electric, telecommunications and water and wastewater utilities serving rural areas nationwide.

RURAL BUSINESS-COOPERATIVE SERVICE

Statement of Lillian Salerno, Acting Administrator
Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Chairman Aderholt, Ranking Member Farr, and Members of the Subcommittee, thank you for the opportunity to discuss the Administration's Fiscal Year (FY) 2014 Budget for the U.S. Department of Agriculture's (USDA) Rural Business-Cooperative Service (RBS).

As our Nation continues to face challenging economic times, RBS programs and services, in partnership with other public and private sector funding, is at the forefront of improving the lives of rural America. Our programs not only promote rural business employment opportunities, they close the opportunity gaps between rural and urban areas. In fiscal year (FY) 2012, RBS successfully delivered approximately $1.74 billion in funding to rural America that helped 13,000 businesses create or save about 53,000 jobs; $1.053 billion in loan guarantees through our Business and Industry Guaranteed Loan Program, $95.7 million in Specialty Programs Division loans and grants, $537.6 million in Energy Division loans, grants, and direct payments, and $51.5 million in Cooperative Program grants. Our path forward is to focus on our ability to efficiently and responsibly provide government services that meet the needs of our constituents.

The Administration's FY 2014 budget request builds on our previous successes. The $880 million in program level to support direct and guaranteed loans and grants will assist thousands of businesses and create or save over 48,000 jobs. At the same time that we seek opportunities to target and leverage resources for the greatest impact, RBS is continually examining our operations and looking for opportunities to create efficiencies, which are described later in this testimony.

Administration Priorities

As outlined in Secretary Vilsack's testimony on April 16th, USDA will continue our leadership role for the economic development of our Nation's rural communities as well as creating new market opportunities for biofuels and clean energy and developing local and regional food systems. In support of the Administration's priorities, RBS remains committed to revitalizing rural communities by expanding economic opportunities, creating jobs, expanding markets for existing rural businesses, and helping develop the next generation of farmers and ranchers.

Capital Markets

Affordable, available, and reliable capital is the lifeblood of economic development, and rural Americans must have improved access to financing – particularly long-term equity and venture capital – in order to thrive economically. RBS administers several loan, guaranteed loan, and grant programs that attract investment capital, such as the Business and Industry (B&I) Guarantee Loan program. In FY 2013, RBS began an initiative to aggressively pursue increasing access to capital in rural America through a "multi-pronged" approach. For example, RBS is engaging its intermediary partners in a series of meetings in each State looking for opportunities to improve the rate at which funds in revolving loan funds established under the Intermediary Relending Program can be reloaned.

In addition, we will be working with other Federal agencies to leverage our resourees, including the establishment of project finance teams to identify larger scale projects (i.e., those of $50 million or more) where RBS program funds alone may be insufficient for such projects to succeed. RBS efforts to increase rural access to capital will build on our current partnerships with other Federal agencies and offices, including the Department of Energy (DOE) and the Small Business Administration (SBA). For example, we are partnering with DOE on several advanced biorefinery guaranteed loans and are working actively with SBA to bring private equity and venture capital investors together with start-up rural businesses through various stakeholder outreach and training events at the state and local level.

Local Foods

Consumer demand for local and regional food is one of the strongest food trends in decades. USDA and RBS are working to build on this trend. We want to facilitate consumer interest in reconnecting with American agriculture and bridging the rural-urban divide. RBS has sought to identify projects that, while located in rural areas, can still be used to support needs in urban and suburban areas. For example, we can help link a rural produce marketing cooperative with an urban food retailer or market where there is a lack of affordable fresh produce.

In FY 2012, RBS obligated approximately $36.9 million to projects that support local and regional food systems. Through programs, such as the Value Added Producer Grant (VAPG) and the B&I Guaranteed Loan, RBS has been able to assist rural communities and entrepreneurs improve their economies through developing and marketing of value added products, establishing farmers markets and food hubs, assisting in the development of a food co-op, and providing training and technical assistance on an array of problems and opportunities relating to the production, marketing and distribution of local and regionally produced products.

Bioeconomy

Secretary Vilsack is committed to unleashing the full potential of the biobased economy, which will bring jobs to and improve the economy of rural America. RBS is equally committed to growing the bioeconomy in rural areas, supporting both larger scale projects, such as a facility in Louisiana producing a biochemical from renewable biomass, and smaller scale projects, such as a feasibility study for producing biogas electric generation from hybrid forage sorghum. Between FY 2009 and FY 2012, our Rural Energy for America Program (REAP) funded 179 biomass projects, totaling over $95 million in grants and loan guarantees and our Biorefinery Assistance Program currently has 9 conditional commitments totaling over $700 million.

Rural Business Programs

In the face of significant challenges, RBS continues to make progress to help rural communities prosper by providing vital funding for loans and grants in rural America that would otherwise not be available. We maintain our vigilance in providing the best service or rural communities.

Guaranteed Business and Industry Loans (B&I)

Businesses in rural communities must have capital in order to create and maintain jobs. The Administration's budget requests $52 million in budget authority to support $740.7 million in loan guarantees for our B&I guaranteed loan program. We estimate that the proposed level of funding will assist 403 businesses in creating or saving over 15,000 jobs in FY 2014. In FY 2012, we obligated 401 loans totaling over $1 billion, resulting in creating or saving an estimated 21,750 jobs.

As an example, Skana Aluminum Company planned to purchase and reopen an aluminum cookware manufacturing facility. The facility, located in Manitowoc, Wisconsin, had closed several times since 2002. The company received a B&I guarantee on a $10 million loan from Community Bank & Trust of Sheboygan, Wisconsin, to purchase the plant and buy equipment. Skana Aluminum Company now employs 106 full-time workers, casts over 18 million pounds of aluminum, and ships products to more than 40 customers.

As another example, demand for petroleum and natural gas make wood pellets the fuel of choice in most European countries. However, Europe cannot produce enough wood pellets to meet its energy needs. The owners of SEGA Biofuels, a wood pellet manufacturer located in Nahunta, Georgia, used this opportunity to convert a manufacturing facility to one that could produce wood pellets for export to the European Union. USDA Rural Development provided SEGA Biofuels with an $8.37 million B&I guaranteed loan and a $1.3 million Rural Energy for America Program guaranteed loan, which allowed the company to purchase land, building, equipment, and provide working capital. SEGA secured a contract to supply wood pellets to

Europe. The company will retain the existing plant management team and most of the production staff, which will create 35 jobs in the biofuels industry.

Intermediary Relending Program (IRP)

The Administration's budget requests approximately $4.1 million in budget authority to support $18.9 million in loans to intermediaries. We estimate that the proposed level of funding will assist 642 businesses in creating or saving over 14,000 jobs over the life of these revolving funds. In FY 2012, IRP made 61 loans, totaling over $17 million. Two recent examples are: (1) a $158,000 IRP loan to Minority Economic Development Initiative of Western Kentucky, Inc., located in Hopkinsville, Kentucky, to establish a revolving loan fund to assist in financing startup and existing businesses in and around Christian County, a persistent poverty high unemployment area.; and (2) a $400,000 IRP loan to Community Resource Group, Fayetteville, AR, which will in turn loan these funds and $100,000 matching funds to provide low-interest loans to rural water and wastewater facilities, small businesses, and other community projects for small capital improvements and energy efficiency improvements.

Rural Economic Development Loan and Grant Program (REDL/G)

The Administration's budget requests approximately $33 million in loan program level and $10 million in grants. The REDLG program provides funding to rural projects through local utility organizations. The loan portion of REDLG provides zero interest loans to local utilities, which they, in turn, pass through to local businesses (ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipients repay the lending utility directly, who in turn repays the Agency. The grant portion of REDLG provides grants to local utility organizations to establish revolving loan programs. Loans are then made from the revolving loan fund to projects that will create or retain rural jobs. In FY 2012, REDLG made 65 loans, totaling approximately $41 million, and 36 grants, totaling over $9 million.

One example is a $300,000 grant Clarke Washington EMC, Jackson, Alabama. Clarke Washington EMC used the grant funds along with their contribution of $133,564 to capitalize a revolving loan fund. The initial use of the revolving loan fund was a loan in the amount of $433,564 to Washington County Hospital Association, Inc. for renovating an operating room and purchasing a CR scanner. The project created 8 jobs at the hospital.

Rural Microentrepreneur Assistance Program (RMAP)

The Administration's budget requests $1.4 million in budget authority to support $22.4 million in loans for this program. RBS estimates that the proposed level of funding will create or save over 1,000 jobs. RMAP, which was authorized in the 2008 Farm Bill, provides capital access, business- based training, and technical assistance to the smallest of small businesses -- businesses of less than 10 people. Even as a relatively new program, RMAP is already showing results. Since 2010, 75 Microdevelopment Organizations have closed 640 microloans totaling $17.2 million assisting microenterprises create or save over 2,300 jobs. For instance, in 2011, California FarmLink received a $500,000 RMAP loan to capitalize a Rural Microloan Revolving Fund and $105,000 technical assistance grant to provide technical assistance and training to rural microentrepreneurs and microenterprises. California FarmLink has made 26 microloans to 9 businesses and microenterprises totaling $331,000, assisting in creating or saving over 90 jobs. One example of their microloan recipients is a $10,000 operating loan to a floral business owner to help her with a floral business. In 2012, she generated approximately $48,000 in sales and fully repaid the loan on time.

Energy Programs

As the President stated in his State of the Union address this year, "After years of talking about it, we are finally poised to control our own energy future. We have doubled the distance our cars will go on a gallon of gas, and the amount of renewable energy we generate from sources like wind and solar – with tens of thousands of good, American jobs to show for it." The President continues to encourage an "all of the above" strategy that taps into all types of energy resources. RBS continues to be a leader in promoting the creation and expansion of renewable energy projects and jobs in rural areas.

RBS currently administers programs specific to energy that promote a cleaner and more sustainable energy future through investments in advanced biofuels, renewable energy, and energy efficiency. Since 2009, these programs have invested over $1 billion in biorefineries, renewable energy, and energy efficiency systems through grants, loan guarantees, and assistance payments. The budget will support renewable energy systems and energy efficiency improvement projects funded through the Rural Energy for America Program. Renewable energy projects are also eligible for funding through our B&I Guaranteed Loan, Value-Added Producer Grant, and Rural Economic Development Loan and Grant programs.

Rural Energy for America Program (REAP)

The Rural Energy for America Program is the agency's most successful and competitive renewable energy program. The budget requests $19.7 million to support a program level of $52.4 million for this program, which will generate/save 2,234 million kilowatt hours of renewable energy. In FY 2012, REAP awarded over $21 million in grants and over $14 million in loan guarantees to fund 872 projects in all 50 States and most territories for renewable energy systems, energy efficiency improvements, feasibility studies, energy audits, and renewable energy development assistance. Two recent example projects are: (1) a $20,000 REAP grant to Whitaker's Food Stores, a family-owned business located in Mayking, Kentucky, for the replacement of the store's outdated lighting system and inefficient refrigeration and freezer equipment with energy-efficient systems that helps the company reduce energy consumption by 564,671 kWh each year, which amounts to a 63-percent energy savings; and (2) a $410,000 REAP loan guarantee and a $203,000 REAP grant to Lyall Enterprises, Inc., of Pauma Valley, California, for the purchase and installation of a 106.8 KW-AC solar energy system, which produces approximately 220,000 kWh, sufficient to provide the annual electricity needs of the ranch's 9 irrigation pumps.

Earlier this month, RBS published a proposed rule for REAP that will, among other changes, simplify the application process, especially for those applicants with projects whose total project costs are $80,000 or less. For example, when compared to the current rule, the application burden for a project whose total project costs is $80,000 or less under the proposed rule is estimated to be reduced by approximately 50 percent. Under the proposed rule, the RBS estimates that the amount of resources to process and administer all REAP applications and awards compared to the current rule will be significantly reduced. The new application process and the other changes being proposed illustrate our commitment to improving the efficiency of our programs and reducing burden to both the public and the government.

Rural Cooperative Programs

An important business model and the cornerstone for business development in some rural communities, cooperatives provide rural residents with job opportunities, enhanced educational and healthcare services, and products that enable them to compete with their urban and suburban counterparts. Opportunities are created locally and revenues are maintained and re-circulated locally.

Value-Added Producer Grant Program (VAPG)

The Administration's budget requests $15 million in funding for this program assisting 116 businesses. This level of funding allows RBS to maintain this important program, which encourages producers to refine or enhance their products, increasing their value and their returns to producers. In FY 2012, VAPG made 309 awards for approximately $40.4 million in 44 States and Puerto Rico. Since FY 2009, RBS has made 495 awards for over $60 million to support value added businesses across the country. The successes of VAPG are seen throughout the United Sates. For example, Cumberland Farmer's Market in Sewanee, Tennessee, received a $43,276 VAPG in 2012 for expanding their existing operation of aggregation and distribution of local food for retail sales into the wholesale market by developing a regional food hub. The food hub provides small and medium sized family farms with the aggregation and distribution services necessary to sell local agricultural products to area businesses and institutions. Some of the funds have been used to develop their website as well as create a logo, which can be seen in the attached photo painted on the side of one of their trucks. Farmers are able to market their goods to local businesses, such as Julia's Fine Foods and Mooney's Market Emporium, as well as to local universities, such as Sewanee, the University of the South.

Creating Efficiencies by Streamlining Programs and Operations

In May of last year, the President issued a memo to agencies through the Office of Management and Budget calling for increased use of evidence and evaluation in the 2014 budget. Since that time, USDA has worked to identify key areas where a stronger emphasis on evidence and evaluation would improve their effectiveness. Where evidence is strong about what works or doesn't work, we've applied it to our budget decisions. For example, the budget includes $55 million for a new evidenced based business grant program that will replace seven existing programs and allow RBS to target funding on what works best to create jobs and foster growth. One of the challenges we face in rural America is assessing economic impact because the communities and the grant dollars are small. The goal here is to move the dial in a measurable way. That's why the budget increases funding by 22 percent over the pre-sequester funding level for 2013 and awards funding to grantees that meet or exceed minimum performance targets, and that agree to be tracked against those performance targets. The proposed $55 million is anticipated to assist in creating/saving 13,903 jobs.

This new grant program consolidates several existing Rural Development grant programs including: the Rural Business Enterprise Grant, Rural Business Opportunity Grant, Rural Cooperative Development Grant, Small and Socially Disadvantaged Producer Grant programs, RMAP grants, and Rural Community Development Initiative grants. In creating this new grant program, RBS will streamline existing grant processes and programs, which will improve both efficiency and effectiveness, to better serve the agency's mission to ensure that rural communities are self-sustaining, repopulating, and thriving economically. In addition, this program will use an evidence based model in awarding funding where grantees must meet minimum performance targets that encourage private sector growth. Once in place, the new grant program will assist a wide range of recipients, including economic development organizations, business and community intermediaries, cooperatives, associations of cooperatives, universities, and tribes.

Over the last few years, the national office implemented an administrative structure that enhances the national office's ability to provide direction and oversight to our State offices. The new structure consists of ten regions, two regional coordinators, and ten RBS team leaders who provide guidance to the State RBS program directors in their regions. This structure enables RBS to save on travel and training expenses while ensuring consistent communication and learning. For example, national office staff work with the regional coordinators to train team leaders who then provide guidance and direction to the program directors in their region. This approach improves communication across the agency, resulting in greater consistency in program delivery by providing a network for sharing institutional knowledge, best practices, and solutions to common challenges. Ultimately, this structure has enabled the national office to more effectively administer RBS programs, while adjusting to new human capital realities as more senior staff leave and we prepare our next leaders.

Conclusion

Thank you for your time, Mr. Chairman and members of the Subcommittee. The Rural Business-Cooperative Service is committed to promoting economic prosperity in rural communities through improved access to capital and economic development on a regional scale. RBS will continue to achieve this important mission while implementing operational efficiencies that result in successful outcomes for our programs and the people we serve. With your help, we will continue working to bridge the opportunity gap between rural and urban areas. I am available to provide any additional information as requested.

Lillian Salerno Biography
Acting Administrator: Rural Business-Cooperative Services

On September 14, 2012, Lillian Salerno became the Acting Administrator for the Rural Business-Cooperative Services (RBCS) agency of the U.S. Department of Agriculture's Rural Development mission area. In this capacity, Ms. Salerno works to promote job growth in rural America through several grants and loans programs to help entrepreneurs and small business owners create jobs. She also oversees the USDA's bio-energy portfolio, which helps spur groundbreaking technology in biomass facilities, and encourages the commercialization of bio-fuel products for domestic renewable energy.

Additionally, Ms. Salerno serves on the White House National Economic Council's "Investing in Manufacturing Communities" initiative to promote capacity building in U.S. manufacturing.

The focus of Lillian Salerno's career has been promoting and empowering populations through government initiatives and entrepreneurship. As a former business owner in rural Texas, Lillian understands what is like to start a business from the ground up. She has played the role of applicant, community leader, and international activist; and through these experiences she has gained strong compassion for those working to promote economic growth and prosperity for others. She has made it her mission to support innovative entrepreneurship in rural communities across the country.

Ms. Salerno holds a B.A. in Latin American Studies from the University of Texas at Austin, an M.A. in Sociology from the University of North Texas, and a J.D. from Southern Methodist University.

SEQUESTRATION IMPLEMENTATION

Mr. ADERHOLT. We will go ahead and start with the questions. I mentioned when you do speak, just pull the microphone up to you just to make sure we get that recorded.

In the first few months of this year, we have heard Secretary Vilsack repeatedly say that sequestration would require USDA to furlough the meat inspectors. You state that because of sequester, Rural Development will not be able to provide rental assistance to some 15,000 individuals late in the summer. We have never heard about this until sequestration took effect. Your testimony also states that there may be a need to furlough Rural Development employees unless other means can be found to address the funding situation.

Yesterday it is my understanding this Subcommittee received the Department's interchange request to remedy this. It is surprising that USDA proposes further cuts to the Single Family Direct Loan Program given the significant reduction in the budget request. We will be reviewing the request.

The question is how is USDA going to manage the reduction in funding for the rental assistance program?

Mr. O'BRIEN. Thank you, Mr. Chairman, for that question, and thank you for raising the fact that the Secretary sent his notice of intention to interchange yesterday.

To your question on rental assistance, what we have already done is sent a letter to each of the owners of multi-family properties that have a rental assistance contract to give them notice of the situation we find ourselves in this year.

As I mentioned in the testimony, what we have done in the last weeks and months is work very closely with our Office of General Counsel to determine what servicing options we have to minimize the negative impact on the tenants from the reduction in the rental assistance number. This could include, and it will be a case-by-case situation depending on the particular property, but this could include things such as deferring loan payments; it could include things such as asking the property owner to utilize their reserve to make sure that they can meet their operating costs. And at the end of the day our hope is to significantly minimize or eliminate that negative impact this year on those tenants.

STAFFING LEVELS

Mr. ADERHOLT. In the Inspector General's 2012 report on USDA's management challenges, it expresses concern with the Rural Development staffing situation. The report also encouraged Rural Development to strategize about its future and begin a succession plan because it will need to service and monitor its $184 billion portfolio even though staff levels are likely to remain level or decrease.

What is Rural Development doing in response to the Inspector General's report?

Mr. O'BRIEN. Thank you for that question, Mr. Chairman. We have taken a number of measures in the past year. To speak directly to the budget proposal on the table today, crucial to that number is the salaries and expense line. That is the line that, of course, funds the people that service the portfolio as well as provides us the opportunity to invest in modern technology that will allow us to analyze and manage that growing portfolio.

We have, in particular, Under Secretary Tonsager has made a priority of investing in our Centralized Service center in St. Louis, which is really the back office that services most of our portfolio, and in particular, our housing portfolio where the greatest part of our growth is.

Mr. ADERHOLT. Has Rural Development begun a succession plan and strategic workforce planning?

Mr. O'BRIEN. We have a plan to deal with the growing portfolio. Administrator Trevino has worked with her senior staff, in particular, those folks in St. Louis, as well as her deputy administrator here to have a multi-year plan on how to deal with the growing portfolio. We have also worked to, for instance, in the Rural Business and Cooperative Service, we have in the last 2 years reorganized the way that we staff that program. We have, in essence, been able to regionalize the leadership of the rural business programs so that we can continue to deliver that program with less people.

Mr. ADERHOLT. Is Rural Development working with outside human resources and management experts and gathering input from stakeholders and customers on its future?

Mr. O'BRIEN. We are. We have, of course, robust conversations with our stakeholders on the current state of the programs on sort of a continuing basis. We did just recently, I think early in fiscal year 2012, we asked a number of experts, actually within USDA, but not within Rural Development, folks who are black belts in Six Sigma, to spend some time in a number of our components and again, in particular, in the Centralized Service Center, to provide us some recommendations on a path forward to make sure that we sustain and protect the portfolio.

Mr. ADERHOLT. Thank you. Mr. Farr.

CYBERSECURITY

Mr. FARR. I am not sure I understand that answer. Does this have to do with cybersecurity?

Mr. O'BRIEN. It does have to do with cybersecurity.

Mr. FARR. Tell me why we have to spend money in USDA for cybersecurity? That ought to be more of our other departments.

Mr. O'BRIEN. Well, I think, our focus is protecting the portfolio, which, as mentioned, is growing. It is $184 billion right now, we predict it will be $200 billion next year. Much of the information, the data and access to particular accounts depends on the cyber network.

Mr. FARR. So what do you have to do? Is that a line item that you can show in here how much money is going? What do you have to do, buy new equipment?

Mr. O'BRIEN. Most of our investment in modernizing our information technology is in the program called the Comprehensive Loan Program, and it involves—and we would be very happy to work with you——

Mr. FARR. It sure takes the focus away from what we were talking about yesterday in my office about trying to concentrate on the poorest area of the country. They don't give a damn about cybersecurity. They don't even understand what the word means. Most people in Washington don't either.

Mr. O'BRIEN. Right. I understand. We, as we had an opportunity to discuss yesterday, Congressman, this administration, Secretary Vilsack is committed to finding solutions in areas of concentrated poverty. In fact, through our Strike Force Initiative, through the White House Rural——

Mr. FARR. How much is the cybersecurity costing? Is that in your budget?

Mr. O'BRIEN. The Comprehensive Loan Program asks for a dedicated line of $32 million. Not all of that, in fact, it would be probably a very small amount of that, would be cybersecurity. Most of those dollars would be investment in modernizing our information technology, which is antiquated, which, if we don't modernize, it will actually cost us many more dollars in the future.

Mr. FARR. I am sure every department has to go through that and I am somewhat sympathetic. Again, getting back to your initial presentation about trying to reach out to the poorest of poor in this country, and the poorest communities, they don't even have broadband. Here they are two unrelated jobs.

Mr. O'BRIEN. I might posit, and I understand your point and take your point, Congressman. I think part of our responsibility at Rural Development is making sure that we have a sustainable program so that we can serve areas of concentrated poverty into the future. One of the things we need to do is make sure that we protect the portfolio. If we begin to have increased delinquency rates so that the subsidy rates for our different programs begin to escalate——

Mr. FARR. But why should that in the rural poverty budget, so to speak? Why isn't that just out of the administrative costs of the Department, not in your area? Anyway, I am going to be really upset with those costs because they take away from what I think your focus is and what your administrator is here, which is to deal with rural America. Rural America wants access. They don't really care if their access gets cyber attacked because, frankly, it is pretty basic and it is not the kind of stuff that—cybersecurity is going to jam up the whole system. It is not going to be something that is going to be after some little town in—anyway.

RENTAL ASSISTANCE PROGRAM

You mention that you are increasing funding for the Rural Rental Program, but I understand you are also, the Secretary mentioned that the Rental Assistance Program will run out of money in August or September and about 15,000 people wouldn't get rental assistance who are now getting it. So why are we increasing it at the same time we are cutting it?

Mr. O'BRIEN. Thank you for that question. It is a question of the final fiscal year 2013 appropriations measure, which after the sequester and the further rescissions resulted in diminished resources so we would not be able in this fiscal year to be able to renew every one of those rental assistance contracts. The fiscal year 2014 budget is designed so that we can meet the demand in fiscal year 2014.

Mr. FARR. So if we respond to your request, because that starts October 1st, then you wouldn't have to affect these 15,000 presently receiving rental assistance?

Mr. O'BRIEN. What we plan to do and have communicated already to the stakeholders and to the owners of multi-family properties is we have some servicing options in fiscal year 2013 to deal with the shortfall.

Mr. FARR. So it is a yes or no answer?

Mr. O'BRIEN. If the question is does the fiscal year 2014 budget take care of the problem in fiscal year 2013——

Mr. FARR. Yes.

Mr. O'BRIEN. The answer is no, sir.

Mr. FARR. I yield back.

Mr. ADERHOLT. Mr. Nunnelee.

SERVICES IN MISSISSIPPI

Mr. NUNNELEE. Thank you, Mr. Chairman.

Secretary O'Brien, thank you for being here. As you know, Rural Development has been very important to my State of Mississippi. I understand you recently have been to Mississippi and taken a look firsthand. I want to thank you for your interest in doing that.

In your opening statement you did acknowledge that we are all facing challenges of increased demand for services with diminished resources, and we have all got to figure out how to deal with that, so I have got some questions as it relates to my State in that subject area.

Our State currently is without an engineer, and it is my understanding that that vacancy did not occur because of sequestration, it occurred before sequestration, but I wouldn't be surprised to learn that the decision to not immediately fill the position was driven by sequestration. You have got to figure out how to best manage and implement. But I do want to make sure that your current solution maximizes our resources and maximizes our ability to get things approved.

It is my understanding that the engineering decisions have now been moved to a different State. I don't know this to be the case, in fact, it may not be the case. But human nature may be that an individual working in-State has a stack of projects from the State where he or she is familiar with, and a stack of projects from Mississippi, and human nature may be to focus on what I am familiar with and get around to Mississippi when I have a chance.

Do we have a way of measuring projects that are being approved by the engineering office where our projects have been moved to? And are the Mississippi projects being approved in the same timely manner that their in-State projects are?

Mr. O'BRIEN. Thank you for that question. I do want to mention up front it was a great trip to Mississippi and Starkville to see what folks are doing there with the Rural Jobs Accelerator Grant in the different industries in those industry clusters. It was a very impressive trip, and I enjoyed that.

Your question on, particularly the engineer in Mississippi, you are right, Congressman, that while the sequester itself, there isn't necessarily a direct nexus, but in essence for the last 2 years, we have had a hiring freeze as we have seen our salaries and expense line reduced in the last few appropriations measures, which has caused a number of holes in staffing in the States as well as in the national office.

We have worked very hard for about the last 3 years in anticipation of reduced staffing to some degree regionalize or better coordinate among the States, so that a specialist such as an engineer, or in some other States, it might be the architect or in another State, it might be the person who deals with the information technology, can serve more than one State. We have had, I think, some good success at that.

Your question on do we have a way to measure and ensure that a State that no longer has a person in that State, we certainly are able to keep track and just those States themselves they keep track themselves. You have a fantastic State director there who ensures that her State is being served. But I think over the next year or 2, we need to refine the way we do that because we anticipate that we will need to ensure that the States continue to receive the service that they need with lower staffing numbers.

Mr. NUNNELEE. Well, if we can, I would like my office to work with your department to get some measurable results on the length of time it takes Mississippi projects to get approved, and not just the length of time it takes these in-State projects to get approved where we put a sign, but the length of time it takes neighboring States.

Thank you. Thank you, Mr. Chairman.

Mr. ADERHOLT. Mr. Bishop.

RURAL ELECTRIC PROGRAM IN THE VIRGIN ISLANDS

Mr. BISHOP. Thank you very much. Let me welcome you all to our subcommittee once again. I have a question I want to start off with, I am going to ask on behalf of one of my colleagues who does not have a vote, but does have a very, very considerable population, and that is the delegate from the Virgin Islands, Mrs. Christensen. So I would like to direct this to Mr. O'Brien and Mr. Padalino.

As you know, the U.S. Virgin Islands is currently experiencing the highest electrical rates in the Nation due to their 100 percent dependence on oil to generate electricity. Current electrical rates for the Virgin Island residents and businesses are 50.8 and 54 cents per kilowatt hour, respectively. This is compared to U.S. national average of 11 cents per kilowatt hour. The issue is viewed by Virgin Islanders as an energy crisis because it threatens the families, particularly those at the lowest incomes, and it is adversely impacting businesses and causing closures and downsizing.

It is my understanding that USDA officials have been working with the Virgin Island officials to provide assistance to alleviate the crisis through appropriate USDA programs, particularly Rural Development with the High Energy Grants Program. But while the support that has been provided to the Territory thus far has been welcomed, they are going to need a lot more focus and attention from both Rural Development and RUS.

Can you give us an update on this situation and what your activities are to date, and give me some hope that I can carry back to my colleague, Mrs. Christensen, when I see her later today?

Mr. O'BRIEN. I will ask Mr. Padalino to address that.

Mr. PADALINO. Thank you, Congressman, for that question. Last fall, I had a chance to speak with the Delegate about the situation in the Virgin Islands. And just for the education of the folks in the room, you mentioned, I think you mentioned the closure of a refinery there which has significantly contributed to the increased cost for the production, the generation of electricity on the island because as you mentioned, they rely on diesel for their generation.

The Rural Utilities Service has been engaged with the Virgin Islands Water and Power Authority in developing an application which I think will provide some short-term benefits once we have a complete application and have a chance to consider it. What it will do is it is considering some energy efficiency measures on the electric grid on the Islands, which will help the Authority maintain costs on the bottom line and hopefully will result in at least a flat line of the rates where they are, and we can continue working with the Islands. One of the measures we saw from working with the Islands is that they are considering renewable resources for the long-term. So those are a couple of the items we are working on.

One other item to note, not necessarily on electric generation, but with the Islands, we approved a broadband loan last fall which we hope will help contribute to economic development on the Islands as well.

Mr. BISHOP. Mr. O'Brien.

Mr. O'BRIEN. I think that covered it.

Mr. BISHOP. Thank you for that. I want to let you know that we want to be as responsive as we can. That just seems unbelievable to have rates that high where you have got an area where incomes are that low, and that certainly is going to and is having a tremendous impact on the quality of life there.

BROADBAND PROJECTS

Since you mentioned broadband, can I get you to give us the status of all the outstanding broadband projects in Georgia, and in particular, in my Congressional District, and let me just ask you about Esquivita, which I think received funding under the stimulus. Out of all the projects approved under the stimulus program, how many of them are completed with 100 percent of the funding completed and the expected broadband services up and running? How many are 75 percent complete? How many are 50 percent complete?

Mr. PADALINO. Thank you for that question, Congressman. Of the projects funded under the Recovery Act, 95 percent of the projects are under construction, in active construction and drawing funds on those projects. Speaking to the south Georgia project, I was in Texas last week speaking at a broadband conference and had a chance to visit with an official from the provider in south Georgia. One of the issues he mentioned was the budget amendment, and I think we have had some success in getting that through the agency, and we have been working closely with the provider on that project.

On the number of projects that are partially operational or complete, we are approaching 50 percent of the projects funded by the Recovery Act as partially operational or complete.

Mr. BISHOP. And one of the concerns that we have is, one, I think this award was made under the Recovery Act, but we are having complaints that they still don't have service up and running, and that has been a good while ago, and that continues to concern me. The other concern I have is that with our RUS, it seems that RUS continues to fund new broadband projects in areas that are already served, and I am particularly concerned with areas in rural America that are not served that don't have any broadband services. Of course, speaking with a provider just yesterday, they talk about the increase in the number of iPads that are being used and the need for more service, and it means that school children are being disadvantaged significantly.

Mr. PADALINO. Well, thank you for that, Congressman. Last fall, the FCC issued a broadband deployment report that showed that 19 million Americans lack access to sufficient broadband, broadbands at speeds of four megabytes download and one megabyte upload, and 14.5 million of those Americans were in rural America.

Depending on the financing vehicle available, the Rural Utilities Service considers a loan under a variety of loan programs that we have. Under the Broadband Loan Program authorized by the farm bill, we look at the financial feasibility of a project, and if there is one competitor out there, existing access, we do not fund that project if it is not financially feasible.

Mr. ADERHOLT. Mr. Valadao.

MUTUAL SELF-HELP HOUSING PROGRAM

Mr. VALADAO. Thank you, Mr. Chairman. Thank you, Mr. O'Brien.

The budget proposes a substantial reduction in the Self-Help Housing Program. Currently more than 100 organizations across America and 10 in California participate in the Self-Help Housing Program. These organizations support groups of 8 to 12 self-help housing families who construct each other's homes, performing approximately 65 percent of the construction labor. Through this sweat equity, homeowners can earn equity in their home, decrease costs and increase investment in their community. Despite being the poorest families in the Section 502 direct loan portfolio, self-help housing families have the lowest rates of default and delinquency.

In California, 10 self-help housing will produce some 1,800 units of affordable housing. With total development costs of $330 million creating some 5,500 jobs throughout rural California in fiscal year 2012, California received $6.67 million in self-help housing funds. Now, in fiscal year 2014, the budget proposal is to cut the program by 67 percent, from $30 million to $10 million. What is the reason for such a huge reduction versus what you have done throughout the rest of the budget?

Mr. O'BRIEN. Congressman, I appreciate that question. The Mutual Self-Help Program is one that has made a significant difference in many families in rural America. When crafting the Rural Development budget, we were able to find resources to increase some of our critical programs such as rental assistance, such as farm labor housing. At the same time, we looked at trying to balance the need to respond to the current fiscal situation that we find ourselves in. And while that is certainly a worthwhile program with the resources that we thought we needed to ask for at this time, that was a hard decision that needed to be made.

WATER AND WASTE PROGRAM

Mr. VALADAO. Then also in the Rural Water Sewer Grants, they were cut by 30 percent, and I think that is something that dramatically affects my district, especially the communities I represent. Why 30 percent in that department?

Mr. O'BRIEN. The water and wastewater grants, of course, are part of a larger package that includes loans. It happened—the way the subsidy rate was calculated for the direct loans in water this year, we were able to increase the program level significantly for those direct loans so that the final program level for our water programs are actually increased from last year.

The grant components are critical for those communities that have particular need and we understand that. And as always, we have worked with a number of partners, both Federal, State and local partners, to try and make sure to put together a viable investment strategy for a water system, and we will certainly do that into the future.

Mr. VALADAO. What is the backlog for demand for this financing and how much of that is for loans versus grants?

Mr. O'BRIEN. I will ask Administrator Padalino to see if you have those numbers?

Mr. PADALINO. The backlog in the Water and Waste Program right now is right around $3 billion. I could supplement with the breakdown of loans and grants that are being requested.

[The information follows:]

Water and Waste Program Backlog

State Name	# Projects	# Loans	Current Loan Status Amt	# Grants	Current Grant Status Amt	$ Total
Alabama	22	20	$24,066,461	18	$22,977,393	$47,043,854
Alaska	27	4	2,800,458	26	8,938,462	11,738,920
Arizona	20	12	41,721,028	17	65,014,215	106,735,243
Arkansas	39	36	33,723,974	28	14,592,918	48,316,892
California	71	54	109,863,018	51	43,496,054	153,359,072
Colorado	9	4	7,588,100	7	1,055,912	8,644,012
Connecticut	2	2	4,724,825	2	2,384,275	7,109,100
Delaware	5	5	1,513,050	5	939,350	2,452,400
Florida	16	15	68,564,924	16	35,351,340	103,916,264
Georgia	17	13	49,848,886	16	22,151,882	72,000,768
Hawaii	5	4	10,959,725	5	14,792,529	25,752,254
Idaho	14	7	9,421,000	13	4,379,700	13,800,700
Illinois	29	28	48,654,725	18	12,793,500	61,448,225
Indiana	25	22	53,017,847	21	37,568,153	90,586,000
Iowa	22	19	27,761,344	15	12,069,641	39,830,985
Kansas	12	11	11,506,658	8	7,873,300	19,379,958
Kentucky	32	29	54,129,268	32	21,982,849	76,112,117
Louisiana	24	24	72,418,701	18	24,245,433	96,664,134
Maine	19	11	25,694,000	19	16,007,124	41,701,124
Maryland	7	6	23,610,565	6	8,476,445	32,087,010
Massachusetts	12	8	22,565,750	12	8,958,007	31,523,757
Michigan	25	19	59,733,250	17	14,454,840	74,188,090
Micronesia	1	1	830,000	1	830,000	1,660,000
Minnesota	56	48	117,088,027	49	83,030,263	200,118,290
Mississippi	9	9	8,326,136	7	3,475,379	11,801,515
Missouori	37	30	45,044,475	29	13,718,666	58,763,141
Montana	20	18	51,842,326	20	22,799,238	74,641,564
Nebraska	13	13	17,350,272	11	6,010,557	23,360,829
Nevada	3	3	12,714,499	3	4,238,166	16,952,665
New Hampshire	5	3	7,690,000	5	4,793,093	12,483,093
New Jersey	7	6	7,603,520	5	1,603,972	9,207,492
New Mexico	23	14	57,796,678	20	14,653,683	72,450,361
New York	71	56	124,634,100	58	29,867,450	154,501,550
Carolina	32	29	119,387,512	21	27,233,525	146,621,037
Noth Dakota	14	9	15,921,860	13	10,114,103	26,035,963
Ohio	13	10	25,127,547	12	6,791,435	31,918,982
Oklahoma	25	22	69,002,437	22	27,554,771	96,557,208
Oregon	21	18	26,603,081	19	13,989,898	40,592,979
Pennsylvania	47	41	163,812,134	41	123,532,097	287,344,231
Puerto Rico	1	0	0	1	59,000	59,000
Rhode Island	3	2	1,297,725	3	857,575	2,155,300
Carolina	31	29	145,494,040	28	70,736,684	216,230,724
Southe Dakota	20	15	239,164,760	15	8,977,445	248,142,205
Tennessee	27	21	36,806,425	25	11,580,042	48,386,467
Texas	78	67	177,105,182	63	97,345,413	274,450,595
Utah	4	3	5,083,387	3	4,447,385	9,530,772
Vermont	2	2	15,935,000	1	3,165,000	19,100,000
Islands	1	1	2,000,000	1	104,478	2,104,478
Virginia	14	14	23,374,000	9	14,974,610	38,348,610
Washington	20	19	26,563,071	9	3,018,944	29,582,015
West Virginia	31	24	39,948,485	26	31,437,143	71,385,628
Wisconsin	9	7	20,658,380	6	5,978,334	26,636,714
Wyoming	10	6	7,145,488	10	3,228,565	10,374,053
Total	1,102	893	2,375,238,104	906	1,050,650,236	3,425,888,340

Mr. VALADAO. Thank you.

WATER & WASTE BACKLOG

Mr. FARR. $3 billion in backlog——

Mr. PADALINO. That is—the loans being sought in the pipeline are $3 billion. For this fiscal year, between loans and grants, we have available in fiscal year 2013 a little over $1 billion.

Mr. O'BRIEN. And the fiscal year 2014 budget request, about $1.5 billion program level.

Mr. ADERHOLT. Mrs. Pingree.

VALUE-ADDED PROGRAM REQUEST

Ms. PINGREE. Thank you, Mr. Chair. Thank you very much. Nice to have you here, Mr. O'Brien. Thank you for being here.

I want to talk about a program that I care deeply about and that I hear a lot about in my State, and that is Value Added Producer Grants. Last week when Mr. Avalos was here, we had the opportunity to talk about increased funds that the AMS plans to invest in local and regional food systems. I am a particular proponent of those, but I think that we are seeing great interest around the country. They provide rural employment, they generate income, they are good for economic growth. Rural communities have the most to gain from improving our food systems and rebuilding our infrastructure, it is about a $5 billion industry, so I don't think I have to tell you that there is great opportunities there, great need and huge interests.

So I was very encouraged to see the AMS budget for the food system work. I was disappointed to see the Rural Development budget for Value Added Producer Grants. If AMS is going to start working on evaluating solutions to the most common aggregations and distributions, shouldn't Rural Development also be working on the holes to the supply chain? I am glad we are figuring out what is wrong, but we already know there is a lot of challenges out there, and we need the money to fix it.

So the $15 million for Value Added Producer Grants this year is level funding from fiscal year 2013. I know that it is a substantial decrease from previous years as it has been cut 32 percent since 2010. So you can see, I would like to see more money. I know this is a tough day because we are talking about all the places that we have to cut, but I just think there is great potential here. That is a very small amount of money. So can we talk a little bit about the opportunities or prospects for the future?

Mr. O'BRIEN. Certainly. And thank you, Congresswoman, for raising the opportunities in local and regional food systems, economic opportunities in rural places. You certainly heard—Secretary Vilsack spoke about those opportunities last week, and he has made it absolutely one of his priorities as one of the pillars for the rural economy.

We have, and in fact, Administrator Salerno and I spent time with Secretary Vilsack just last week talking about how to utilize the Value Added Producer Grant to ensure that it supports that unmet need in the infrastructure, the local and regional food infrastructure, which many folks now have identified as really the critical component to make sure that farmers and consumers can really realize the opportunities here.

Of course, beyond Value Added Producer Grants, essentially every one of the programs within the Rural Business Cooperative Service can support local and regional food systems, whether it is the Business and Industry Guaranteed Loan Program or the different grant programs, the Technical Assistance Programs or the Proposed Rural Business and Cooperative Grant Program that we have.

It is a focus—we work very closely with AMS. Just last—in fact, I think every day this week I had a meeting with AMS folks, their Deputy Under Secretary with stakeholders about local and regional food systems. And as you know, we work across not only the agency, but we work with other components of the Federal Government to make sure that they understand the opportunities and how they can fill those holes and complete that puzzle.

Ms. PINGREE. So just given the dollar value, is there an argument for having such a low dollar amount when it used to be quite a bit higher and now we are seeing even greater need?

Mr. O'BRIEN. Again, I think the Value Added Producer Grant Program over the years has shown some great success for groups of farmers and individual farmers. I think that the main rationale is simply the fiscal situation that we find ourselves in, and the difficult choices that needed to be made. We do believe that the number that we presented, it is the right balance of supporting those farmers and helping them gain that opportunity.

Ms. PINGREE. So just to emphasize, I thoroughly understand at every level we are dealing with cuts, and I have many other places where I am going to complain about the cuts as well and the effect on my rural communities and just Maine in general, but I would say I hope in the future this gets consideration for an increased amount of support because I do think there are huge opportunities here in rural communities. It is probably the thing that people talk to me about the most, is distribution aggregation systems.

In my State, where there is increasing number of people getting re-engaged in farming after a long decline in the opposite direction, we really want to make sure there are market opportunities for them and that we can capitalize on this great chance for rural growth which we haven't seen in a long time. Thank you.

Thank you, Mr. Chair.

Mr. ADERHOLT. Mr. Yoder.

RURAL ELECTRIC PROGRAM

Mr. YODER. Thank you, Mr. Chairman. Thanks for coming to the committee today. I wanted to ask a question I guess of Mr. Padalino regarding rural electric loans.

I note in the President's budget recommendation, the Rural Utilities Service could make up to $4 billion in electric loans. One thing that concerns me, though, in the budget is that the request has very specific language about how those loans could be used. It states that up to $1 billion could be used for environmental upgrades at existing generating plants, and at least $3 billion would be available for generation in conjunction with renewables or for carbon sequestration.

So I am from Kansas. Electric co-ops there are asking me how they will finance the improvements needed that are not in these very narrow categories, things like distribution lines and wires, upgrades needed for reliability, technology improvements, stand alone natural gas generation.

Historically these have been fairly routine activities for the Rural Utilities Service to finance, but the budget that is being presented seems to exclude them entirely. Why is that so? And how do we handle those expenditures?

Mr. PADALINO. Thank you for the question, Congressman. In fiscal year 2012 with a program level of about $6.5 billion in loans, we did $4.6 billion in loans. So this year's request for fiscal year 2014, the President's request reflects a lower program level because over the past 2 fiscal years, we have seen lower demand. I just wanted to get that out there to explain the reduction there. It is reflecting the demand that is out in the market right now.

In the President's request, as you noted, $1 billion is available for environmental upgrades to existing fossil fuel generation facilities. As comparison, in fiscal year 2012, loans made were right about $1 billion for environmental upgrades for fossil fuel generation facilities. So the same level would be available if this request is responded to as put in writing in fiscal year 2014 as what we did last year.

On the other $3 billion, the request, the language that you mentioned reflects the President's focus on renewable energy, on expanding the diversity of generation facilities. We have seen great strides out there between wind, solar and other renewable energies. In fiscal year 2012, we did four renewable projects. Three of those are woody biomass renewables that are providing electricity—that will provide electricity across the country, and we hope to do more with that in the language in the President's request.

Mr. YODER. What do we do about the other needs that are out there with Rural Utilities Service? Is the administration open to, or can we work together to find additional flexibility in this language so that we could expand the uses, as opposed to reducing the potential and the opportunities? I think one of the reasons you may see a lower demand is because you are shrinking the uses that are available. Is that something that the administration is opening to expanding? Why do we have to have it so specific? Why couldn't we allow it to be a factor but not allow other categories to be supported as well?

Mr. PADALINO. Thank you for that. I think the first way we can engage in a collaborative way is to talk with other financing entities that are out there. You mentioned the rural electric cooperatives, and they own a financing entity that is engaged in addition to the Rural Utilities Service. And the Rural Utilities Service with the National Rural Utility Cooperative Finance Corporation, in many ways, are partners.

Part of this President's fiscal year 2014 request and previous requests have included a guaranteed underwriting program that helps entities like the National Rural Utility Cooperative Finance Corporation to extend investments that can go to other generation facilities, transmission facilities and distribution facilities. And I would be happy to come visit with you to discuss the language further and see where we can come to some common ground.

Mr. YODER. I would certainly appreciate that. The purpose would be to support these rural communities and assure that they have the access needed. We get concerned when we take a specific, in this case, it was a very specific environmental purpose which may not serve the larger purpose of expanding the capacity to these folks that need it the most. So I guess we just get concerned when we shrink that capacity, shrink that purpose, that we might be limiting our opportunities to help the maximum amount of Americans. So I appreciate your efforts to work with us on that. Thank you.

Thank you, Mr. Chairman.

RURAL HOUSING PROGRAMS

Mr. ADERHOLT. Ms. Trevino, let me talk a little bit more about the housing issues. As I had mentioned in my opening statement, USDA has proposed to reduce the Single-Family Direct Loan Program authorization by $340 million. In your written testimony, you state that USDA is the sole Federal Department dedicated to rural America. This program helps the most vulnerable in rural America achieve the dream of homeownership. While it does require greater staff assistance than other Federal programs, it remains one of the most successful housing programs in the Federal Government's repertoire.

Furthermore, USDA's argument that very low income individuals and families should use the single-family guaranteed program defies common sense. So what is the rationale behind the reduction by USDA?

Ms. TREVINO. Thank you for the question, Mr. Chairman. We certainly understand that this is a critical program for low and very low income families in rural America. We believe that the budget that has been proposed, the President's budget, is a good balance between the population that we serve, and there is a balance between how much we have to put out there and the investments that we make, the total investments we make for rural America.

We increase rental assistance for what we consider the poorest of the poor rural Americans by over $100 million in this budget, and at the same time, we were able to offer a guaranteed program where we asked for no budget authority and are able to deliver $24 billion worth of growth and prosperity to rural America through that investment.

So we believe that it is a balance. While we understand that there is a segment of the population that may not be eligible for the guaranteed program, we will continue to work with our third party providers to increase capacity of these rural Americans so that we can try to get them funded through the guaranteed program as we move forward.

We have not zeroed out the direct program. We certainly still believe in it. And given budget constraints, we would do otherwise. But we believe that what we have offered in this proposal is what we can handle at the moment. Understand again that this is why it is so critical that our salary and expense budget be honored.

The 502 direct program is one of the most labor intensive programs in the field and it takes many, many staff hours. I am going to give you a for-instance. Last year we had 99,000 preapplications in the Single-Family Direct Program. Only about 7,500 of those were actually approved. That is a lot of work being done by ourselves and our third-party providers just to get someone in rural America qualified. So it is very labor intensive. It is not a choice that we would make given other budget considerations.

Mr. ADERHOLT. How many direct loans would USDA make under this budget request?

Ms. TREVINO. I have the number with me, sir. I would have to look it up. I believe we are at about 4,100. It is a significant decrease from last year.

Mr. ADERHOLT. What was last year?

Ms. TREVINO. Last year we did about 7,500.

Mr. ADERHOLT. What is the average annual income of borrowers who utilize this direct loan program?

Ms. TREVINO. About $30,000 a year.

Mr. ADERHOLT. What about the average income for the families that utilize the guaranteed loan program?

Ms. TREVINO. About $40,000 a year. It depends on the size of the family.

Mr. ADERHOLT. On average?

Ms. TREVINO. Yes.

Mr. ADERHOLT. How many very low income borrowers currently use this single-family guaranteed loan program?

Ms. TREVINO. I would have to get you that number. I don't actually have it broken out.

[The information follows:]

Since 2008 to April 2013, RHS has guaranteed 33,400 Single Family Housing loans to Very Low-income families. This represents 4.9 percent of our guarantees over this period. It is noted loans to Very Low-income borrowers average significantly less than others, averaging $87,446 compared to $127,146 for all loans guaranteed since 2008 to today.

Mr. ADERHOLT. How much does a direct loan cost the Federal Government over the life of the loan?

Ms. TREVINO. A direct loan is subsidized currently given our current interest rates and subsidy costs at about $3,000 for the life of the loan. That does not take into consideration the staff hours and the staff time that it takes to produce those loans.

Mr. ADERHOLT. How does this compare with USDA's guaranteed loan program in other Federal housing programs?

Ms. TREVINO. We currently, in the Rural Housing Service, have three programs that require no budget authority and are a lot less labor intensive. The Guaranteed Program operates with about one-third less employees for a $24 billion program.

Mr. ADERHOLT. Mr. Farr.

HOUSING PROGRAM COLLABORATION

Mr. FARR. Ms. Trevino, I am just curious in your response to the chairman's question about labor intensive loans; do you work with the housing authorities?

Ms. TREVINO. We work with third-party providers that help us package loans in the field currently, but the majority of the loans come to USDA employees in our field structure. We have a field structure of about 400 offices.

Mr. FARR. But why are you duplicating what is already on the ground where everybody has to get their renter assistance through HUD, and all those programs for eligibility are already being managed through a housing authority? Why don't you use their personnel and their clearance so you don't have to have all this staffing?

Ms. TREVINO. In rural America not every community that we currently serve, especially in severely underserved communities, there is no presence of a public housing authority. As you know, that is an agreement between local government and HUD, and should local government not be able to afford that, there would not be a public housing authority in that area.

Mr. FARR. But I am not sure that all your loans are going into areas that have no housing authority.

Ms. TREVINO. And I don't have that information with me.

Mr. FARR. The point is that if Secretary Vilsack's discussion about the need to pull together this action team, I mean, it is hard enough to get all the Federal agencies, but this discussion involves HUD. I am sure that there are families. That is going to involve the Department of Education. You have to get from the house to the school. That is going to involve the Department of Transportation. You want communications. That is certainly going to be—and you are talking about grid stuff. Even if you can't produce that energy in a rural area, you can't get it on the grid. That has to take the Department of Energy. You have a lot of other departments that have got to be part of this team. And then you don't even look at—the point is you are supposed to understand what is going on.

So when you've got to lose staff, a cut-squeeze-and-trim attitude here, the Marine Corps says when the going gets tough, the tough get going. It seems to me that that is a good ability to discover what else is out on the ground, and that team ought to be a team of not just Federal agencies, it ought to be a team of local and State agencies. There are a lot more teams out there.

HOUSING LOAN PACKAGER CERTIFICATION RULE

Last year I asked you, because the nonprofits—Mr. Valadao asked that question about the need, the nonprofits that you could work with. I asked you if you did that last year. You indicated no, there was a gap because most of these were only housing programs that were established where you had local offices. We asked well, why not work with the nonprofits? And you said you didn't have the authority, but you were working on a new rule and it would soon be adopted. Is that rule in place?

Mr. O'BRIEN. If I might, I can answer that very question.

Mr. FARR. You are now working with nonprofits?

Mr. O'BRIEN. The proposed rule on certified loan packagers, as we know it, is—has made significant progress in these last few months, and, in fact, we do expect that this year, that we will be able to propose that rule, and it will provide us, I think, the ability——

Mr. FARR. Last year you said it was being proposed.

Mr. O'BRIEN. Yeah.

Mr. FARR. A year ago.

Mr. O'BRIEN. Yes, sir.

Mr. FARR. And now you are saying it is still being proposed?

Mr. O'BRIEN. Yes, sir, and I can—I can——

Mr. FARR. Ms. Trevino, last year, I have it right here what she said: Currently we are in the process of creating a regulation. I can't tell you the specifics of that regulation. I can tell you we are asking for this ability to partner with nonprofits who are in those areas where we currently do not have a presence and for them to be able to package some of the direct loans. And went on to say that this regulation, it is in the works right now.

Mr. O'BRIEN. Uh-huh.

Mr. FARR. Moving actually very fast. It is a priority for the administration to get that done.

That is your language.

Mr. O'BRIEN. It didn't go as quickly as we had hoped, but it has made significant progress.

Mr. FARR. It is a whole year.

Mr. O'BRIEN. Yes, sir. Yes, sir. It has been——

Mr. FARR. You are losing your credibility here very quickly as you—you know, you talk a good talk, but I think you act like a bureaucrat.

So when is it going to be done?

Mr. O'BRIEN. The precise date, as you know, as frustrating as we all find it, is not completely within——

Mr. FARR. It is your rule. We don't control that. It is your regulation.

Mr. O'BRIEN. We are working with the Office Management and Budget at this time to accelerate and move that rule forward.

Mr. FARR. That is what you told us last year. It is in the works right now.

Mr. O'BRIEN. Right.

Mr. FARR. Moving actually very fast. It is a priority.

Mr. O'BRIEN. Yes, sir.

Mr. FARR. A year ago.

Mr. O'BRIEN. Yes, sir.

Mr. FARR. Come on. This is ridiculous. You know, Mr. Padalino, you know, you have a 3-year backlog. Did you ask for money in the budget to make up that 3-year backlog?

Mr. PADALINO. We asked for an increased amount of funding, but we did not ask for the full amount, the $3–1/2 billion that is in the pipeline right now. What we did was because——

Mr. FARR. I don't want the excuse. You didn't ask for it.

I mean, Mr. Chairman, the problem here is that they want to go out and help rural America, but when they find out what the problems are, you can't help rural America without water, you can't help rural America without housing and schools, and they are not doing it. They are not helping rural America, they are just talking about it.

Mr. ADERHOLT. Mr. Nunnelee.

HOUSING PROGRAM COLLABORATION

Mr. NUNNELEE. Yes. Thank you, Mr. Chairman.

I want to continue on the line that we started talking about earlier, my early line of questions about trying to figure out how to work smarter in this environment, specifically as it relates to housing assistance.

I do know that last summer GAO looked at the issue of collaboration and consolidation particularly among Rural Housing Service, HUD, FHA and the Department of Veterans Affairs. So what is the current status of collaboration between HUD and USDA on merging programs in similar markets and providing similar products?

Mr. O'BRIEN. Thank you, Congressman, and, as you note, that GAO report, it recognizes the distinct programs that each of the Federal agencies, HUD and VA and USDA in particular, have to serve the housing needs of America.

We are involved in a number of working groups with the White House, and particularly the Rental Housing Working Group is ensuring that we align our policies as well as to ensure that we don't have overlap and duplication.

As Administrator Trevino alluded to earlier, the footprint that USDA serves and the footprint that HUD serves in our field structures are quite a bit different, and there is a reason for that. There is distinct needs in those two different areas, and so we are ensuring that we use Federal resources most effectively in each of those, and there is not overlap. We also have regular biweekly calls with the Domestic Policy Council with those three agencies to make sure that our policies are aligned, and, again, so that we are not duplicating efforts.

HOUSING REFINANCE PILOT PROGRAM

Mr. NUNNELEE. All right. On a related but different project, it is my understanding that you started a Rural Housing Finance Initiative, started as a pilot project, and then even before that pilot project was concluded, the pilot was expanded. But as part of this refinancing initiative, it is my understanding that while the participants do have to meet income-eligibility requirements and have to be current on their mortgage payments, you don't ask for credit reports, you don't do home appraisals or inspections. I hear from rural bankers all the time saying they are under pressure from regulators in their industry on refinancing. How can you refinance loans without getting credit reports or appraisals or inspections?

Mr. O'BRIEN. I will ask Administrator Trevino to respond.

Ms. TREVINO. Thank you for that question, Congressman Nunnelee.

We actually did a study. We looked at the soundness of our current portfolio, and we saw that, in effect, if many of these loans were to go to default, it would cost the government much, much more than what it would cost us to refinance. So we are actually saving many, many more homeowners by going through this refinance.

So, in essence, because there is a government guarantee, and understand we are only refinancing our own loans, and because we already have a guarantee on that loan, it is already ours, so if it fails, it is going to be a lot bigger than what we can save it now.

Mr. NUNNELEE. I am going to let my rural bankers take a lesson from you. Maybe they can tell Dodd-Frank folks the same thing.

Mr. Chairman, I yield back.

Mr. ADERHOLT. Mr. Bishop.

BUSINESS PROGRAM CONSOLIDATIONS

Mr. BISHOP. Thank you very much.

Let me go to the Rural Microentrepreneur Assistance Program, which was a major new initiative created by the 2008 farm bill, which was providing funding through community-based organizations to make small loans and technical assistance to microentrepreneurs. I have been a big fan of the program, but I have always been concerned that it was woefully underfunded.

But your budget for fiscal year 2014 includes $55 million for a new economic development grant program, and it is designed to target small and emerging private businesses and cooperatives in rural areas with populations of 50,000 or less. The program would consolidate a number of the existing grant programs, including the Rural Business Enterprise Grants, Rural Business Opportunity Grants, Rural Cooperative Development Grants, Small Socially Disadvantaged Producer Grants, Rural Microenterprise Assistance Grants and Rural Community Development Initiative Grants.

I am very concerned that once you consolidate these small loan programs like this, that no matter how well intended, that the original targeted participants will get lost in the wash, and basically being squeezed out, and those are the very people that the programs were designed originally to serve.

Can I get you to give me your thoughts on that? I know you have got to do more with less, but you are putting all these programs together, and the ones that were targeted seemingly may not be able to survive.

Mr. O'BRIEN. Congressman, I appreciate that point.

The Rural Microentrepreneur Assistance Program certainly has a great purpose of serving the smallest of those businesses. We have, as you know, proposed to support over $22 million in program loan level for the RMAP program. The grant side of that program, we have proposed to consolidate that with five other programs for a number of reasons. One of them is is that a number of these grant programs have very similar purposes, and they require—and then, you know, an entirely new funding opportunity process that requires some significant time, particularly for our field staff as well as our national office, and that that—and that by bringing these loan or these grant programs together, we are able to streamline.

And as is made clear in the budget language, we have the authority to continue to do and to support all of the different types of businesses that are currently supported. We would be able to craft that program to—with administrative points or otherwise, to make sure that some of those particular and underserved, in particular businesses and nonprofits, would be able to access the program.

Mr. BISHOP. You are going to have fewer people, less resources consolidating all those programs, so ultimately fewer people are going to be served.

Mr. O'BRIEN. Well, actually the budget proposal, when you rack up the numbers of all of those grant programs, the budget proposal actually would increase the technical assistance grants to small and emerging businesses in rural America. So we think we actually would be able to serve more people and more businesses with less staff because of the streamlined nature of the delivery of the program.

Mr. BISHOP. So next year when you come back, you will be able to tell us that you have actually served more people, and you will be able to show us with some metrics this year versus last year and next year.

Mr. O'BRIEN. Yes, sir. And thank you for raising the point to metrics. Certainly one of the goals of the combined grant program is the ability to do some more robust program evaluation and metrics for success for those people and businesses in rural America.

Mr. BISHOP. Okay. My time is about up, so I will wait for the next round for my next question, sir.

Mr. ADERHOLT. Mr. Fortenberry.

RURAL ECONOMY

Mr. FORTENBERRY. Thank you, Mr. Chairman. Good morning.

Mr. O'Brien, I was looking at your testimony, which I didn't have the privilege of hearing earlier since I was a bit delayed, but you do quote President Obama as saying, strong rural communities are the key to a stronger America. And that is a nice statement, but I think we ought to think a little bit deeper about that. He didn't say "are a part of a stronger America" or "important to a stronger America" or "essential." He said "are the key."

Mr. O'BRIEN. Uh-huh.

Mr. FORTENBERRY. I agree. And why? I think we all ought to constantly ask ourselves why. Well, of course, it is economic wellbeing and the things that we can measure, but I think it goes beyond that. I think it goes to the idea of America itself, the values that exist in rural communities, the attraction, the pastoral nature, the restfulness, the peace, the fact that so many of our young people who serve in the military come from great swaths of rural America. It is a reflection of who we are as a people and, I think, where we ought to continue to try to go as a Nation, so I believe it most appropriate that you started your commentary with that sentence.

Now, that is the very reason we are all here discussing these programs. That is the very reason that all of you made some decision at an earlier point in life to go into agricultural policy analysis, or perhaps you were attached to a farm community, or you saw something attractive in the rural way of life, and it is up to us not only to preserve it, but to strengthen it. So with that said, thank you for your dedication to this.

RURAL DEFINITION

Regarding rural housing programs, there is an issue with the Census, as you are aware. I don't know if this came up earlier, but we have tried to work on a creative way to fix this. Since 1990, basically any community that was eligible for rural housing programs has continued to be eligible, but that is now expiring, and this would potentially remove a number of rural communities who are benefiting from leveraging these funds and preserving these ideas—the ideas from participating.

So what is your plan to deal with that? We have a legislative fix, but obviously that is—we have a complicated process up here, as you heard, as you figured out. What is your plan to address this?

Mr. O'BRIEN. Well, I appreciate the question, and, of course, I couldn't agree more with your point on the key to invest in rural America. And with your support, of course, USDA Rural Development has been able to invest over $131 billion in the last 4 years in rural America on the housing program and the housing issue, one of great interest to those rural communities, particularly those that would be affected by the possible change in which the decennial census numbers you used.

We have, of course, by the legislation, the laws that provide us the rural definition for that program. As you know very well, sir, the final fiscal year 2013 appropriation measure extended the current eligibility for the housing programs and those in the 1949 Housing Act through the rest of this fiscal year.

We certainly agree, and, in fact, the thousands of employees who implement this program are very interested in making sure that we have some predictability for the stakeholders, for the homeowners, for the banks that deal with this. And that is why over the last year plus we have worked with a number of offices, I think including yours, on making sure however Congress decides to deal with this problem, that it makes sense and provides that predictability you need in rural America.

Mr. FORTENBERRY. Well, we would prefer, as you are suggesting, to have a longer-term fix and decrease the uncertainty about this. Maybe it is another short-term fix in the appropriation process, but again—and then I realize that the definition may have to be massaged a little bit. Rural communities that are now swallowed up by urban communities really don't fit the past definition, but rural communities who ironically have actually leveraged these programs and created a significant economic multiplier in benefits and now are getting on their feet are getting expelled from them potentially——

Mr. O'BRIEN. Right.

Mr. FORTENBERRY [continuing]. And undermining the very purpose in which we have made all this investment.

And we do have a legislative bill, just for my colleague's information, that would fix this, but in case it doesn't go through the process, I think we are going to have to be very attentive to this dynamic and work on this—

Mr. O'BRIEN. Certainly.

Mr. FORTENBERRY [continuing]. With diligence.

Mr. O'BRIEN. We will work with you within whatever authority we have. Thank you.

Mr. FORTENBERRY. Thank you.

Thank you, Mr. Chairman

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chair.

I had a few other topic areas that I think most of my colleagues have covered, so I just want to associate myself with some of their concerns.

This last one on the issue of rural definition, as you know, a lot of communities in my State are very concerned about the final decision on that. There has been a lot of talk about the rural housing cuts and some of those concerns, and, again, I just basically share everything that everyone has already said and have deep concerns about what we are about to do here, as well as the wastewater cuts.

And we have talked about the backlog already, but I have a lot of communities that are very dependent on the grant side of this. They can't always just make a go of it with a loan.

So I know you have discussed most of those at length, but I just want to emphasize all the concerns in rural States like mine. And, you know, there is a lot in the balance here of what happens with all these programs, and while I know this is a discussion about cuts and more cuts, these are still really important areas to all of us. And so when those decision are being made, it will have a huge impact on a State like mine.

FOOD HUBS

And so the only other thing I was just going to bring up, I want to say in a positive way, I think there is a really great report, we were talking about it earlier, but it is called "The Role of Food Hubs in Local Food Marketing," and I think it is fairly new. It is a great guide for people in communities that are looking at some of the issues that we talked about earlier, about CSAs, and co-ops, and aggregation and distribution, and—you know, I am a broken record on this topic. But just on this thing, I think it is a great piece of work, and I am interested maybe if you want to talk a little bit about how you are going to make sure this information is out there and available to people, how more communities that are facing exactly these same problems can access this information and just realize that there is some good work being done there, and it could apply in places really all over the country. And your report does cover the whole country.

Mr. O'BRIEN. Certainly. Thank you for that invitation. The recent food hub report that the Rural Business Cooperative Service put out that you allude to, you know, does a fantastic job of pointing out the opportunities, some of the best practices.

USDA-wide we have identified over 220 food hubs thus far through the country. Food hubs are defined as an entity that fills that niche in that local and regional food infrastructure, and that it might be distribution processing, ensuring that consumers can access their demand for local and regional food. It certainly builds on the tradition of Rural Development, particularly the tradition of the Cooperative Business Service, of having rural people work together to capture economic opportunity.

So we are very keen on making sure that we continue to work to lift up, share that information. It is something that Secretary Vilsack has been talking about consistently recently, and in particular on food hubs, because we think after spending, you know, a number of years really focusing on what can make the biggest difference in moving the needle on local and regional food, that—again, that infrastructure—that the food hub is a good place to look.

Not to repeat myself, but, you know, not only within the Rural Business Cooperative Service, but the Community Facilities Program, that has a very significant program level and direct loan this year, we think there is some great opportunity to support nonprofits in communities, for-profits with the Business and Industry Loan Program to capture those opportunities. So we would be happy to work with you and other members of the committee to continue to lift up this issue. Thank you.

Ms. PINGREE. And just further on that, I recommend this to all of my colleagues if there is any of you who don't have your own copy at home. I think it is a really nice piece of work.

And, again, I think there was a time when a lot of these things were thought about as sort of a marginalized part of farming, food co-ops, CSAs, these aggregation and distribution networks. But I know in my State and a lot of New England, you know, we were an agricultural center for a long time, and old-time farmers would say to me, you know, there was a canning factory in every community, there was a slaughterhouse in every town, there were possibilities for small- to medium-sized farmers to really take their goods to market or to process them. And now, with increased standards and challenges the farmers have to face, but the fact that a lot of family farms want to expand what they are doing or young people want to get back into farming, this is really a great way for not a lot of money for the USDA to be engaged in this process.

In our State, the food hubs are growing; the distribution networks; the community kitchens where people can bring in excess produce, process it, and still have it meet the safety standards, it is amazing how it is making a difference already. And some of those things that start as family farms have already become bigger businesses that could build their own facility and continue to grow.

So it is a great role for you to play and involve the billions we talk about spending here today. You know, this is one of the smallest outputs of money from the USDA that really could be enhanced, in my opinion. And anyway, I am just going to commend you and say it was great and hope we can continue to do more.

Mr. O'BRIEN. Thank you.

Ms. PINGREE. Thank you, Mr. Chairman.

UNIVERSAL SERVICE FUND

Mr. ADERHOLT. Let me shift a little bit to Universal Service Fund and telecommunications programs.

Mr. Padalino, let me direct this to you. Over the past couple of years, the Federal Communications Commission has been in the process of revamping Universal Service Fund. The testimony that was presented to us today here says that requests for broadband programs have declined in fiscal year 2012 and 2013 in part due to these changes. How have the changes to the Universal Service Fund affected your borrowers?

Mr. PADALINO. Thank you for that question, Congressman.

In 2011, the Federal Communications Commission revamped, transformed the Universal Service Fund by shifting from an emphasis on voice-provided telecommunications services—or telecommunications services for voice to telecommunication service for broadband. How that has impacted our borrowers is—I think the best way to phrase it is it has created uncertainty for their business model. And where we are seeing the impacts and the portfolio is on the loan demand side right now, where in fiscal year 2012, out of the funds made available by this Congress, we saw a demand in loan applications of 37 percent of the funds being applied for, and of the loans that we found feasible and were able to approve through fiscal year 2012, 11 percent of those funds were, you know, made.

So, that is, you know, one metric that we can gauge some of the impacts. And what we hear anecdotally from the borrowers and from the rural telecommunications community is that the uncertainty created is making it difficult for them to project out in a 5-year timeframe what their business would look like.

The Secretary and I met with the chairman earlier this year and laid out some of these concerns, and followed that up with a letter outlining some of the areas we thought we could work together with the Federal Communications Commission to create more certainty and perhaps encourage them to establish—or they established the Connect America Fund for rural telecoms; however, they have not implemented it yet, and we really encouraged them to do so.

Mr. BISHOP. Mr. Chairman, would you—may I?

Mr. ADERHOLT. I will yield.

Mr. BISHOP. Would you yield? Thank you.

It is my understanding that the Universal Service Fund would provide some money for these utilities that are providing the service in rural areas, which allows them to service the loans that they make from—through RUS. And because the changes with the FCC will reduce, are proposing to reduce, the reimbursements that they get from the Universal Service Fund, it would disadvantage them to the point that they cannot now accurately predict their ability to service those loans, so, therefore, they are not taking advantage of the funds that we are making available to you to lend to them. Is that pretty much what the situation is?

Mr. PADALINO. That is about right. The Rural Utilities Service provides upfront capital costs to make that initial investment in the infrastructure, and then the FCC follows that up with ongoing cost support provided by the Universal Service Fund. So you have the initial investment, and then you have to service those facilities over the years, send trucks out, do all the kinds of things it takes to run a utility, and that is the ongoing cost support provided by the Universal Service Fund.

Many of the rural telecommunications providers rely on the High Cost Loop support. You know, there are many different categories of the Universal Service Fund, and that is what they have been relying on since the 1996 amendments to the Telecommunications Act. And with the shift from voice to broadband in the transformation order, there has been proposed reductions, and those reductions have been put in place, and they are ongoing, and they are impacting the revenues, the revenues that rural telecommunications providers receive for that ongoing cost support.

Mr. BISHOP. But doesn't the telephone service that is being deemphasized, isn't that a basic necessity for the broadband, because many of the broadband services are carried through the phone services?

Mr. PADALINO. Yes. You know, the technology is available. You can use copper to run DSL, which is broadband IP-based technology. A lot of providers are shifting to fiber, to microwaves, to wireless, to a whole variety of technological solutions, but it is all moving to an IP-based telecommunications service where you can do voice, data and video.

Mr. BISHOP. It puts them at a real disadvantage. And I understand from a meeting I had yesterday that you guys are basically on the same page with the rural utility providers trying to get the FCC to modify the position that they are taking with regard to this Universal Service Fund.

Mr. PADALINO. We have been working closely with them. You know, as I mentioned in the letter, we laid out about six different points. One of those was to really implement the Connect America Fund. Last summer the Federal Communications Commission implemented the Connect America Fund for price cap carriers, and on a geography basis, the price cap carrier service territory is somewhere about 70 percent of rural America, of America at large, and that is, you know, mostly in rural areas.

Many of our borrowers are rate-of-return carriers, and they make up about 20 to 30 percent of those carriers. And what we are encouraging the FCC to do is to implement, establish the Connect America Fund for all carriers, price cap, midsize and rate-of-return carriers, so all can end up, you know, putting forth a case and receiving some ongoing cost support to make sure we are serving those folks out in rural America.

Mr. BISHOP. Would you submit that letter that you sent to the FCC to us, to this subcommittee for the record, please?

Mr. PADALINO. Gladly.

Mr. BISHOP. Thank you.

[The information follows:]

USDA Rural Development

United States Department of Agriculture
Rural Development

February 15, 2013

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20544

Re: ***In the Matter(s) of the Connect America Fund,*** **WC Docket No. 10-90, *National Broadband Plan for Our Future,* GN Docket No. 09- 51, *Establishing Just and Reasonable Rates for Local Exchange Carriers,* WC Docket No. 07-135, *High-Cost Universal Service Support,* WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime,* CC Docket No. 01-92, *Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, *In the Matter of Universal Service Reform Mobility Fund,* WT Docket No. 10-208.**

Dear Secretary Dortch:

On Friday, February 8th, The Honorable Thomas J. Vilsack, Secretary of the U.S. Department of Agriculture (USDA), Todd Batta, Senior Advisor to the Secretary and I met with the Honorable Julius Genachowski, Chairman of the Federal Communications Commission (FCC) and Michael Steffen, Advisor to the Chairman to share recommendations to ensure that broadband deployment in rural areas continues to be sustainable under the FCC's Universal Service Fund (USF) Transformation Order. These recommendations are consistent with USDA's historic role of promoting rural economic development and financing rural utilities infrastructure.

The economic stability of rural America depends on the availability of a resilient and robust utility infrastructure capable of delivering advanced services to consumers in rural high cost areas. Rural-based industries that produce food, energy, manufactured goods and other services consumed across the country rely on broadband, often provided by Rural Utility Service (RUS) borrowers, to remain globally competitive. The U.S. agriculture sector is one such example. It is one of the most successful and longstanding industries in our economic history; one that has maintained a trade surplus for at least 20 years. The U.S. trade surplus in production agriculture was $32.4 billion in FY 2012, and is forecasted to be $30 billion in 2013. As U.S. Farmers increasingly rely on advanced telecommunications to support their work on the farm, affordability and sustainability of broadband is imperative to maintain this trade surplus.

According to the FCC's Eighth Broadband Progress Report, nearly one-fourth of the rural population lacks access to high speed broadband. Yet, demand for RUS loan funds dropped to roughly 37% of the total amount of loan funds appropriated by Congress in FY 2012. Current and prospective RUS borrowers have communicated their hesitation to increase their outstanding debt and move forward with planned construction due to the recently implemented reductions in USF support and Inter-Carrier Compensation (ICC) payments.

I fully appreciate the FCC's effort to reform federal USF and ICC policies in a fiscally prudent manner. I also applaud the FCC's reconsideration order that extends the consideration of USF reforms on broadband capable networks and the FCC's attempts to lessen the reporting burden on small rural carriers. In consideration of the concerns that have been expressed, we encouraged the FCC to consider the following points to improve or clarify the FCC's USF Transformation Order to help restore certainty and stability for rural broadband investment.

1. **Accelerate broadband deployment in rural areas by establishing a separate Connect America Fund (CAF) for rural Rate of Return Carriers and modifying the existing universal service support to increase broadband investment and adoption among consumers of rural rate of return carriers.**

2. **Combine the unused incremental support under CAF Phase 1, Round 1 with the second round of 2013 CAF Phase 1 funds for support and distribution to rural price capped carriers.**

3. **Adjust the Regression Analysis-based caps to correct the structural and data integrity concerns of rural carriers and apply the caps incrementally. Provide RUS with confidential access to the regression model to assist USDA in managing its lending programs.**

4. **Defer adoption of the Further Notice of Proposed Rulemaking that proposed additional caps and cost constraints on rural carriers until the impact of the existing caps are fully implemented and integrated into rural carrier business plans.**

5. **Modify and expand the waiver process to support the maintenance or extension of broadband service in rural areas and the repayment of debt incurred prior to the Order**

We remain committed to working with FCC to ensure that that the promise of Section 254 of the Telecommunications Act of 1996 be fully realized. Sufficient, predictable, and specific USF and ICC mechanisms can drive investment, improve the quality of life, create jobs, and increase economic opportunities in Rural America.

Sincerely,

John Charles Padalino
Acting Administrator
Rural Utilities Service

BROADBAND PORTFOLIO

Mr. ADERHOLT. That was one thing we were going to ask about, the letter, so we would like that.

These changes that you are talking about, what effect do they have on your portfolio?

Mr. PADALINO. We have been monitoring the portfolio closely. So far our delinquency rate is maintaining basically what it has been over the past couple of years. It is just over 4 percent in overall telecommunications portfolio, which right now is at $4.6 billion. So on the delinquency side, on the servicing side, so far we haven't seen an impact.

Where we see on an individual basis, there is—some of our borrowers have applied for a waiver with the Federal Communications Commission, and in those waiver requests they claim that they may end up defaulting on the rural utilities loan. And we are working closely with the borrowers, with the Federal Communications Commission to make sure that they understand the financial strength of these companies and can make decisions accordingly. We have seen some waivers granted, some partial waivers, and we work day to day with those, with the Federal Communication Commission on those.

Mr. ADERHOLT. Mr. Farr.

HOUSING LOAN PACKAGER CERTIFICATION RULE

Mr. FARR. Thank you, Mr. Chairman.

You know, Brazil, I think, is the most successful country in the world in moving people out of poverty, and 3 million people are moved out of poverty into middle class. I sometimes cynically think we ought to just contract with Brazil to run our poverty programs, but then that would be outsourcing, and we would be criticized for that, so we are back to where we started here.

Ms. Trevino, again quoting your comments last year: These regulations are pretty far along, and I can tell you it is moving fast. My goal is to get it done before the end of the year.

What is your goal this year?

Ms. TREVINO. We are going to continue to work with the Office of Management and Budget. I can tell you that we are closer than we were last year, obviously, and——

Mr. FARR. You were pretty far along last year.

Ms. TREVINO. Well, we were. We were. I can't tell you why it was—you know, why it slowed down or why the progress didn't happen the way we wanted it to.

Mr. FARR. Why? Is it top secret?

Ms. TREVINO. I believe it is just because there is a lot of conflict in priorities. It is a big department, and I think we just have many, many other priorities, and while this is a priority for the administration, there are others. And so I don't propose to believe that I am the only priority at USDA.

Mr. FARR. But you are going to save money in doing this.

Ms. TREVINO. Yes, we are. Yes, we are.

But I will tell you also that we haven't sat on our hands the whole time. We have many informal networks already out there. We have got third-party providers who are providing the service already. The only reason that we need a regulation is so that we can formalize the process, and so we can offer consistency across the country.

We are already doing what the regulation is going to allow us to do. We are already doing it, but we are doing it in an informal process. I can't regulate what a third-party provider charges a client, so this is going to allow me to regulate that so that we don't have one third-party provider out there charging more. And so there are many aspects of the regulations that are just going to allow me to formalize the process, but there are many providers out there that are already helping.

Mr. FARR. So Mr. Valadao's question and my question about these nonprofits in California that would like to participate and be a partner with you, they can do so regardless of the regulation.

Ms. TREVINO. Yes, sir.

Mr. FARR. And we can let them know.

Ms. TREVINO. They just need to talk to the State director, and it is a very informal agreement with the State director in each State, and the only thing that the regulation is going to do is formalize it and provide consistency to every State director.

UNDERSERVED COMMUNITIES IN CALIFORNIA

Mr. FARR. Mr. O'Brien, you have targeted these census tracks, you told me, that show where the most underserved communities are, and are any of them in California?

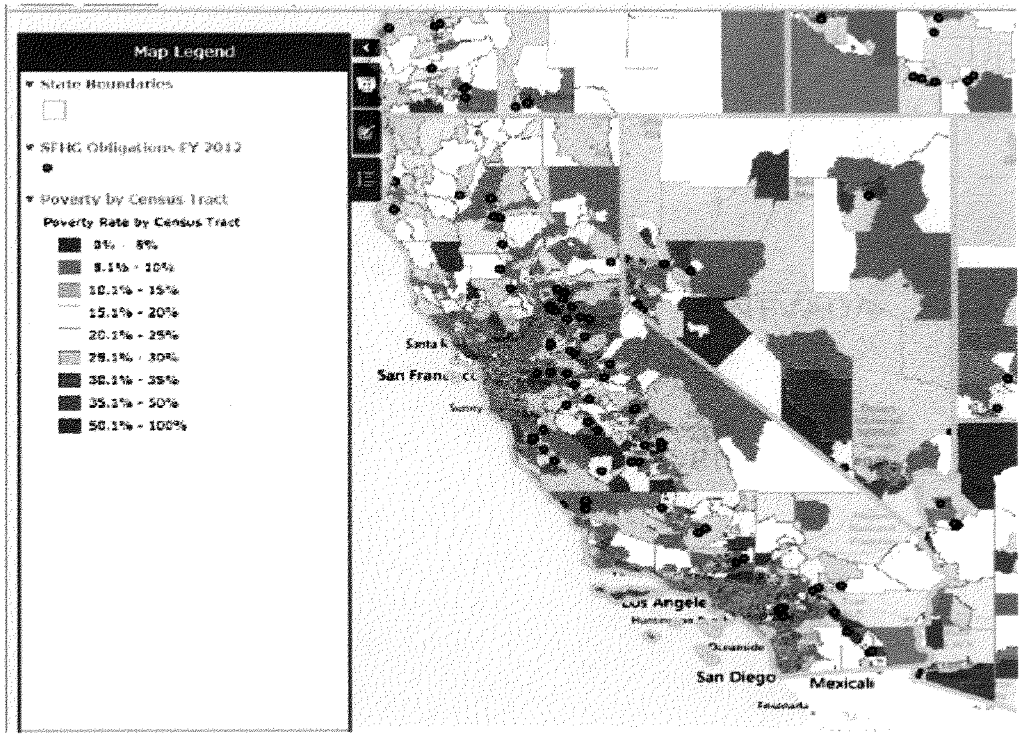
Mr. O'BRIEN. Yes. Yes, I don't have the map with me right now, but there are some census tracks—

Mr. FARR. Do you remember any of the names?

Mr. O'BRIEN. I don't but they are certainly in the Valley, you know, in San Joaquin Valley. I am not sure if in northern California, in the timber country. I would be very happy to provide you that map.

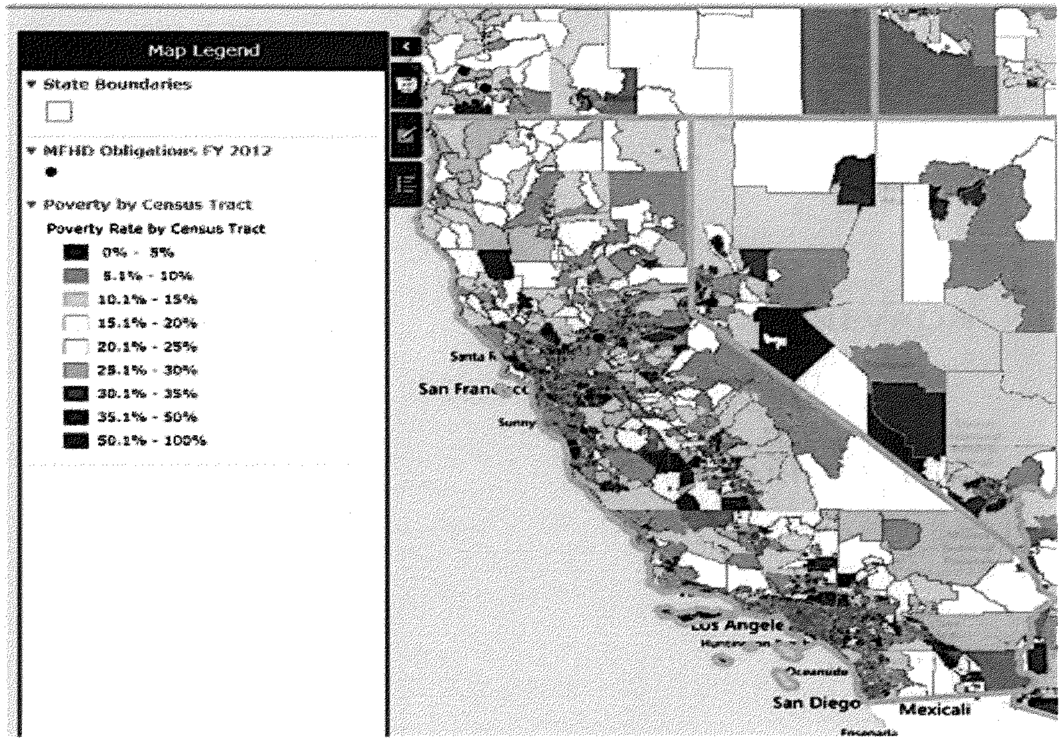
[The information follows:]

Single Family Housing Guaranteed For FY 2012

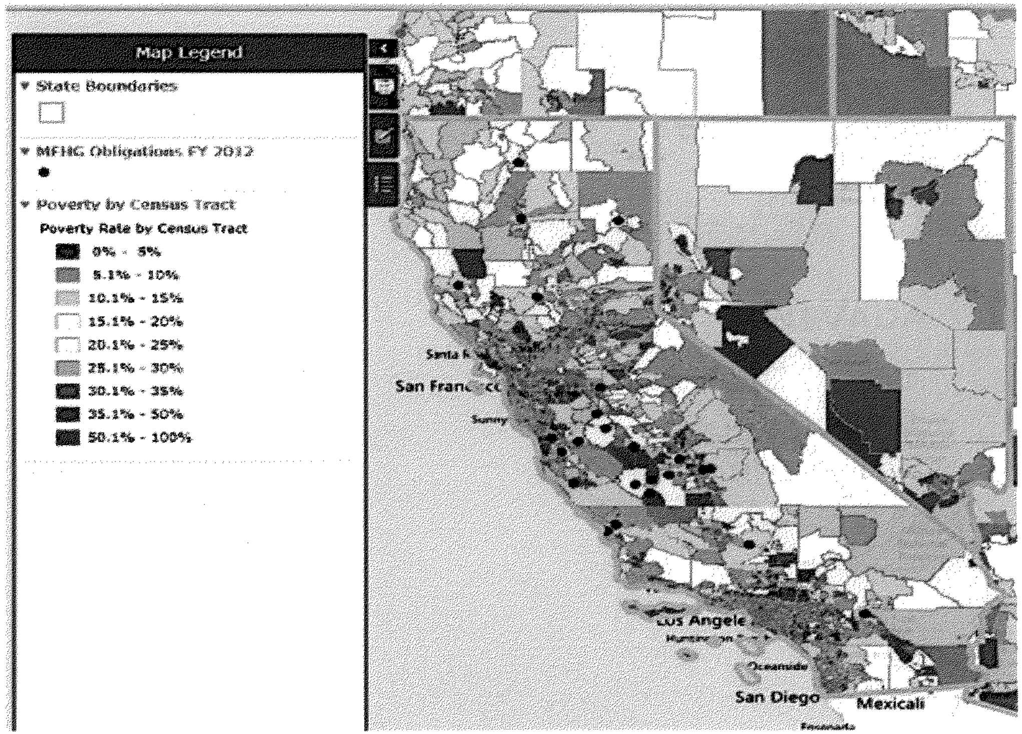


Single Family Housing Direct
For FY 2012

Multi Family Housing Direct
For FY 2012



Multi Family Housing Guaranteed For FY 2012



UNDERSERVED COMMUNITIES IN CALIFORNIA

Mr. FARR. Those counties would have a housing authority so they could be working with you in partnership because they have now—you know, if you want rental assistance or first home buyers, you have to go down and register with the housing authority.

Mr. O'BRIEN. Right.

Mr. FARR. Because they are the ones that manage the HUD loans.

Mr. O'BRIEN. Uh-huh.

Mr. FARR. So they have to prequalify and everything. In fact, in our inclusionary zoning requirements, when a private developer builds, 10 percent, 20 percent, 30 percent of the housing have to be of any unit in that unit, not somewhere else, has to be rented if it is a rental unit to low/moderate income, same thing they are doing in southeast Washington here.

Mr. O'BRIEN. Uh-huh.

Mr. FARR. So those people all have to qualify as low income in order to take advantage of it. I mean, I think you have got people doing your job, doing the job you needed done in order to qualify for your loans and other programs.

Mr. O'BRIEN. We will certainly follow up with our——

RURAL DEVELOPMENT CORPORATION

Mr. FARR. What would also be interesting is how many of those counties have Rural Development corporations. Do you work with the Rural Development corporations at all?

Mr. O'BRIEN. We do. I mean, we work with many different types of intermediaries and——

Mr. FARR. Well, those are the ones that are run by FSA, your sister agency in the Department.

Mr. O'BRIEN. The Rural Development corporations run by FSA.

Mr. FARR. Well, they are FSAs, service—the farm service agencies, and they are a secondary lender, loan guarantee lender. They can loan between $5,000 to $5 million in our area.

Mr. O'BRIEN. Uh-huh.

Mr. FARR. And they have been extremely successful, more successful than banks.

Mr. O'BRIEN. We work through intermediary relending program as well as—there is two other programs that have a relending that we work with different intermediaries, and I believe we work with Rural Development corporations where we provide them the upfront money and then they can create a revolving loan, typically small loan to the farm.

Mr. FARR. Usually they do. I mean, ours in our county does the farm loan program, it does the SBA, 504 program, it does the SBA micro loan program, does the State Guaranty Loan program, it does the county revolving loan program.

Mr. O'BRIEN. Yeah.

Mr. FARR. These are for people who have business ideas who have been turned down by conventional lenders.

Mr. O'BRIEN. Right.

Mr. FARR. And then can come in and make their appeal to the Rural Development Corporation.

Mr. O'BRIEN. Right.

Mr. FARR. And——

Mr. O'BRIEN. And that is—and I am not familiar with that particular corporation, but that is a somewhat typical intermediary that in particular the Rural Business Cooperative Service does work with, one that accesses different technical assistance in relending programs, so we certainly work with hundreds of entities like that.

RURAL PROGRAMS COLLABORATION

Mr. FARR. Well, I know my time is up, but I would really hope that you could get in your implementation in these poverty areas that you have identified across the country.

Mr. O'BRIEN. Yeah.

Mr. FARR. That you really get a list of what is going on on the ground, what is already there done by nonprofits, done by State, done by counties.

Mr. O'BRIEN. Yeah.

Mr. FARR. And use the carrot-stick approach. I mean, you are going to—you know, don't come here and just complain, oh, we have had our—with sequestration, we have cutbacks, we have labor shortages. That isn't going to sell it.

Mr. O'BRIEN. Uh-huh.

Mr. FARR. The American public doesn't believe that—there are other ways around those problems, and certainly consolidation, collaboration is going to be our answer out of this mess.

Mr. O'BRIEN. Absolutely.

Mr. FARR. And my experience in Congress is that everybody is stuck in operating their silos, and I am here as a silo buster.

Mr. O'BRIEN. Thank you. And if I might, just very briefly. That certainly—that attitude towards breaking down silos is one that Secretary Vilsack has brought not only to the Department, but to the White House with the White House Rural Council as he serves as chair.

You know, in practice, in areas of poverty, we have the Strike Force Initiative where we have engaged, you know, all of the USDA family but primarily the field-based agencies of Rural Development, Farm Service Agency, and Natural Resources Conservation Service to work—to coordinate their work intensively with the local leaders, with the local community. And one of the things that we do up front is do basically an asset map of that capacity. Some of those places have great community—you know, community-based organizations, some of them don't, so each of those areas take a different type of strategy once you understand the assets that are there. Thank you.

Mr. ADERHOLT. Mr. Fortenberry.

RURAL BUSINESS PROGRAM CONSOLIDATION

Mr. FORTENBERRY. Well, as we all know, the strength of agriculture in rural communities is essentially tied to production agriculture, and that is a source of a great and economic wellbeing for America; but interestingly, there are new entrepreneurial, returning to traditional means of production that are creating a whole host of new opportunities for younger farmers and others who are never going to be able to have vast amounts of land, but nonetheless, want to grow food with their own two hands and create something beneficial to the community, reconnecting the farm to the family and the urban to the rural, and in the process, strengthening local economic ties.

So, in that regard, Ms. Pingree had mentioned this and I briefly looked through it as well, and it is well done. I think a lot of people do find this to be exciting and a new entrepreneurial movement in agriculture, augmenting the full ag family, as I like to call it. It is not in competition with anything else. It is all part of the family.

In that regard, back to Mr. Bishop's inquiry where he questioned the consolidation of these various grant and loan programs, the Rural Business Enterprise Grant, the Rural Microenterprise Systems Grant, the Rural Business Opportunity Grant, Cooperative Grant, and on and on.

Mr. O'BRIEN. Uh-huh.

Mr. FORTENBERRY. Now, all of those programs were, at some point, started to address a particular need and leverage funds for the expansion of opportunity. Now we are seeing some fruits of that.

Mr. O'BRIEN. Uh-huh.

Mr. FORTENBERRY. Consolidation of them, do you lose the original spirit whereby you were targeting a particular area of need with a specialized program, I would like to hear you address that again. Obviously, look, I understand, you are trying to be creative and leverage the resources that you have, and if you are duplicating loan officers or grant review officials and that work can be consolidated, fine, but the original spirit of some of these things, again, is consistent with what we are finally seeing in terms of the development of new agricultural options as they are manifesting themselves in co-ops direct to—from farm-to-family marketing and all types of other new ventures that are, again, exciting, to not only rural communities but to urban communities.

Mr. O'BRIEN. Congressman, thank you for that question. The—just a couple of quick responses. One, certainly we agree that the opportunity—we are in the business to support entrepreneurs and businesses in rural America. There is real opportunity in some of the smaller local regional food systems, and we have been about the business for a number of years now to focus our programs to make sure that folks can realize that opportunity.

On the Consolidated Grant Program, in terms of, the first thing I would say is that—to the ranking member's point of silos. We have tried to be as flexible as possible to respond to, and to support the local needs and the local strategies. We think that having a consolidated grant program that has the authority to do all of the—and support the projects that the various six grant programs can do right now, provides us more flexibility to respond to your constituents, to your business needs in a more flexible manner, first of all.

Secondly, I do want to make a quick distinction that the—that in kind of the food-based businesses, those that are—in particular, those that are owned by farmers, we do have a grant program, it is the value-added producer program that Congresswoman Pingree mentioned before, that is not part of the consolidated grant program. So the—what the Rural Business and Cooperative Grant Program would be able to do is support those small businesses, those small entrepreneurs that don't necessarily raise food, but are the critical link to making sure that, you know, that farmers, small businesses and consumers can take advantage of the opportunities in the local regional food system.

OLD AND NEW OPPORTUNITIES

Mr. FORTENBERRY. I think the last point I would like to make is what I have asked other administrators from the USDA, including the Secretary, we have all got to think creatively and budgets should normally, frankly, be under tension because it forces all of us in government to, okay, re-examine what was old and met a prior need, but think about how we creatively meet emerging new opportunities.

So, what is old that you are trying to let go of? What is new that you are trying to target?

Mr. O'BRIEN. I will mention only two, and I would be happy to have a longer conversation with you and your staff, but in the interest of time. Of course, the consolidated grant program is new. It is new in that it streamlines, you know, those different authorities into one. It will make it much more efficient and effective for us to deliver that program, provides us flexibility to respond to local needs.

What is old is a number of, you know, a number of the programs identified there have very small, and for years, have had very, very small appropriations lines. So we think it is wise to consolidate that into one.

Another one I will mention is in our housing program that we seek the authority for direct endorsement for the guaranteed loan program. That is a new—seems like a technical type of approach, but what that would allow essentially is it would provide an objective underwriting standard where we would be able to utilize technology to, if you will, do kind of a first cut for those guaranteed loan applications that we receive from banks. It would be much more efficient with analysis and some of our research.

We think that it will actually result in a—in a better portfolio. It is important to note that even with direct endorsement with that more automated system, we still have the ability of, if the loan deems, that we look at it on a one-to-one basis. But all in all, we think we will have some significant human resource savings and end up with a stronger portfolio and continue to serve rural America. Thank you.

Mr. FORTENBERRY. Thank you. Thank you, Mr. Chairman.

Mr. ADERHOLT. Mr. Bishop.

STRIKE FORCE INITIATIVE

Mr. BISHOP. Thank you very much. You referenced a strike force which was an initiative introduced in 2010, and it is just one of the tools that USDA uses to combat poverty by connecting local and State governments and community organizations on projects that promote economic development and job creation. Several of the counties in my district were targeted to participate in the Strike Force Initiative, and it has been very well received and viewed as a refreshing creative approach by the Department to reach out to communities that in the past have sort of been left out and haven't fully benefited from the Department's rural programs and the resources.

In the past few weeks, the Department announced that 10 new States would be added to the program. Can you highlight for us a few of the results so far, and could you give us some metrics of how many jobs were created through the program? Did you reach the goal that you set? How much did the program cost? How much will it cost with the addition of the 10 new States? And tell us whether or not by adding these 10 additional States, you will have sufficient resources in the current fiscal year to carry out your plans, and do you see—where do you see the strike force going for the next 2 or 3 years?

Mr. O'BRIEN. That is an excellent question, Congressman. And I think it is important to note that what strike force—what strike force does is it doesn't necessarily, and you know, in this time of fiscal constraint, add staff. It ensures that the staff that we already have deployed, which are a significant number of staff, particularly when you add the three field agencies together, that they are acting in a way that gets the best results for people in rural America. And we believe that it is more of a community economic development approach, to make sure that the staff have the tools, and for many of them who really want to do this type of work as opposed to do—as being solely a loan processor, that they have that ability, and we support them in working with local community leaders, working with particularly underserved entities, and underserved businesses to create that opportunity.

So, to your first question, how much will it cost? In terms of the staffing cost, actually there is not increased staff cost. It is just a better way of serving rural America.

So as we—in terms of the, you know, specific metrics on jobs created, I would be happy to follow up with you or your staff. I don't have those numbers right now. As you mentioned, it has been in a pilot stage for the last year and a half or so, and some of those numbers do take some time to rack up.

We have had some great successes throughout the country where farmers—where FSA, Rural Development, NRCS have come together to work with a group of farmers so that they can put together a conservation need such as hoop houses so that they can extend the growing season of their fruits and vegetables. And then they can work with Rural Development so we can provide them perhaps a value-added producer grant, to make sure that they have the business plan so that they know where their market is and how they can evolve to meet that market demand as well as the Farm Service Agency. And they have had a particularly, I think, successful rollout in the last few months on micro loans, which there has been an emphasis in the Strike Force States to make sure that those small farmers know about that new program and it has been——

Mr. BISHOP. The additional 10 States, so is not going to require you to have any additional personnel? It is not going to increase your expenses at all?

Mr. O'BRIEN. Well, I can—I should—I will keep my comments to just Rural Development as that is the area which I work with, but I know within Rural Development, you know, what we have done is essentially, we have reprioritized some of the—some of the work of those staff in those States to make sure that they are utilizing at least some of their time to do that capacity building, to do the community and economic development, to ensure that you get the best results, the most sustainable and viable locally led plans, you know, into the future.

Mr. BISHOP. Don't you have to send somebody from Washington to these areas to actually stir up those programs?

Mr. O'BRIEN. Well, Secretary Vilsack, you know, has certainly visited a number of these places, but he is also—you know, we——

Mr. BISHOP. Is there some strike force personnel that are specifically hired to do strike force?

Mr. O'BRIEN. There is—you know, we have a coordinator at the national office, but the way that, at least we work with it in Rural Development, is that—is that the current workforce, it is included as part of their duties. It is part of the way of doing business when you are in an area of underserved. And so, you know, we haven't, at least in Rural Development, added particular staff, but when you——

Mr. BISHOP. So the coordinator is not a part of your staff, is not a part of Rural Development. That is somebody from the Secretary's office?

Mr. O'BRIEN. Yeah. To coordinate it, yes, that is correct. It is rotated from place to place in the mission area, but yeah, it is basically led, you know, it is a department.

Mr. BISHOP. And you will provide us with the jobs, the number of jobs that are created, the success stories, if you will.

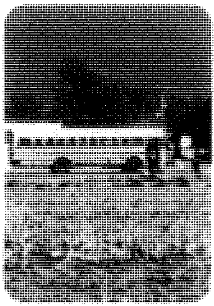
Mr. O'BRIEN. Yes, sir.

[The information follows:]

USDA

United States Department of Agriculture

StrikeForce for Rural Growth and Opportunity



Rural Americans face many unique challenges and every day, the U.S. Department of Agriculture provides assistance to help rural communities prosper. Unfortunately, 90 percent of America's persistent poverty counties are in rural America – and we can't allow these areas to be left behind.

In 2010, USDA launched the StrikeForce for Rural Growth and Opportunity – an effort to leverage partnerships in poverty-stricken rural areas to ensure that every community has equal access to USDA programs. USDA piloted the StrikeForce initiative in 2010 in the states of Arkansas, Georgia and Mississippi. In 2011, StrikeForce expanded to the Southwest, adding Colorado, New Mexico and Nevada.

In 2013, Secretary Vilsack announced new efforts to bring the StrikeForce for Rural Growth and Opportunity to Alabama, Alaska, Arizona, North Carolina, North Dakota, South Carolina, South Dakota, Texas, Utah and Virginia.

Encouraging Growth, Creating Opportunity, Increasing Participation

USDA's StrikeForce aims to increase investment in rural communities through intensive outreach and stronger partnership.

USDA partners with rural communities and regions on locally-supported projects. USDA takes steps, in partnership with the community, to provide technical assistance and explanation as needed to ensure that communities can fully access USDA programs.

Local Community Based Organizations are critical to this effort. Since 2010, USDA has partnered with over four hundred of these organizations – congregations, volunteer organizations, nonprofits and others.

Working In Partnership with Communities

- In Arkansas, StrikeForce is tackling food insecurity and access to healthy food. USDA established a partnership with Heifer International through the East Arkansas Enterprise Community. This partnership is developing a sustainable food system in order to address existing food deserts in a nine-county area.
- In Nevada, StrikeForce is improving access to farm programs in Indian Country. USDA has partnered with the Indian Nations Conservation Alliance, Nevada Department of Agriculture and local extension services to promote locally grown food on Tribal lands in Nevada.
- In Georgia, USDA is collaborating with Fort Valley State University to provide technical assistance to develop a cooperative business structure in the Georgia goat industry.
- In New Mexico, StrikeForce is helping more children get a healthy meal when school's out. USDA partnered with New Mexico Collaborative to End Hunger, Share Our Strength and Dairy Max to fund its first mobile Summer Food Service Program bus, delivering meals to 45,000 children each summer weekday at 700 partner sites.

Achieving Meaningful Results

- In 2012, the Farm Service Agency saw an increase in the total number of direct farm loan applications received in StrikeForce areas – even with nationwide applications down 10 percent during that time.

In the Natural Resources Conservation Service, program applications by underserved producers last year increased by 82 percent in StrikeForce areas.

- Last year, the Rural Housing Community Facilities Program obligated a total of $65 million in StrikeForce areas – a 112-percent increase over 2011.
- In 2012, USDA's Food and Nutrition Service increased the number of children in StrikeForce states receiving free or reduced price school breakfasts by 7.4%. The agency increased the number of children receiving food assistance through the Summer Food Service Program in StrikeForce states from 10.5 million to 11.3 million.

Getting Involved

As USDA's StrikeForce for Rural Growth and Opportunity expands in 2013, we foresee many new partnerships ahead. You can learn more about the USDA StrikeForce for Rural Growth and Opportunity at www.usda.gov/strikeforce. You can also contact your state StrikeForce coordinator.

USDA StrikeForce State Coordinators

Alabama:	Ben Malone	ben.malone@al.usda.gov	334-329-1676
Alaska:	Molly Voeller	molly.voeller@ak.usda.gov	907-761-7749
Arizona:	Dennis Chandler	dennis.chandler@az.usda.gov	928-524-2652 x114
Arkansas:	Charlie Williams	charlie.williams@ar.usda.gov	870-633-3055 x117
Colorado:	Randy Randall	randy.randall@co.usda.gov	720-544-2824
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Utah:	Michele DeVaney	michele.devaney@ut.usda.gov	801-524-4587
Virginia:	Ray Dorsett	ray.dorsett@va.usda.gov	804-287-1649

Success Stories

www.usda.gov/strikeforce

Conservation Makes a Difference in Drought-Stricken Areas

Posted by Beverly Moseley, NRCS, on May 3, 2013 at 12:07 PM

For months, South Texas ranchers have been struggling to keep cattle fed and watered through extraordinary drought conditions. Water wells and stock tanks have run dry, and some ranchers are left with no alternative but to truck water in to cattle.

Mother Nature recently added insult to injury in drought-stricken Benavides when softball-sized hail fell during a one-inch rainfall event. Strong winds quickly dried up any moisture.

"Duval County has been in exceptional drought for the last 12 months," says Sammy Guerra, USDA Natural Resources Conservation Service district conservationist in Benavides. "Some parts catch a rain that will start greening up the grasses. Then, we have these 40-mile-per-hour winds consistently that dries out [the soil]. We just haven't had the conditions to grow any grass."

Willie Utley is all too familiar with the day-to-day struggles of persistent drought. The Benavides rancher has been hauling water to one of his pastures for months and moved some cattle to leased pastures where there is available water. Normal annual rainfall in Duval County is 24 inches, but Utley's ranch has received only an estimated 10.5 inches over the past two years.

"Three or four years ago I used to have 60 head of cattle. Now I'm down to about 25," Utley says.

The need for livestock water brought Utley into his local NRCS field office. He applied for and received funding from the agency to help install a solar-powered water well through the USDA's national StrikeForce Initiative for Rural Growth and Opportunity.

The StrikeForce Initiative addresses high-priority funding needs in rural communities in 16 states, including Texas. The initiative provides an opportunity for NRCS to work with landowners to determine how to best leverage available financial assistance to address their natural resource concerns.

Drilling of the well was recently finished, and a solar-powered pump will soon be installed to provide fresh, cool water to livestock and wildlife. Utley said that without financial assistance through the StrikeForce Initiative, he would not have been able to afford a new well. One reason is that it has been costly over the past couple of years to provide supplemental feed such as hay.

Utley is taking the steps needed to efficiently manage his ranch through the drought. Once forages on the drought-stricken pastures have had some time to recover, he hopes to move his cattle back to the pasture where the new water well has been established.

"It's going to be a big improvement and not having the worry of not having water when you need it," he says.

USDA Officials Highlight StrikeForce at South Dakota Indian Business Alliance Conference

Posted by South Dakota Rural Development Coordinator Christine Sorensen, on April 29, 2013 at 12:00 PM

South Dakota USDA officials recently highlighted the StrikeForce initiative at the bi-annual South Dakota Indian Business Alliance Conference held in Rapid City. The conference with the theme of, "Building Opportunities in the New Native America," was a perfect opportunity to announce South Dakota USDA's focus on increasing partnerships and leveraging resources on South Dakota tribal lands.

"We are working to build new partnerships to create jobs and improve the economic vitality of rural communities in South Dakota," Elsie Meeks, USDA Rural Development State Director said. "Although, USDA Rural Development finances many projects on South Dakota's reservations, being designated as a StrikeForce state to work on tribal lands, compels us to become more strategic in bringing access of all Rural Development's programs to reservations. For example, one of our initiatives will be to create a network to provide more opportunities for homeownership on tribal lands," said Meeks. "Along with homeownership and business programs, Rural Development will finance critical infrastructure needed for growth and a healthy environment on our tribal lands."

"The Natural Resources Conservation Service (NRCS) works directly with individual producers and Tribal entities to help them conserve, maintain, and improve their natural resources." said Jeff Zimprich, NRCS State Conservationist. "A producer may seek assistance from NRCS to provide technical assistance in the form of a conservation plan including engineering design, or financial assistance in the form of incentives through various NRCS programs." Zimprich notes that "NRCS has been successful in providing technical and financial assistance for conservation activities in those areas targeted in the StrikeForce initiative and anticipates that increased outreach and developing new partnerships will result in even better utilization of our agencies technical and financial resources."

"Through the Farm Service Agency's (FSA) Farm Loan Programs we serve as the lender of first opportunity for many tribal members who are starting or growing their individual ranching and farming operations," said Craig Schaunaman, FSA State Executive Director. "FSA also offers risk protection through the Noninsured Crop Disaster Assistance Program (NAP) to tribal members who rely on grasslands throughout the state of South Dakota for forage and grazing purposes."

StrikeForce is a USDA initiative to increase program participation from rural communities and leverage collaboration with community based organizations in targeted, persistent poverty areas. South Dakota was recently added to the initiative's list of StrikeForce states.

Alaska Native "Strike Force" Community Observes Earth Day with Improved Water Service

Posted by Larry Yerich, USDA Alaska Public Information Coordinator, on April 23, 2013 at 11:32 AM

The rural Native village of Kasaan is located in Southeast Alaska and is nearly 700 miles north of Seattle. Earth Day 2013 highlighted USDA Rural Development's efforts to improve environmental and health conditions in rural Alaskan communities. Part of that effort is the successful completion of the Kasaan Water Project.

Secretary Tom Vilsack announced funding of the project in the summer of 2011. The funding was provided through USDA's Rural Alaska Village Grant (RAVG) program. The project is another successful culmination in the partnerships between USDA, the State of Alaska, the Indian Health Service and the Alaska Native Tribal Health Consortium (ANTHC). The new infrastructure was put into operation after a final inspection on March 20th.

"This water system project was essential in providing facilities that are environmentally safe and meet necessary drinking water standards," said USDA-RD Alaska State Director Jim Nordlund. "The water treatment plant and water storage tank now provide quality drinking water to the residents of Kasaan," he added.

"The community of Kasaan needed a larger water plant that would be able to meet our current and future demands plus meet new Environmental Protection Agency regulations. USDA helped supply the necessary funds to build a larger water plant and new storage tank in a safer location. The community of Kasaan will now have a safer and more adequate supply of drinking water," said Kasaan City Mayor, Audrey L Escoffon.

Southeast Alaska is one of the areas recently identified for USDA's new "StrikeForce" initiative. The economy and jobs in Southeast have been affected by the downturn of the timber industry in the area. Rural Development and other USDA agencies are working to promote efforts for partnering with rural communities and regions on projects that promote economic growth.

Deputy Under Secretary Visits StrikeForce State of Mississippi, Says Public-Private Partnerships Build a Stronger Rural America

Posted by Megan Pittman, USDA Mississippi Public Information Coordinator, on March 29, 2013 at 11:24 AM

Earlier this week, USDA Rural Development Deputy Under Secretary Doug O'Brien met with local and regional officials in Mississippi to discuss ways USDA can help businesses create jobs and stimulate local economies. Mississippi was one of the first states in the nation to be designated a StrikeForce state by USDA and last Tuesday, Agriculture Secretary Tom Vilsack announced that the U.S. Department of Agriculture will launch its "StrikeForce" initiative in ten additional states.

The primary goal of the StrikeForce initiative is to increase partnership with rural communities and leverage community resources in targeted, persistent poverty areas. Vilsack noted that through the StrikeForce initiative, USDA will do more to partner with local and state governments and community organizations on projects that promote economic development and job creation.

"I am proud to support and highlight the great work under way here to bring economic opportunity to Mississippi's rural communities," O'Brien said during a Rural Jobs and Innovation Accelerator event at Mississippi State University. "Public-private partnerships are some of the best ways to leverage resources for job creation and business development."

Mississippi State University received a $1 million award from the Rural Jobs and Innovation Accelerator challenge. It is a partnership among 13 federal agencies and bureaus. The Jobs Accelerator is a critical component of the Obama Administration's efforts to support small businesses.

USDA NEWS RELEASE

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Secretary Vilsack Launches USDA "StrikeForce" Initiative to Boost Rural Economic Growth and Opportunity

COLUMBIA, South Carolina, March 26, 2013—Agriculture Secretary Tom Vilsack today announced that the U.S. Department of Agriculture will launch its "StrikeForce" initiative in 10 additional states, including South Carolina. The primary goal of the StrikeForce initiative is to increase partnership with rural communities and leverage community resources in targeted, persistent poverty areas. Vilsack noted that through the StrikeForce initiative, USDA will do more to partner with local and state governments and community organizations on projects that promote economic development and job creation.

"During my travels across the country, I've heard mayors and other community leaders say they have a hard time competing for USDA loan and grant programs. They have a plan to develop a new business or create jobs in their regions, but they lack development capital and they view our application and review processes as a barrier," said Vilsack. "StrikeForce changes that. By increasing outreach and technical assistance to communities, we can serve as better partners and help better leverage resources."

The "StrikeForce" initiative started as a pilot project in 2010 in selected regions in three states: Arkansas, Georgia and Mississippi. In 2011 it was expanded to include Colorado, New Mexico and Nevada. In 2013, Secretary Vilsack announced new efforts to bring the StrikeForce for Rural Growth and Opportunity to Alabama, Alaska, Arizona, North Carolina, North Dakota, South Carolina, South Dakota, Texas, Utah and Virginia.

USDA identifies census tracts with over 20 percent poverty (according to American Community Survey data) to identify sub-county pockets of poverty. As areas of persistent poverty are identified, USDA staff work with state, local and community officials to increase awareness of USDA programs, and help build program participation. Vilsack noted that often USDA conducts special outreach activities in an area, and that since 2010, USDA has partnered with over 400 local community based organizations to promote local or regional development projects.

Secretary Vilsack also discussed how the StrikeForce initiative has already had an impact across the nation.

- In Arkansas, StrikeForce is tackling food insecurity and access to healthy food. USDA established a partnership with Heifer International through the East Arkansas Enterprise Community. This partnership is developing a sustainable food system in order to address existing food deserts in a nine-county area in the Mississippi Delta region.
- In Nevada, StrikeForce is improving access to farm programs in Indian Country. USDA has partnered with the Indian Nations Conservation Alliance, Nevada Department of Agriculture and local extension services to promote locally grown food on Tribal lands in Nevada.
- In Georgia, USDA is collaborating with Fort Valley State University to provide technical assistance to develop a cooperative business structure in the Georgia goat industry.
- In New Mexico, StrikeForce is helping more children get a healthy meal when school's out. USDA partnered with New Mexico Collaborative to End Hunger, Share Our Strength and Dairy Max to fund its first mobile Summer Food Service Program bus, delivering meals to 45,000 children each summer weekday at 700 partner sites.

Vilsack also noted that Farm Service Agency direct lending in StrikeForce areas saw an increase last year, even as lending by the agency nationwide was down slightly.

"The StrikeForce Initiative is helping us direct additional resources to better serve producers in persistent poverty rural communities," said Vilsack. "We are focusing on these identified high poverty areas to help improve the quality of life of producers and their communities and to accelerate implementation of conservation practices on their land."

Participants in the StrikeForce include The Natural Resources Conservation Service, Rural Development, the Farm Service Agency, the Food and Nutritiou Service and the USDA Office of Advocacy and Outreach.

Visit www.usda.gov/StrikeForce to learn more.

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Since Strike Force pilot project initiative started in 2010 to April 2011, the following jobs have been saved/created.

Arkansas	716
Colorado	164
Mississippi	613
Nevada	12
New Mexico	255
Georgia	1,710
Total,	3,215

STRIKE FORCE INITIATIVE

Mr. BISHOP. We need some way to measure the effectiveness of it.

Mr. O'BRIEN. Absolutely. The metrics, learning, and we have learned. We piloted, you know, in the last 2 years and we have actually learned some significant lessons from that first group of three States on how to bring this program, make sure that it is effective, that the workforce can pick up on it and get the best results.

Mr. BISHOP. Thank you.

Mr. O'BRIEN. Thank you.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. I will pass, Mr. Chair.

RURAL BUSINESS PROGRAM CONSOLIDATION

Mr. ADERHOLT. Ms. Salerno, I am going to go ahead and address this to you about the rural business and cooperative grant program proposal. USDA has proposed a new $55 million Rural Business and Cooperative Grant Program, which would combine the funding and authorities of seven existing programs. While everyone on the Subcommittee appreciates the efficiency and effectiveness of USDA of trying to do—combine these programs, it is sweeping changes that would be put forth, and without a lot of justification.

The question I would propose to you, has USDA proposed this change to be considered as part of the 2013 farm bill.

Ms. SALERNO. I am sorry. I am going to have to ask my colleague, Mr. O'Brien to answer that.

Mr. O'BRIEN. And we have worked in—and Acting Administrator Salerno hasn't had the benefit of working in last year's, the farm bill process. We worked with the authorizing Committees on both the House and the Senate on providing technical assistance and how we can streamline our programs. The Senate—the version in the Senate that passed included consolidation of the biggest of these grant programs discussed, which, of course, is the Rural Business Enteprise Grant Program, along with the Rural Business Opportunity Grant Program, so we have seen that in some of the legislation, and we appreciate and stand ready to work with authorizing Committees and the Congress as a whole on how we can streamline our programs.

Mr. ADERHOLT. Has there been any discussion with the House side on the Ag Committee?

Mr. O'BRIEN. We did, yeah. Early on we talked about ways and are always available to the authorizing committee to answer questions and talk through ideas.

Mr. ADERHOLT. Is it the intention of Rural Development to run this new $55 million program under a notice of funding availability instead of going through a rulemaking process?

Mr. O'BRIEN. The intention would be for fiscal year 2014, if provided the authority, that we would immediately start a rulemaking process, but to ensure that we have the program delivered in 2014 that we would do it by NOFA in that first year.

Mr. ADERHOLT. Other than administrative efficiency, what is the need for a consolidated program?

Mr. O'BRIEN. Well, I think that—and I don't want to repeat myself, but in the interaction I had with Congressman Fortenberry, the ability to best respond to those local needs, we think it is important to be flexible to best support a local, you know, best case scenario as a local collaboration that has done, you know, asset mapping and research what the most viable plan is for their place, and instead of having five siloed programs with particular authorities, we would be able to support those types of plans in a more effective way.

Mr. ADERHOLT. Well, we would—we appreciate the proposals to increase effectiveness, police programs and to be more efficient in the administrative process, but a change of really of this magnitude needs to be considered by the authorizing Committee, so if you would keep us informed as that proposal is refined.

Mr. O'BRIEN. Thank you.

Mr. ADERHOLT. Mr. Farr.

BUDGET REDUCTIONS

Mr. FARR. Thank you, Mr. Chairman.

Secretary Vilsack was very impressive about the ability to find administrative savings in the Department, and essentially a model for all the Federal agencies. But if you look at your budget, since 2010, the reductions in the budget authority for the Rural Housing Service, the Rural Business Service, and the Rural water and waste loans and grants total at least $750 million. During that same period of time, USDA's discretionary budget has dropped by about $4 billion.

In short, Rural Development is more in the disproportionate share of the budget cuts. From fiscal year 2014—I mean, the fiscal year 2014 budget includes substantial savings in the budget from changes in policy that result in negative subsidy rates for certain loan programs. My question is, is there some reason that these savings were not put back into Rural Development programs that have been hit so hard by these other cuts? The question is why aren't we putting our money where our mouth is?

Mr. O'BRIEN. Well, the—thank you for that question. The fiscal year 2014 budget, we think, is, given the fiscal situation that we find ourselves in, is the right mix. And at the risk of repeating some of my testimony, we do look at supporting what we think is the most vulnerable. And those who live in those multi-family units that receive rental assistance, we increase significantly by over $100 million, that support for those folks. We do look to those because of the historically low interest rates as well as the excellent performance of a number of our programs, we have a zero or negative subsidy rate. We think that increasing the program level in those programs at this time is appropriate and the best way to do it.

There are some very difficult choices that needed to be made, and that I know that this committee faces in terms of finding some ultimate savings from that budget line, and you know, this is the result.

Mr. FARR. The question is, are you with this strategy the chair just asked about——

Mr. O'BRIEN. Uh-huh.

Mr. FARR [continuing]. In the consolidation.

Mr. O'BRIEN. Uh-huh.

Mr. FARR. Do we really have enough resources to do this war on poverty in rural America?

Mr. O'BRIEN. That is an excellent question, Congressman. I know that Rural Development has—you know, is one very significant piece of the Federal response to concentrated poverty in rural America. We have tried——

Mr. FARR. To practice one, aren't you coordinating all of the other Federal agencies through the task force.

Mr. O'BRIEN. No, we are one, and by statute, we are the leader.

Mr. FARR. You are the leader.

Mr. O'BRIEN. Congress has provided us some leadership role.

Mr. FARR. And you are going to need all these resources to respond to infrastructure needs to bring businesses out to rural areas, to creating jobs, to hooking up these new power-producing entities to the grid, do all these things, you are going to need every agency there.

Mr. O'BRIEN. That is absolutely right.

Mr. FARR. Has the task force examined whether they have enough budget resources to complete mission, which I think is an appropriate one?

Mr. O'BRIEN. Well, you know, some of the resources in particular are trying to—to ensure that we have a staffing level that is sufficient to deliver those programs, and in particular, in areas of concentrated poverty. We have a significant level of staffing that we have proposed and that we request that is key. On some of the other programs, I think, you know, that——

RURAL PROGRAMS COLLABORATION

Mr. FARR. But in that staffing, can't you look at maybe including the work that is already being done on the ground. I mean, the USDA contracts out through inspections with State license folks. You do these cooperative agreements all the time with State and local government in sort of specialty areas.

Mr. O'BRIEN. Right.

Mr. FARR. It seems to me that you can also do it as your manpower is being cut. Why can't you look around to see others who aren't being cut because it is not necessarily every local government and Federal—I mean, California has certainly been through all this that we are starting here. We are starting this roadmap to, you know, for fiscal austerity and they did it in California for a number of years, and we have had State offices close once a month on Fridays and people don't go get their DMV license, so they know. They incorporate it in, and we can learn a lot of lessons.

Mr. O'BRIEN. Yes.

Mr. FARR. We can also start working more with folks.

Mr. O'BRIEN. I agree. We agree. They—I think the—historically, Rural Development, you know, now we have just over 400 offices. Two years ago we closed 43. If you look at the trajectory of those offices, we actually, 10, 15 years ago, we had well over 1,000 offices. The story of our mission area and our agency has been one of—at one time, we were providing direct capacity with a very significant footprint. We continue to do that. 400 offices is very significant, more significant than any other Federal entity in the rural space for community and economic development, but I couldn't agree with you more that we need to continue to look for opportunities to work with intermediaries where there are intermediaries with good capacity.

I think one of the challenges will be that in some of the poorest places, the intermediaries, you know, either don't exist or don't have the capacity to move the needle. For that, our challenge is to make sure to, you know, to give them that capacity and provide them——

Mr. FARR. That capacity building is essential.

Mr. O'BRIEN. Yes, it is.

Mr. FARR. I mean, you got to work yourself out of a job.

Mr. O'BRIEN. Absolutely. Yeah.

Mr. FARR. And the only way you are going to do that is by building that capacity in those communities.

Mr. O'BRIEN. That is absolutely right, and——

Mr. FARR. And they will all be at different levels, but you will be able to, with your smart team, to figure out which level they are at and what they are going to need.

Mr. O'BRIEN. Right.

Mr. FARR. And we have enough people in the Federal family and certainly State and local families to if you all, you know, zero in on it.

Mr. O'BRIEN. Right.

Mr. FARR. Look at how much we zeroed in on the Boston incident and how quickly we were able to get some solutions and learn capacities. If nothing else, repeated capacities that are very, very professional and very good. I just think we are just kind of slow at trying to use those same systems in eliminating the root causes of poverty.

Mr. O'BRIEN. We have accelerated in the last 2 years and we plan to work more and more with intermediaries, the Consolidated Grant Program, work in the housing, as well as working with the rural electric cooperatives.

Mr. FARR. I will just finish with this statement because time is up. But it just seems to me with the way the departments have been cut, that your priority is to attack, for lack of a better word, the war on poverty in rural America. Congratulations. But then the people that you head up, your office, to head up that agency, to head up that program, takes a cut in the budget. It is just you are trying to do more with less. And I applaud you if you can get it done, but I would be interested in following up. So we are going to be watching you closely.

Mr. ADERHOLT. Mr. Fortenberry.

RURAL BUSINESS PROGRAM CONSOLIDATION

Mr. FORTENBERRY. I stepped out of the room a moment ago and one of my county officials was here. She said, what are you doing? I said, I am in a meeting with the top people at the USDA. She said, what did you ask them? I said, well, about the rural housing census issue problem and the consolidation of the grant programs. We talked a little bit more about that.

Now, she is coming from one of the areas that is highly concentrated in production of agriculture, one of the most intense areas in the country. But when we talked about, again, the variety of grant programs that have been targeted for this expansion, some of which have been targeted for the expansion of the local foods movements and new forms of production, she said, oh, that is just very exciting, what is happening in that whole field. So she says, be very careful of formula-driven grant processes because, again, going back to the spirit of the original question, all of these initiatives, they were somebody's idea because they saw a need and it was trying to target narrowly in order to expand to the core mission of strong economic development and good outcomes for all people. So that was her advice.

So let's just talk one more moment about how you envision this consolidation to potentially work. What happens sometimes in formula-driven grant processes is a lot of people are left out, and it ends up getting concentrated in the hands of fewer people who know the system or have the strength of relationships here and elsewhere and have the mechanism by which to get that done. A lot of people don't.

Mr. O'BRIEN. Right. So the implementation of the Rural Business Cooperative Grant Program would likely, the largest component of those six grant programs right now is the Rural Business Entrepreneur Grant Program. That is a program, I think the only one of those six, I can be corrected, the administrator can correct me, that actually has a State allocation, because it is actually big enough to do a State allocation. The rest of them, it is a national competition. Generally not all States are able to participate because there is just not enough awards to get to all the States. Or we do find some of our grant programs, there is a particular State that kind of really figures out the program. There might be an intermediary or land grant system that positions itself to help firms in that State, and we find that that State is very, very competitive, or in other words, gets a lot.

So this grant program, I think, we would use the State allocation, which generally the way that works is we look at a formula that looks at three variables; the rural population, the poverty rate, as well as unemployment. And the State receives their allocation. There is a point in the time in the fiscal year, usually in July, where if they have not been able to allocate that money, then we sweep it back, or, excuse me, if they have not been able to award that money, we sweep it back to make sure that money is used that year so it can go out.

The way we would make sure that small disadvantaged firms and nonprofits would be able to participate is likely through utilization of priority points. For instance, an administrator has priority points in a number of these grant programs, and we would be able to build that in the funding opportunity in the NOFA so that everybody knew so that it was transparent, so that we are working to make sure those types of firms would be able to receive some of the awards.

Mr. FORTENBERRY. Thank you.

Mr. ADERHOLT. Ms. Pingree.

Ms. PINGREE. Nothing further.

Mr. ADERHOLT. At this time, we will stand adjourned. We appreciate each of you being here and we look forward to following up with some of these issues that were brought forward today. Thank you very much.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
QUESTIONS FOR THE RECORD
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING
APRIL 24, 2013

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT ADERHOLT

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES AND COLONIAS

Mr. Aderholt: Please update the table in the fiscal year 2013 hearing record of specially targeted areas such as Empowerment Zones/Enterprise Communities and Colonias, which your programs serve, and the states where they are located and the amount of federal funds each has received to date.

Response: The information is submitted for the record.
[The information follows:]

Rural Utilities Service:

Water and Waste Disposal Section 306C Colonias Grants
Information for FY 2010 through 2012* (new addition to table)

State	FY 2010	FY 2011	FY 2012
ARIZONA	$4,994,747	$6,354,660	$6,381,000
CALIFORNIA	2,145,000	3,516,000	2,453,000
NEW MEXICO	8,732,850	8,300,000	8,000,230
TEXAS	8,971,000	13,909,800	8,494,000
Total	$25,069,000	$32,080,000	$25,328,230

* includes funds transferred to RHS for individual homeowner hookups

Rural Business - Cooperative Service:

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES RECIPIENTS FOR
FISCAL YEARS 2008 - 2012
(Dollars in Thousands)

Community Name	State	Designation	Funding(Cumulative)
Metlakatala Indian Community	AK	Round II EC	$2,200
Four Corners EC	AK	Round II EC	2,200
Desert Communities EZ	CA	Round II EZ	17,600
Westside-Tule EC	CA	Round II EC	2,200
Empowerment Alliance of SW FL	FL	Round II EC	2,200
Southwest Georgia United EZ	GA	Round II EZ	17,600
Molokai EC	HI	Round II EC	2,200
Southernmost Illinois Delta	IL	Round II EZ	17,600
Town of Austin EC	IN	Round II EC	2,200
Wichita County EC	KS	Round II EC	2,200

Community Name	State	Designation	Funding(Cumulative)
Bowling Green EC	KY	Round II EC	2,200
Kentucky Highlands EZ	KY	Round II EZ	40,000
Aroostook County EZ	ME	Round II EZ	2,900
Empower Lewiston EC	ME	Round II EC	2,200
Clare County EC	MI	Round II EC	2,200
Mid-Delta EZ	MS	Round II EZ	40,000
Fort Peck Assiniboine & Sioux Tribe EC	MT	Round II EC	2,200
City of Deming EC	NM	Round II EC	2,200
Griggs-Steele EZ	ND	Round II EZ	17,600
Tri-County Indian Nations EC	OK	Round II EC	2,200
Fayette EC	PA	Round II EC	2,200
Allendale ALIVE EC	SC	Round II EC	2,200
Oglala Sioux Tribe EZ	SD	Round II EZ	17,600
Clinch-Powell EC	TN	Round II EC	2,200
FUTURO Communities EC	TX	Round II EC	2,200
FUTURO Communities EZ	TX	Round II EZ	2,900
Rio Grande Valley EZ	TX	Round II EZ	40,000
Five Star EC	WA	Round II EC	2,200
Northwoods NiiJii EC	WI	Round II EC	2,200
Upper Kanawha Valley EC	WV	Round II EC	2,200

Rural Housing Service:

Single Family Housing (SFH) Direct

FY 2012 Rural Economic Area Partnership Obligations

	SFH 502 Very Low	**SFH 502 Low**	**SFH 504**	**SFH 504**
State	**Loan Amt**	**Loan Amt**	**Loan Amt**	**Grant Amt**
NEW YORK	$71,000	$112,920	0	0
Total	**$71,000**	**$112,920**	**0**	**0**

Colonias Obligations for FY 2012

	SFH 502 Very Low	**SFH 502 Low**	**SFH 504**	**SFH 504**
State	**Loan Amt**	**Loan Amt**	**Loan Amt**	**Grant Amt**
ARIZONA	$2,404,320	$1,999,000	$32,193	$269,836
CALIFORNIA	0	618,000	0	0

	SFH 502 Very Low	SFH 502 Low	SFH 504	SFH 504
State	**Loan Amt**	**Loan Amt**	**Loan Amt**	**Grant Amt**
NEW MEXICO	893,626	507,313	9,516	0
TEXAS	100,600	0	0	0
Total	**$3,398,546**	**$3,124,313**	**$41,709**	**$269,836**

Underserved Obligations for FY 2012

	SFH 502 Very Low	SFH 502 Low	SFH 504	SFH 504
State	**Loan Amt**	**Loan Amt**	**Loan Amt**	**Grant Amt**
ARIZONA	$124,000	$348,123	$0	$7,500
SOUTH DAKOTA	93,000	203,100	7,393	12,970
TEXAS	0	125,500	0	0
Total	**$217,000**	**$676,723**	**$7,393**	**$20,470**

306C- WWD RHS Colonias Grants (306C) FY 2012

	306C WWD
State	**Grant Amt Obligated**
ARIZONA	$321,601
NEW MEXICO	39,834
TEXAS	39,031
Total	**$400,466**

COLONIAS RECIPIENTS FOR FISCAL YEARS 2004 - 2012

Community Facilities Projects in Colonias counties funded FY 2004-2012

Community Facilities Projects in Colonias counties funded FY 2004-2012					
FY	Organization Name	State	Direct	Guarantee	Grant
2004	SAN LUIS, CITY OF	AZ	$43,225		$23,275
2004	SOMERTON, CITY OF	AZ	2,915,848		50,000
2004	WILLCOX UNITED	AZ	307,275		42,725
2004	DESERT ALLIANCE FOR	CA			62,500
2004	RANCHO MIRAGE REHAB	CA		$18,192,394	
2004	LUNA, COUNTY OF	NM			25,200
2004	CAMERON, COUNTY OF	TX	207,500		25,000
2004	MARFA, CITY OF	TX			186,750
2004	PRESIDIO COUNTY	TX			500,000
2005	BOWIE UNIFIED SCHOOOL DISTRICT	AZ			44,200
2005	PINAL-GILA COUNCILS	AZ	1,210,000		
2005	SAN LUIS, CITY OF	AZ	480,550		79,550
2005	ST DAVID UNIFIED	AZ			14,668

FY	Organization Name	State	Direct	Guarantee	Grant
2005	SUNNYSIDE FIRE DIST	AZ	82,500		32,000
2005	DESERT ALLIANCE FOR COMMUNITY EMPOWERMENT	CA			20,100
2005	IMPERIAL, COUNTY OF	CA			50,000
2005	WESTMORLAND, CITY OF	CA			60,000
2005	EDWARDS, COUNTY OF	TX	1,304,000		100,000
2005	FORT STOCKTON ISD	TX	35,000		
2005	SAN DIEGO, CITY OF	TX	485,000		35,000
2006	AMADO COMMUNITY FOOD BANK	AZ			50,000
2006	CHARLES WM LEIGHTON JR. HOSPICE INC	AZ	147,000		28,000
2006	PINAL-GILA COUNCIL'S SENIOR FOUNDATION	AZ	250,000		
2006	PPEP MICROBUSINESS & HOUSING DEVELOPMENT	AZ			157,329
2006	ST DAVID UNIFIED SCHOOL DIST NO 21	AZ			45,000
2006	CALIPATRIA UNIFIED	CA			49,875
2006	CAMPESINOS UNIDOS	CA			31,329
2006	DESERT ALLIANCE FOR COMMUNITY EMPOWERMENT	CA			35,000
2006	HEBER ELEMENTARY SCHOOL DISTRICT	CA			50,000
2006	NILAND FIRE DISTRICT	CA			75,000
2006	RANCHO MIRAGE REHABILITATION HOSPITAL	CA		4,000,000	
2006	SALTON COMMUNITY SERVICES DISTRICT	CA			22,275
2006	SAN PASQUAL VALLEY UNIFIEDSCHOOLDISTRICT	CA			44,464
2006	COMMUNITY COUNCIL	TX			30,000
2006	COUNTY OF EDWARDS	TX			34,800
2006	FT STOCKTON, CITY OF	TX			35,807
2006	IDEA ACADEMY, INC.	TX		3,638,000	
2007	COCHISE COUNTY FAIR	AZ	70,000		18,000
2007	COMMUNITY FOOD BANK	AZ			45,000
2007	NORTHERN COCHISE COMMUNITY HOSPITAL	AZ	535,000		
2007	REGIONAL CENTER FOR BORDER HEALTH	AZ	1,795,000		
2007	WORLD MINISTRIES	AZ	271,972		50,000
2007	CLINICAS DE SALUD DEL PUEBLO, INC	CA			106,350
2007	IDYLLWILD FIRE PROTECTION DISTRICT	CA	190,000		38,000
2007	IMPERIAL, COUNTY OF	CA			85,077
2007	SALTON COMMUNITY SERVICES DISTRICT	CA			30,000
2007	UNITED FAMILIES, INC.	CA			14,985
2007	WINTERHAVEN FIRE DS	CA			18,000
2007	APPLETREE EDUCATIONAL CENTER	NM			30,000

FY	Organization Name	State	Direct	Guarantee	Grant
2007	BROOKS, COUNTY OF	TX	650,000		100,000
2007	CAMERON WORKS, INC.	TX			250,000
2007	BEEVILLE, CITY OF	TX	210,100		100,000
2007	ROCKSPRINGS, CITY OF	TX			35,850
2007	DIMMIT, COUNTY OF	TX	55,000		45,000
2007	EDWARDS, COUNTY OF	TX			70,532
2008	COMMUNITY FOOD BANK	AZ			90,000
2008	EHRENBERG FIRE DISTRICT	AZ	1,981,540		
2008	FORT THOMAS FIRE DISTRICT	AZ	31,275		7,225
2008	TOHONO O'ODHAM COMMUNITY COLLEGE	AZ			272,350
2008	TOMBSTONE, CITY OF	AZ			49,700
2008	WORLD MINISTRIES	AZ	90,000		
2008	CALIPATRIA, CITY OF	CA			40,000
2008	IMPERIAL, COUNTY OF	CA			41,950
2008	SALTON COMMUNITY SERVICES DISTRICT	CA			30,000
2008	WINTERHAVEN FIRE DS	CA			25,500
2008	SIERRA, COUNTY OF	NM			30,100
2008	HIDALGO, COUNTY OF	TX	225,000		46,308
2008	FT STOCKTON,CITY OF	TX	$397,000		
2008	LA SALLE, COUNTY OF	TX	3,000,000		100,000
2009	COMMUNITY COUNSELING CENTERS, INC.	AZ	183,124		
2009	COMMUNITY FOOD BANK	AZ			14,287
2009	GRAHAM, COUNTY OF	AZ			14,077
2009	MESCAL-J6	AZ	160,000		
2009	REGIONAL FIRE	AZ	301,500		
2009	SUNSITES-PEARCE FIRE DISTRICT	AZ			19,165
2009	TOHONO O'ODHAM COMMUNITY COLLEGE	AZ			220,000
2009	CLINICAS DE SALUD DEL PUEBLO, INC	CA			59,625
2009	CLINICAS DE SALUD DEL PUEBLO, INC	CA			30,000
2009	IMPERIAL, COUNTY OF	CA			11,700
2009	IMPERIAL, COUNTY OF	CA			6,750
2009	NILAND FIRE DISTRICT	CA			15,000
2009	SALTON COMMUNITY SERVICES DISTRICT	CA			20,250
2009	UNITED FAMILIES,INC	CA			21,300
2009	UNITED FAMILIES,INC	CA			10,650
2009	LORDSBURG, CITY OF	NM			52,419
2009	COTULLA, CITY OF	TX	547,000		40,000
2009	WEBB, COUNTY OF	TX			200,000
2009	JIM HOGG COUNTY	TX	1,317,000		3,949,000
2009	LAREDO INT'L FAIR & EXPOSITION, INC.	TX	117,000		143,000
2009	SAN DIEGO, CITY OF	TX	100,000		

FY	Organization Name	State	Direct	Guarantee	Grant
2009	ST. MARY'S CHARTER SCHOOL	TX		1,130,000	
2010	AJO AMBULANCE, INC.	AZ		1,425,000	
2010	BISBEE HOSPITAL ASSOCIATION	AZ	7,080,250	2,800,000	
2010	CHICANOS POR LA CAUSA INC.	AZ			59,053
2010	COMMUNITY FOOD BANK	AZ			200,000
2010	LA PAZ REGIONAL HOSPITAL	AZ			78,523
2010	MARANA HEALTH	AZ	9,933,486	9,933,489	
2010	PINAL HISPANIC COUNCIL	AZ	1,617,000		
2010	SAGUARO FOUNDATION COMMUNITY LIVING PROG	AZ	2,764,000		
2010	TOHONO O'ODHAM COMMUNITY COLLEGE	AZ			196,600
2010	WILLCOX, CITY OF	AZ			117,700
2010	CLINICAS DE SALUD DEL PUEBLO, INC	CA			135,110
2010	IMPERIAL, COUNTY OF	CA			25,200
2010	SALTON COMMUNITY SERVICES DISTRICT	CA			46,500
2010	SAN JOSE COM.& BEA MAIN LEARNING CENTER	CA			27,000
2010	WINTERHAVEN FIRE DS	CA			46,500
2010	BAYARD, CITY OF	NM	288,250		197,750
2010	ALTON, CITY OF	TX	500,000		500,000
2010	BROOKS COUNTY INDEPENDENT SCHOOL DISTRIC	TX			298,809
2010	HIDALGO, CITY OF	TX			159,486
2010	LA FERIA, CITY OF	TX	379,000		464,431
2010	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS	TX			126,767
2010	EDWARDS, COUNTY OF	TX			445,500
2010	FANNIN COUNTY MULTI PURPOSE COMPLEX, INC.	TX			80,174
2010	JIM HOGG, COUNTY OF	TX	125,000		50,000
2010	JIM HOGG, COUNTY OF	TX			50,000
2010	MERCEDES, CITY OF	TX	1,549,000		500,000
2010	STARR, COUNTY OF	TX	105,000		315,000
2010	UVALDE, CITY OF	TX	5,653,000		500,000
2011	SAN JOSE COM.& BEA MAIN LEARNING CENTER	CA			27,000
2011	SAN JOSE COM.& BEA MAIN LEARNING CENTER	CA			35,000
2011	HABITAT FOR HUMANITY OF YUMA INC	AZ			60,000
2011	HABITAT FOR HUMANITY OF YUMA INC	AZ			100,000
2011	MERKEL, CITY OF	TX	445,000		
2011	BAYARD, CITY OF	NM	105,954		
2011	MATHIS CLUBS AND LIBRARY	TX			9,735
2011	ALPINE PUBLIC LIBRARY ASSOCIATION	TX			30,000

FY	Organization Name	State	Direct	Guarantee	Grant
2011	BROOKS COUNTY INDEPENDENT SCHOOL DISTRIC	TX			298,809
2011	SIERRA COUNTY	NM			55,500
2011	FRIO HOSPITAL ASSOCIATION	TX	209,252		
2011	STARR, COUNTY OF	TX			315,000
2011	JIM HOGG, COUNTY OF	TX	1,317,000		
2011	SALTON COMMUNITY SERVICES DISTRICT	CA			46,500
2011	BAYARD, CITY OF	NM	67,000		
2011	BAYARD, CITY OF	NM			49,000
2011	DUNCAN, TOWN OF	AZ	56,377		
2011	DUNCAN, TOWN OF	AZ			30,357
2011	CLINICAS DE SALUD DEL PUEBLO, INC.	CA			30,600
2011	CLINICAS DE SALUD DEL PUEBLO, INC.	CA			29,625
2011	CLINICAS DE SALUD DEL PUEBLO, INC.	CA			30,225
2011	CLINICAS DE SALUD DEL PUEBLO, INC.	CA			44,660
2011	REEVES COUNTY HOSPITAL DISTRICT	TX			50,000
2011	IMPERIAL, COUNTY OF	CA			6,750
2011	IMPERIAL, COUNTY OF	CA			4,950
2011	IMPERIAL, COUNTY OF	CA			6,750
2011	IMPERIAL, COUNTY OF	CA			6,750
2011	WINTERHAVEN FIRE DS	CA			39,000
2011	WINTERHAVEN FIRE DS	CA			7,500
2011	HIDALGO, CITY OF	TX			159,486
2011	TRI-VALLEY IMPROVEMENT ASSOCIATION	AZ			35,100
2011	COTULLA, CITY OF	TX	547,000		
2012	THE QUARTZSITE SENIOR CITIZENS, INC.	AZ			28,226
2012	GUADALUPE, TOWN OF	AZ			47,874
2012	MJY COMMUNITY DEVELOPMENT INC	AZ	3,000,000		
2012	CENTER FOR ACADEMIC SUCCESS	AZ	1,705,000		
2012	SUNNYSIDE FIRE DISTRICT	AZ	$280,000		
2012	SUN LIFE FAMILY HEALTH CENTER INC	AZ	2,616,825		
2012	SUN LIFE FAMILY HEALTH CENTER INC	AZ	2,162,132		
2012	AMITY FOUNDATION INC	AZ	1,800,000		
2012	AGAINST ABUSE INC	AZ			47,700
2012	SOUTHERN COACHELLA VALLEY CSD	CA			6,530
2012	IMPERIAL VALLEY FOOD PANTRY	CA			20,000
2012	IMPERIAL, COUNTY OF	CA			3,750
2012	IMPERIAL, COUNTY OF	CA			23,700
2012	IMPERIAL, COUNTY OF	CA			1,875
2012	IMPERIAL, COUNTY OF	CA			775

FY	Organization Name	State	Direct	Guarantee	Grant
2012	IMPERIAL, COUNTY OF	CA			7,500
2012	IMPERIAL, COUNTY OF	CA			7,500
2012	IMPERIAL, COUNTY OF	CA			3,750
2012	BURN INSTITUTE-IMPERIAL VALLEY	CA			22,500
2012	CLINICAS DE SALUD DEL PUEBLO, INC	CA			13,575
2012	CLINICAS DE SALUD DEL PUEBLO, INC	CA			27,900
2012	CLINICAS DE SALUD DEL PUEBLO, INC	CA			14,250
2012	BAYARD, CITY OF	NM			9,800
2012	BAYARD, CITY OF	NM			22,250
2012	HATCH, VILLAGE OF	NM			50,000
2012	HATCH, VILLAGE OF	NM			50,350
2012	PRESIDIO COUNTY HEALTH SERVICES, INC.	TX	150,000		
2012	CITY OF HIDALGO	TX	9,963,000		
2012	CITY OF HIDALGO	TX	1,500,000		
2012	DIMMIT COUNTY EMS	TX	91,900		
2012	DIMMIT COUNTY EMS	TX			35,000
2012	FREER, CITY OF	TX			31,851
2012	FREER, CITY OF	TX	26,061		

Mr. Aderholt: Please update the list provided in the fiscal year 2013 hearing record of all authorized rural empowerment zones and enterprise communities that have received USDA funds for fiscal years 2008 through 2013 and identify whether those recipients are Round I, Round II or Round III.

Response: The information is provided for the record.
[The information follows:]

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES RECIPIENTS FOR FISCAL YEARS 2008 - 2012

(Dollars in Thousands)

Community Name	State	Designation	Funding(Cumulative)
Metlakatala Indian Community	AK	Round II EC	$2,200
Four Corners EC	AK	Round II EC	2,200
Desert Communities EZ	CA	Round II EZ	17,600
Westside-Tule EC	CA	Round II EC	2,200
Empowerment Alliance of SW FL	FL	Round II EC	2,200
Southwest Georgia United EZ	GA	Round II EZ	17,600
Molokai EC	HI	Round II EC	2,200
Southernmost Illinois Delta	IL	Round II EZ	17,600
Town of Austin EC	IN	Round II EC	2,200
Wichita County EC	KS	Round II EC	2,200
Bowling Green EC	KY	Round II EC	2,200

Community Name	State	Designation	Funding(Cumulative)
Kentucky Highlands EZ	KY	Round II EZ	40,000
Aroostook County EZ	ME	Round II EZ	2,900
Empower Lewiston EC	ME	Round II EC	2,200
Clare County EC	MI	Round II EC	2,200
Mid-Delta EZ	MS	Round II EZ	40,000
Fort Peck Assiniboine & Sioux Tribe EC	MT	Round II EC	2,200
City of Deming EC	NM	Round II EC	2,200
Griggs-Steele EZ	ND	Round II EZ	17,600
Tri-County Indian Nations EC	OK	Round II EC	2,200
Fayette EC	PA	Round II EC	2,200
Allendale ALIVE EC	SC	Round II EC	2,200
Oglala Sioux Tribe EZ	SD	Round II EZ	17,600
Clinch-Powell EC	TN	Round II EC	2,200
FUTURO Communities EC	TX	Round II EC	2,200
FUTURO Communities EZ	TX	Round II EZ	2,900
Rio Grande Valley EZ	TX	Round II EZ	40,000
Five Star EC	WA	Round II EC	2,200
Northwoods NiiJii EC	WI	Round II EC	2,200
Upper Kanawha Valley EC	WV	Round II EC	2,200

EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES RECIPIENTS FOR FISCAL YEARS 2008 - 2012

Mr. Aderholt: Are there carryover funds still available in the rural empowerment zone and enterprise community grants program? If so, how much? Why is there a carryover?

Response: There was a balance of funds for Empowerment Zones Enterprise Communities of $33,453. The balance reflects residual funds remaining which were not expended prior to the expiration of the program authority in 2009.

Mr. Aderholt: Please provide a chart showing the carryover for each program in RD at the end of fiscal year 2012.

Response: The information is submitted for the record.
[The information follows:]

Fiscal Year 2012 Carryover Budget Authority for Rural Development Programs

	Carryover
Rural Housing Service	
Loan Programs:	
Guaranteed community facility loans	$3,309,787
Guaranteed community facility loans - 2008 disasters	66,270
Sec. 504 housing repair loans - 2005 hurricanes	1,285

	Carryover
Sec. 514 Farm Labor housing loans	10,680,303
Multi-family housing revitalization modifications	3,309,352
Multi-family housing revitalization zero percent loans	2,668,899
Multi-family housing revitalization soft second loans	5,683,057
Multi-family housing preservation demo revolving loan fund	1,948,096
Grant Programs:	
Rural community development initiative grants	701,609
Rural cooperative home based health care demo	580,022
Hazardous weather early warning systems grants	30,078
Economic impact initiative grants	2,659,924
Community facility grants	2,085,007
Community facility grants - Tribal College	14,623
Community facility grants - 2008 disasters	185,503
Community facility grants - 5/6/07 tornado	95,774
Community facility grants - 2005 hurricanes	780,618
Seasonal and migrant farm workers nat. disaster grants	134,973
Sec. 504 Very low-income housing repair grants	235,706
Sec. 504 Very low-income housing repair grants -20088-Disaster	1,545
Sec. 509 Compensation for construction defects grants	400,986
Sec. 533 Housing preservation grants	448,836
Sec. 516 Domestic farm labor housing grants	10,797,271
Processing workers housing grants	2,167,370
Multi-family housing vouchers	7,026,919
Multi-family housing revitalization grants	2,186,811
Sec. 523 Mutual and self-help housing grants	12,365,507
Subtotal, RHS	$70,566,132
Rural Utilities Service:	
Loan Programs:	
Direct water and waste disposal loans	6,316,612
Guaranteed water and waste disposal loans	868,129
Direct broadband telecommunication 4%- Mandatory	4,546
Direct broadband telecommunication treasury - Disc.	24,078,258 a/
Direct broadband telecommunication treasury - Mandatory	122,683
Grants Programs:	
Rural water and waste disposal grants	39,906,189
Rural water and waste disposal grants 2003/2004 Hurricanes	3,536,175
Rural water and waste disposal grants 2008 disasters	931,268
Rural water and waste disposal grants - Alaska village	17,629,252
Rural water and waste disposal grants - Native American	1,239,765
Rural water and waste disposal grants - Colonias	3,616,761

	Carryover
Hawaiian Homelands grants	13,227,000
Distance learning and telemedicine grants	6,362,941
Delta healthcare services grants	3,000,000
Broadband telecommunication grants	11,760,955
High energy cost grants	19,390,537
Subtotal, RUS	$151,991,074
Rural Business and Cooperative Development Service	
Loan Programs:	
Business and Industry guaranteed loans	4,963,550
Business and Industry guaranteed loans 2008 disasters	1,553,382
Business and industry NADBank guaranteed loans	351,233
Rural economic development loans	5,619,091
Biorefinery guaranteed loan - Mandatory	40,693,875
Rural microenterprise direct loans - Mandatory	101,880
Grants Programs:	
Rural business enterprise grants	2,235,394
Rural business enterprise grants-2008 Disasters	3,884
Rural business opportunity grants	169,923
Rural business enterprise grants - Native American	320,881
Rural business enterprise grants - Tech Assist Transp	2,182
Rural business enterprise grants - Nat. American Transp	1
Rural business opportunity grants - Native American	248,738
Rural business enterprise grants - Mississippi Delta	299,484
Rural business opportunity grants - Mississippi Delta	32,339
Grant to Delta Regional Authority	215
Special earmark grants	500
Renewable energy feasibility studies - Mandatory	3,325
Renewable energy grants under $20,000 - Mandatory	21,031
Rural microenterprise grants to assist organizations - Mand.	9,697
Repowering assistance payments - Mandatory	28,044,728 b/
Bioenergy program for advanced biofuels payments - Mand.	70,192,319
Rural economic development grants - Mandatory	1,417,245
Value-added agricultural product market development Grants, Discretionary.	8,936,627
Agricultural marketing resource center grants	1,044,550
Value-added agricultural product market development grants, beginning and socially disadvantaged farmers and ranchers, Discretionary.	1,091,041
Value-added agricultural product market development grants, mid-tier chains, Discretionary.	5,061,854
Special earmark grants	314
Rural empowerment zone and enterprise community grants	33,456

	Carryover
Value-added agricultural product market development grants, Mandatory.	52,809
Agricultural marketing resource center grants, Mandatory	142,851
Value-added agricultural product market development grants, beginning and socially disadvantaged farmers and ranchers, Mandatory.	9,557
Value-added agricultural product market development grants, mid-tier chains, Mandatory.	61,324
Agriculture innovation center demonstration program grants	16,452
Subtotal, RBS	$165,699,000
Grand Total	$388,257,000

a/ Unobligated balances rescinded pursuant to general provision 737 of PL 113-6.

b/ Unobligated balances rescinded pursuant to general provision 738 of PL 113-6.

DEFAULTS

Mr. Aderholt: Please update a ten-year table showing the latest information on defaults for all Rural Development direct and guaranteed loan programs.

Response: The information is submitted for the record.
[The information follows:]

RURAL HOUSING INSURANCE FUND
WRITE-OFFS AND LOSSES ON DIRECT LOANS

FY 2003 through FY 2012

(in thousands of dollars)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Write-offs on Direct Loans:											
General Purpose Loans 1/	$150,870	$134,891	$93,561	$71,846	$247,626	$43,758	$88,258	$142,412	$181,030	$239,686	**$1,393,938**
Domestic Farm Labor Loans	39	59	77	52	0	30	0	22	0	0	**279**
Rental or Cooperative Loans	14,571	10,218	9,332	5,540	27,208	18,109	21,025	25,211	13,742	23,392	**168,348**
Self-Help	251	0	0	0	162	0	0	0	0	0	**413**
Total Write-offs on Direct Loans	$165,731	$145,168	$102,970	$77,438	$274,996	$61,897	$109,283	$167,645	$194,772	$263,077	**$1,562,977**
Gain(-) or Loss at Acquisition of Acquired Property and Chattels	(4,232)	(2,799)	(580)	9	(3,436)	(10,550)	(8,269)	(6,821)	1,127	(2,637)	**(38,188)**
Gain(-) or Loss on Sale of Acquired Property and Chattels	16,010	12,517	6,675	2,627	2,430	4,291	5,660	8,654	10,550	10,759	**80,173**
Less Recoveries: 2/	0	0	0	0	0	21,102	19,967	22,705	23,120	21,564	**108,458**
Total Losses on Insured Loans Net of Recoveries	**$177,509**	**$154,886**	**$109,065**	**$80,074**	**$273,990**	**$34,536**	**$86,707**	**$146,773**	**$183,329**	**$249,635**	**$1,496,504**

1/ Includes single family homeownership and repair loans (section 502, 504, and single family credit sales)
2/ Recoveries are included on financing loans only.

Note: Includes currently not collectable amounts written off the financial records, but still included on the borrower record.

RURAL COMMUNITY ADVANCEMENT PROGRAM

LOSS SETTLEMENT ON GUARANTEED LOANS

FY 2003 through FY 2012

(in thousands of dollars)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Direct Paid to Lenders:											
Water and Waste Disposal Loans	0	0	0	0	0	0	$1,096	$633	0	0	**$1,729**
Community Facility Loans	$1,209	$7,475	$2,382	$871	$1,283	$754	20,476	3,026	$647	$3,292	**41,415**
Business and Industry Loans	40,504	60,436	40,086	27,273	30,955	23,467	27,085	68,230	42,478	65,883	**426,397**
Liquidating Combined Programs	92				13	15					**120**
Total Loss Paid to Lenders	$41,805	$67,911	$42,468	$28,144	$32,251	$24,236	$48,657	$71,889	$43,125	$69,175	**$469,661**
Investments in Guaranteed Loans											
Purchased from Holders 1/:											
Financing Community Facility Loans	0	4,674	4,999	1,000	21,460	20,047	2,107	8,007	6,919	95,481	**164,694**
Financing Business and Industry Loans	73,289	57,956	37,293	57,394	34,397	37,184	71,953	93,683	128,015	128,015	**719,179**
Liquidating Combined Programs	50	429	0	0	0	0	0	0	0	0	**479**
Total Investments	$73,339	$63,059	$42,292	$58,394	$55,857	$57,231	$74,060	$101,690	$134,934	$223,496	**$884,352**
Write-offs Paid on Guaranteed Loans											
Purchased from Holders:											
Financing Community Facility Loans	1,927	0	0	1,718	6,563	20,638	533	0	0	975	**32,354**
Financing Business and Industry Loans	20,853	44,376	19,300	48,103	37,526	17,404	17,436	23,131	61,429	36,219	**325,777**
Liquidating Combined Programs	1,370	1,927	431	0	0	0	0	0	2,189	0	**5,917**
Total Write-offs on Guaranteed Loans Purchased from Holders:	$24,150	$46,303	$19,731	$48,103	$44,089	$20,638	$17,969	$23,131	$63,618	$37,194	**$344,926**
Recoveries: 2/											
Community Facility Loans	2,264	0	345	5,432	549	656	301	804	103	394	**10,848**
Business and Industry Loans	34,851	25,082	37,189	22,737	25,952	24,717	17,208	23,683	24,286	41,309	**277,014**
Total Recoveries	$37,115	$25,082	$37,534	$28,169	$26,501	$25,373	$17,509	$24,487	$24,389	$41,703	**$287,862**
Debt Collection Improvement Act Loss Claims:											
Business and Industry Loans								$3,135	$3,135		**$6,270**
Total Losses Paid to Lenders and Write-offs on Guaranteed Loans Purchased From Holders Net of Recoveries	**$28,840**	**$89,132**	**$24,665**	**$48,078**	**$49,839**	**$19,501**	**$49,117**	**$70,533**	**$82,354**	**$64,666**	**$526,725**

1/ Not included in total losses and write-offs.
2/ Recoveries are included on financing lo

Note: Currently not collected and is not included in the totals.

RURAL HOUSING INSURANCE FUND
LOSS SETTLEMENT ON GUARANTEED LOANS

FY 2003 through FY 2012

(in thousands of dollars)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	TOTAL
Direct Paid to Lenders:											
Single Family Housing Loans	$105,447	$122,100	$104,356	$103,783	$98,679	$103,089	$189,901	$198,245	$295,106	$449,367	**$1,770,073**
Multi-Family Housing	0	0	0	0	0	0	12	4	17	1	**34**
Total Loss Paid to Lenders	$105,447	$122,100	$104,356	$103,783	$98,679	$103,089	$189,913	$198,249	$295,123	$449,368	**$1,770,107**
Investments in Guaranteed Loans Purchased from Holders 1/:											
Multi-Family Housing Loans	0	0	0	2,369	1,151	27,817	14,879	0	998	0	**47,214**
Recoveries: 2/											
Single Family Housing Loans	597	776	888	1,033	2,401	5,426	5,903	11,165	9,976	17,753	**55,918**
Multi-Family Housing Loans	0	0	0	0		27	178	2,170	1,898	1,225	**5,498**
Total Recoveries	$597	$776	$888	$1,033	$2,401	$5,453	$6,081	$13,335	$11,874	$18,978	**$61,416**
Total Losses Paid to Lenders and Write-offs on Guaranteed Loans Purchased From Holders Net of Recoverie	**$106,044**	**$122,876**	**$105,244**	**$104,816**	**$101,080**	**$108,542**	**$195,994**	**$211,584**	**$306,997**	**$468,346**	**$1,831,523**

1/ Not included in total losses and write-offs.
2/ Recoveries are included on financing loans only.

RURAL UTILITITY SERVICE PROGRAMS

WRITE-OFFS AND LOSSES ON INSURED LOANS

FY 2003 Through FY 2012

(in thousands of dollars)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY2009	FY2010	FY2011	FY2012	Total
Write-offs on Insured Loans:											
Electric Loans	0	$7	0	$13,669	$9,699	$6,297	$601	$166,601	0	0	**$196,874**
Telecommunication Loans	0	0	0	0	1,286	3,929	0	0	0	0	**5,215**
Distance Learning Telemedicine Loar	0	61	$3,278	5,388	1,903	1,960	207	9,635	0	0	**22,432**
Micro-Entreprenuer	0	0	0	251	100	0	0	0	0	0	**351**
Total Write-offs on Insured Loans	0	$68	$3,278	$5,639	$12,988	$12,186	$808	$176,236	0	0	**$211,203**
Less Recoveries:											
Distance Learning Telemedicine Loar	0	0	0	0	0	0	1	0	0	0	**1**
Total Recoveries 1/	0	0	0	0	0	0	1	0	0	0	**$1**
Total Losses on Insured Loans Net of Recoveries	**$0**	**$68**	**$3,278**	**$5,639**	**$12,988**	**$12,186**	**$807**	**$176,236**	**$0**	**$0**	**$211,202**

1/ Recoveries are included on financing loans only.

DELINQUENCIES

Mr. Aderholt: Please include a similar table showing the latest information on delinquencies for all Rural Development direct and guaranteed loan programs.

Response: The following information is submitted for the record. [The information follows:]

RURAL DEVELOPMENT
COMPARISON OF BORROWER DELINQUENCY RATES

	As Of September 30, 2011						As Of September 30, 2012					
Agency and Loan Program	Number of Loans	Number of Loans Delinquent	Percent Delinquent # Loans	Total Principal Outstanding	Total Principal and Interest Delinquent	Percent Delinquent $ Value	Number of Loans	Number of Loans Delinquent	Percent Delinquent # Loans	Total Principal Outstanding	Total Principal and Interest Delinquent	Percent Delinquent $ Value
RUS:												
Electric Programs:												
Electric (includes Restructured Loans)	3,005	1	0.0%	10,512,562,273	795,267	0.0%	1,811	1	0.1%	7,679,806,184	948,400	0.0%
FFB and FFB A/R	1,292	1	0.1%	31,737,200,528	23,490	0.0%	1,392	0	0.0%	35,407,570,012	0	0.0%
Guaranteed CFC/COBank	18	0	0.0%	329,964,515	0	0.0%	17	0	0.0%	289,496,096	0	0.0%
Subtotal, Electric Loans	4,315	2	0.0%	42,579,727,316	818,757	0.0%	3,220	1	0.0%	43,376,872,292	948,400	0.0%
Telecommunications Programs:												
Restructured Loans)	1,662	2	0.1%	2,573,195,270	3,058,361	0.1%	1,322	4	0.3%	2,437,834,529	3,684,855	0.2%
FFB and FFB A/R	152	1	0.7%	767,983,469	676,451	0.1%	168	0	0.0%	865,541,064	0	0.0%
Subtotal, Telecommunications Programs	1,814	3	0.2%	3,341,178,739	3,734,812	0.1%	1,490	4	0.3%	3,303,375,593	3,684,855	0.1%
Programs	6,129	5	0.1%	45,920,906,055	4,553,569	0.0%	4,710	5	0.1%	46,680,247,885	4,633,255	0.0%
Treasury Rate Direct	22	7	31.8%	21,482,421	16,696,832	77.7%	23	6	26.1%	24,346,083	17,367,807	71.3%
Broadband/Internet Services Programs:	155	23	14.8%	699,034,924	29,045,595	4.2%	236	19	8.1%	991,854,471	178,888,087	18.0%
Fund - Cable	1	0	0.0%	1,807,389	0	0.0%	0	0	0.0%	0	0	0.0%
Guaranteed	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
Programs	156	23	14.7%	700,842,313	29,045,595	4.1%	236	19	8.1%	991,854,471	178,888,087	18.0%
Rural Telephone Bank Program	295	1	0.3%	416,381,079	1,362,188	0.3%	226	1	0.4%	337,073,978	1,705,078	0.5%
Subtotal, RUS	**6,602**	**36**	0.5%	**47,059,611,868**	**51,658,184**	0.1%	**5,195**	**31**	0.6%	**48,033,522,417**	**202,594,227**	0.4%

RURAL DEVELOPMENT
COMPARISON OF BORROWER DELINQUENCY RATES

Agency and Loan Program	As Of September 30, 2011						As Of September 30, 2012					
	Number of Loans	Number of Loans Delinquent	Percent Delinquent # Loans	Total Principal Outstanding	Total Principal and Interest Delinquent	Percent Delinquent $ Value	Number of Loans	Number of Loans Delinquent	Percent Delinquent # Loans	Total Principal Outstanding	Total Principal and Interest Delinquent	Percent Delinquent $ Value
RHS:												
Rural Housing Insurance Fund (RHIF) Programs:												
Single Family Housing (Sec. 502):												
Direct	261,260	59,571	22.8%	15,457,624,156	155,329,013	1.0%	257,111	64,459	25.1%	15,586,143,629	187,482,907	1.2%
Guaranteed	565,399	76,528	13.5%	61,990,442,147	260,830,428	0.4%	671,274	88,532	13.2%	75,683,366,487	343,926,827	0.5%
Modular Housing Demonstration Program	38	6	15.8%	558,120	1,141	0.2%	36	4	11.1%	528,223	524	0.1%
Subtotal, Single Family Housing	826,697	136,105	16.5%	77,448,624,423	416,160,582	0.5%	928,421	152,995	16.5%	91,270,038,339	531,410,258	0.6%
Very Low-income Housing Repair (Sec. 504)	52,360	5,068	9.7%	202,880,028	997,317	0.5%	50,736	5,689	11.2%	190,122,226	1,039,031	0.5%
Multi-Family Housing (Sec. 515)												
Direct	25,096	2,187	8.7%	10,945,529,000	28,049,000	0.3%	24,429	1,777	7.3%	10,825,912,000	27,572,000	0.3%
Guaranteed	474	3	0.6%	579,225,410	21,029,803	3.6%	550	3	0.5%	668,204,431	3,485,955	0.5%
Subtotal, Multi-Family Housing	25,570	2,190	8.6%	11,524,754,410	49,078,803	0.4%	24,979	1,780	7.1%	11,494,116,431	31,057,955	0.3%
Site Development (Sec. 524)	11	8	72.7%	6,083,000	3,574,000	58.8%	15	12	80.0%	6,228,000	3,305,000	53.1%
Self-Help Housing Land Development (Sec. 523)												
Subtotal, RHIF	904,638	143,371	15.8%	89,182,341,861	469,810,702	0.5%	1,004,151	160,476	16.0%	102,960,504,996	566,812,244	0.6%
Farm Labor Housing	1,056	62	5.9%	307,912,000	440,000	0.1%	1,044	79	7.6%	329,137,000	358,000	0.1%
Subtotal, RHS	**905,694**	**143,433**	15.8%	**89,490,253,861**	**470,250,702**	0.5%	**1,005,195**	**160,555**	16.0%	**103,289,641,996**	**567,170,244**	0.5%

RURAL DEVELOPMENT
COMPARISON OF BORROWER DELINQUENCY RATES

	As Of September 30, 2011						As Of September 30, 2012					
Agency and Loan Program	Number of Loans	Number of Loans Delinquent	Percent Delinquent # Loans	Total Principal Outstanding	Total Principal and Interest Delinquent	Percent Delinquent $ Value	Number of Loans	Number of Loans Delinquent	Percent Delinquent # Loans	Total Principal Outstanding	Total Principal and Interest Delinquent	Percent Delinquent $ Value
RBCS:												
Rural Development Loan Fund	1,013	15	1.5%	468,800,602	1,350,436	0.3%	1,028	14	1.4%	453,693,800	901,882	0.2%
Rural Economic Development Program	357	12	3.4%	110,350,445	64,019	0.1%	352	15	4.3%	112,564,484	66,145	0.1%
Business and Industry Loans	66	31	47.0%	36,727,000	17,705,000	48.2%	55	24	43.6%	29,854,000	16,959,000	56.8%
RMAP	0	0	0.0%	0	0	0.0%	142	0	0.0%	14,914,045	0	0.0%
Subtotal, RBCS	**1,436**	**58**	4.0%	**615,878,047**	**19,119,455**	3.1%	**1,577**	**53**	3.4%	**611,026,329**	**17,927,027**	2.9%
PROGRAMS	**942,643**	**144,116**	15.3%	**160,879,852,696**	**788,966,583**	0.5%	**1,040,501**	**161,191**	15.5%	**176,456,859,861**	**1,027,954,253**	0.6%

Mr. Aderholt: Please provide a ten-year table showing the default and delinquency rates for all Rural Development direct and guaranteed loan programs.

Response: The information is submitted for the record.
[The information follows:]

Rural Development Loan Portfolio	September 30, 2003 Delinquent Loans > 30 Days			September 30, 2004 Delinquent Loans > 30 Days		
	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.
Direct Portfolio						
Rural Housing						
Single Family Housing	$14,172,925,001	$2,367,277,528	16.70	$13,584,339,083	$2,235,980,386	16.46
Multi-Family Housing	$11,809,479,000	$144,522,975	1.22	$11,766,019,000	$156,085,003	1.33
Community Facility	$1,582,022,144	$67,330,352	4.26	$1,665,139,031	$58,607,823	3.52
Total Rural Housing	**$27,564,426,145**	**$2,579,130,855**	**9.36**	**$27,015,497,114**	**$2,450,673,212**	**9.07**
Rural Utilities						
Water & Waste	$7,500,216,032	$36,625,713	0.49	$7,814,102,176	$45,106,566	0.58
Electric	$27,661,491,688	$4,855,724	0.02	$27,966,165,698	$5,248,987	0.02
Telecommunications	$4,388,602,819	$23,128,176	0.53	$4,431,699,048	$32,991,992	0.74
Total Rural Utilities	**$39,550,310,539**	**$64,609,613**	**0.16**	**$40,211,966,922**	**$83,347,545**	**0.21**
Rural Business						
Business and Industry	$105,842,000	$42,677,037	40.32	$90,709,000	$41,742,652	46.02
RMAP						
Intermediary Relending Prog/HHS	$402,448,081	$7,350,417	1.83	$412,897,545	$5,476,471	1.33
Rural Economic Development	$77,924,625	$2,104,749	2.70	$75,449,804	$1,163,327	1.54
Total Rural Business	**$586,214,706**	**$52,132,203**	**8.89**	**$579,056,349**	**$48,382,450**	**8.36**
Total Direct Portfolio	**$67,700,951,390**	**2,695,872,671**	**3.98**	**$67,806,520,385**	**2,582,403,207**	**3.81**
Guaranteed Portfolio						
Rural Housing						
Single Family Housing	$12,769,181,919	$804,582,931	6.30	$13,442,389,420	$775,305,119	5.77
Multi-Family Housing	$75,550,205	$0	0.00	$102,296,491	$0	0.00
Community Facility	$391,729,884	$16,954,500	4.33	$438,808,533	$11,238,820	2.56
Total Rural Housing	**$13,236,462,008**	**$821,537,431**	**6.21**	**$13,983,494,444**	**$786,543,939**	**5.62**
Rural Utilities						
Water & Waste	$28,921,612	$0	0.00	$33,066,754	$0	0.00
Electric/Other	$515,589,367	$0	0.00	$479,321,176	$0	0.00
Total Rural Utilities	**$544,510,979**	**$0**	**0.00**	**$512,387,930**	**$0**	**0.00**
Rural Business						
Business and Industry	$4,091,054,395	$586,935,996	14.35	$4,233,690,385	$495,327,907	11.70
Total Rural Business	**$4,091,054,395**	**$586,935,996**	**14.35**	**$4,233,690,385**	**$495,327,907**	**11.70**
Total Guaranteed Portfolio	**17,872,027,382**	**1,408,473,427**	**7.88**	**18,729,572,759**	**1,281,871,846**	**6.84**
Total Loan Portfolio	**$85,572,978,772**	**$4,104,346,098**	**4.80**	**$86,536,093,144**	**$3,864,275,053**	**4.47**

Rural Development Loan Portfolio	September 30, 2005 Delinquent Loans > 30 Days			September 30, 2006 Delinquent Loans > 30 Days		
	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.
Direct Portfolio						
Rural Housing						
Single Family Housing	$13,174,315,570	$2,069,685,572	15.71	$13,010,046,315	$1,992,371,041	15.31
Multi-Family Housing	$11,722,944,000	$158,488,995	1.35	$11,629,408,000	$170,960,311	1.47
Community Facility	$1,824,902,000	$55,131,936	3.02	$2,141,666,000	$56,554,423	2.64
Total Rural Housing	**$26,722,161,570**	**$2,283,306,503**	**8.54**	**$26,781,120,315**	**$2,219,885,775**	**8.29**
Rural Utilities						
Water & Waste	$8,170,218,000	$54,815,808	0.67	$8,635,464,000	$61,511,959	0.71
Electric	$30,160,419,954	$4,739,479	0.02	$34,015,167,760	$3,117,610	0.01
Telecommunications	$4,059,525,752	$50,100,636	1.23	$3,956,553,456	$45,901,538	1.16
Total Rural Utilities	**$42,390,163,706**	**$109,655,923**	**0.26**	**$46,607,185,216**	**$110,531,107**	**0.24**
Rural Business						
Business and Industry	$83,725,000	$46,622,037	55.68	$71,558,000	$43,422,870	60.68
RMAP						
Intermediary Relending Prog/HHS	$429,131,415	$5,525,656	1.29	$442,665,122	$831,775	0.19
Rural Economic Development	$73,228,861	$1,494,759	2.04	$88,961,100	$760,828	0.86
Total Rural Business	**$586,085,276**	**$53,642,452**	**9.15**	**$603,184,222**	**$45,015,473**	**7.46**
Total Direct Portfolio	**$69,698,410,552**	**2,446,604,878**	**3.51**	**$73,991,489,753**	**2,375,432,355**	**3.21**
Guaranteed Portfolio						
Rural Housing						
Single Family Housing	$14,118,215,281	$797,711,928	5.65	$15,095,751,938	$820,439,446	5.43
Multi-Family Housing	$179,187,551	$0	0.00	$229,762,264	$1,388,483	0.60
Community Facility	$496,906,318	$22,233,438	4.47	$547,432,906	$16,044,074	2.93
Total Rural Housing	**$14,794,309,150**	**$819,945,366**	**5.54**	**$15,872,947,108**	**$837,872,003**	**5.28**
Rural Utilities						
Water & Waste	$32,060,220	$2,310,491	7.21	$33,601,928	$0	0.00
Electric/Other	$453,304,181	$0	0.00	$391,403,954	$0	0.00
Total Rural Utilities	**$485,364,401**	**$2,310,491**	**0.48**	**$425,005,882**	**$0**	**0.00**
Rural Business						
Business and Industry	$4,225,993,265	$413,041,608	9.77	$3,900,929,662	$319,114,148	8.18
Total Rural Business	**$4,225,993,265**	**$413,041,608**	**9.77**	**$3,900,929,662**	**$319,114,148**	**8.18**
Total Guaranteed Portfolio	**19,505,666,816**	**1,235,297,465**	**6.33**	**20,198,882,652**	**1,156,986,151**	**5.73**
Total Loan Portfolio	**$89,204,077,368**	**$3,681,902,343**	**4.13**	**$94,190,372,405**	**$3,532,418,506**	**3.75**

Rural Development Loan Portfolio	September 30, 2007 Delinquent Loans > 30 Days			September 30, 2008 Delinquent Loans > 30 Days		
	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.
Direct Portfolio						
Rural Housing						
Single Family Housing	$13,100,046,926	$2,069,216,379	15.80	$13,348,213,250	$2,384,541,388	17.86
Multi-Family Housing	$11,556,725,000	$197,470,331	1.71	$11,465,207,000	$190,632,065	1.66
Community Facility	$2,480,261,000	$77,472,210	3.12	$2,767,391,000	$78,029,048	2.82
Total Rural Housing	**$27,137,032,926**	**$2,344,158,920**	**8.64**	**$27,580,811,250**	**$2,653,202,501**	**9.62**
Rural Utilities						
Water & Waste	$9,152,362,000	$45,190,889	0.49	$9,858,931,000	$44,772,454	0.45
Electric	$35,867,873,209	$928,440	0.00	$37,492,219,623	$862,387	0.00
Telecommunications	$3,992,748,297	$52,187,044	1.31	$4,065,911,688	$52,869,500	1.30
Total Rural Utilities	**$49,012,983,506**	**$98,306,373**	**0.20**	**$51,417,062,311**	**$98,504,341**	**0.19**
Rural Business						
Business and Industry	$60,980,000	$38,719,635	63.50	$46,508,000	$22,031,778	47.37
RMAP						
Intermediary Relending Prog/HHS	$460,036,613	$831,775	0.18	$465,430,557	$2,813,442	0.60
Rural Economic Development	$90,632,446	$600,000	0.66	$100,272,138	$2,348,711	2.34
Total Rural Business	**$611,649,059**	**$40,151,410**	**6.56**	**$612,210,695**	**$27,193,931**	**4.44**
Total Direct Portfolio	**$76,761,665,491**	**2,482,616,703**	**3.23**	**$79,610,084,256**	**2,778,900,773**	**3.49**
Guaranteed Portfolio						
Rural Housing						
Single Family Housing	$17,103,241,171	$905,853,491	5.30	$21,652,304,867	$2,580,618,375	11.92
Multi-Family Housing	$253,858,346	$55,080,375	21.70	$293,513,268	$47,289,076	16.11
Community Facility	$662,512,244	$27,870,514	4.21	$693,265,102	$30,562,433	4.41
Total Rural Housing	**$18,019,611,761**	**$988,804,380**	**5.49**	**$22,639,083,237**	**$2,658,469,884**	**11.74**
Rural Utilities						
Water & Waste	$36,880,548	$0	0.00	$67,991,916	$2,148,115	3.16
Electric/Other	$402,490,984	$0	0.00	$387,571,976	$0	0.00
Total Rural Utilities	**$439,371,532**	**$0**	**0.00**	**$455,563,892**	**$2,148,115**	**0.47**
Rural Business						
Business and Industry	$3,681,893,100	$331,292,096	9.00	$3,770,053,800	$347,872,950	9.23
Total Rural Business	**$3,681,893,100**	**$331,292,096**	**9.00**	**$3,770,053,800**	**$347,872,950**	**9.23**
Total Guaranteed Portfolio	**22,140,876,393**	**1,320,096,476**	**5.96**	**26,864,700,929**	**3,008,490,949**	**11.20**
Total Loan Portfolio	**$98,902,541,884**	**$3,802,713,179**	**3.84**	**$106,474,785,185**	**$5,787,391,722**	**5.44**

Rural Development Loan Portfolio	September 30, 2009 Delinquent Loans > 30 Days			September 30, 2010 Delinquent Loans > 30 Days		
	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.
Direct Portfolio						
Rural Housing						
Single Family Housing	$13,866,899,622	$2,753,206,105	19.85	$15,135,722,480	$3,067,356,349	20.27
Multi-Family Housing	$11,408,521,000	$229,541,142	2.01	$11,327,192,000	$219,350,535	1.94
Community Facility	$3,058,714,000	$99,863,230	3.26	$3,300,538,000	$122,627,878	3.72
Total Rural Housing	**$28,334,134,622**	**$3,082,610,477**	**10.88**	**$29,763,452,480**	**$3,409,334,762**	**11.45**
Rural Utilities						
Water & Waste	$10,380,576,000	$67,497,530	0.65	$10,898,410,000	$133,193,915	1.22
Electric	$39,994,977,635	$1,568,435	0.00	$40,716,526,659	$1,947,483	0.00
Telecommunications	$4,136,256,230	$57,160,653	1.38	$4,324,142,251	$109,650,153	2.54
Total Rural Utilities	**$54,511,809,865**	**$126,226,618**	**0.23**	**$55,939,078,910**	**$244,791,551**	**0.44**
Rural Business						
Business and Industry	$41,981,000	$23,970,052	57.10	$39,965,000	$25,571,904	63.99
RMAP						
Intermediary Relending Prog/HHS	$471,823,709	$4,268,633	0.90	$474,433,759	$6,793,433	1.43
Rural Economic Development	$104,561,135	$740,000	0.71	$103,750,994	$5,473	0.01
Total Rural Business	**$618,365,844**	**$28,978,685**	**4.69**	**$618,149,753**	**$32,370,810**	**5.24**
Total Direct Portfolio	**$83,464,310,331**	**3,237,815,780**	**3.88**	**$86,320,681,143**	**3,686,497,123**	**4.27**
Guaranteed Portfolio						
Rural Housing						
Single Family Housing	$33,657,773,172	$4,416,259,255	13.12	$49,747,330,249	$5,899,546,601	11.86
Multi-Family Housing	$375,841,592	$47,078,917	12.53	$511,302,698	$46,059,939	9.01
Community Facility	$789,611,518	$37,774,792	4.78	$900,557,656	$23,161,484	2.57
Total Rural Housing	**$34,823,226,282**	**$4,501,112,964**	**12.93**	**$51,159,190,603**	**$5,968,768,024**	**11.67**
Rural Utilities						
Water & Waste	$69,093,854	$1,077,868	1.56	$63,865,370	$0	0.00
Electric/Other	$371,307,313	$0	0.00	$349,721,348	$0	0.00
Total Rural Utilities	**$440,401,167**	**$1,077,868**	**0.24**	**$413,586,718**	**$0**	**0.00**
Rural Business						
Business and Industry	$4,396,119,576	$535,458,671	12.18	$5,877,580,332	$647,005,485	11.01
Total Rural Business	**$4,396,119,576**	**$535,458,671**	**12.18**	**$5,877,580,332**	**$647,005,485**	**11.01**
Total Guaranteed Portfolio	**39,659,747,025**	**5,037,649,503**	**12.70**	**57,450,357,653**	**6,615,773,509**	**11.52**
Total Loan Portfolio	**$123,124,057,356**	**$8,275,465,283**	**6.72**	**$143,771,038,796**	**$10,302,270,632**	**7.17**

Rural Development Loan Portfolio	September 30, 2011 Delinquent Loans > 30 Days			September 30, 2012 Delinquent Loans > 30 Days		
	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.	Amount of Principal Outstanding	Delinquent Principal balance	% Delq. Prin.
Direct Portfolio						
Rural Housing						
Single Family Housing	$15,661,062,304	$3,410,761,013	21.78	$15,776,794,078	$3,860,545,020	24.47
Multi-Family Housing	$11,259,524,000	$219,132,732	1.95	$11,161,277,000	$206,782,018	1.85
Community Facility	$3,791,609,000	$141,391,984	3.73	$4,165,281,000	$180,241,446	4.33
Total Rural Housing	**$30,712,195,304**	**$3,771,285,729**	**12.28**	**$31,103,352,078**	**$4,247,568,484**	13.66
Rural Utilities						
Water & Waste	$11,813,743,000	$142,202,484	1.20	$12,004,297,000	$125,725,161	1.05
Electric	$42,249,762,801	$1,866,825	0.00	$43,087,376,196	$1,447,861	0.00
Telecommunications	$4,479,884,552	$215,199,929	4.80	$4,656,650,125	$267,219,531	5.74
Total Rural Utilities	**$58,543,390,353**	**$359,269,238**	**0.61**	**$59,748,323,321**	**$394,392,553**	0.66
Rural Business						
Business and Industry	$36,727,000	$25,312,472	68.92	29,854,000	$22,212,832	74.40
RMAP				14,914,045	$0	0.00
Intermediary Relending Prog/HHS	$468,800,602	$7,182,949	1.53	$453,693,800	$5,253,101	1.16
Rural Economic Development	$110,350,445	$3,158	0.00	$112,564,484	$400,371	0.36
Total Rural Business	**$615,878,047**	**$32,498,579**	**5.28**	**$611,026,329**	**$27,866,304**	4.56
Total Direct Portfolio	**$89,871,463,704**	**4,163,053,546**	**4.63**	**$91,462,701,728**	**4,669,827,341**	5.11
Guaranteed Portfolio						
Rural Housing						
Single Family Housing	$61,990,442,147	$8,017,984,786	12.93	$75,683,366,487	$9,628,542,279	12.72
Multi-Family Housing	$579,225,410	$19,128,365	3.30	$668,204,431	$6,006,470	0.90
Community Facility	$1,017,721,742	$27,753,560	2.73	$1,173,174,000	$49,050,168	4.18
Total Rural Housing	**$63,587,389,299**	**$8,064,866,711**	**12.68**	**$77,524,744,918**	**$9,683,598,917**	12.49
Rural Utilities						
Water & Waste	$62,348,855	$0	0.00	$90,699,867	$0	0.00
Electric/Other	$329,964,515	$0	0.00	$289,496,096	$0	0.00
Total Rural Utilities	**$392,313,370**	**$0**	**0.00**	**$380,195,963**	**$0**	0.00
Rural Business						
Business and Industry	$7,028,686,323	$602,168,643	8.57	$7,089,217,252	$549,965,422	7.76
Total Rural Business	**$7,028,686,323**	**$602,168,643**	**8.57**	**$7,089,217,252**	**$549,965,422**	7.76
Total Guaranteed Portfolio	**71,008,388,992**	**8,667,035,354**	**12.21**	**84,994,158,133**	**10,233,564,339**	12.04
Total Loan Portfolio	**$160,879,852,696**	**$12,830,088,900**	7.97	**$176,456,859,861**	**$14,903,391,680**	**8.45**

Mr. Aderholt: Please provide for the record the total number and related dollar amount of all fiscal year 2010, 2011, 2012 and 2013 service contracts, which supported the delivery of rural development programs.

Response: The total number and related dollar amount of all fiscal year 2010, 2011, 2012 and 2013 service contracts, which supported the delivery of rural development programs, are as follows:

FY 2010 6,698 transactions totaling $14,556,231.22
FY 2011 5,986 transactions totaling $33,390,588.30
FY 2012 5,181 transactions totaling $40,620,001.18
FY 2013 2,054 transactions totaling $24,295,756.46

Mr. Aderholt: How many employees assigned to the Rural Development mission areas are detailed outside of Rural Development, and to which agencies are they detailed?

Response: There are three employees detailed outside of Rural Development. One employee detailed to the USDA Departmental Management (DM), one employee detailed to the Department of Interior, Bureau of Land Management and; one employee detailed to the Agriculture, Rural Development, Food and Drug Administration and related agencies subcommittee.

Mr. Aderholt: Please update the Committee on the number of State offices, county offices, and Rural Development offices.

Response: Rural Development has 47 State and 485 field offices that are co-located in the communities they serve.

Mr. Aderholt: Please provide for the record a copy of the Rural Development's Loan Portfolio as of January 31, 2013.

Response: The information is submitted for the record.
[The information follows:]

Rural Development
Loan Portfolio
As of January 31, 2013

Loan Portfolio	# of Loans	Amount of Principal Outstanding	Delinquent Loans > 30 days: # Loan Delinq.	% Loan Delinq.	Delinquent Principal balance	% Delq. Prin.	Delinquent Loans > 1 Year: # Loan Delinq.	% Loan Delinq.	Delinquent Principal balance	% Delq. Prin.
Direct Portfolio										
Housing and Community Facilities										
Single Family Housing	305,413	$15,752,906,786	74,297	24.33	$4,156,017,280	26.38	21,921	7.18	$1,160,113,515	7.36
Multi-Family Housing	25,227	$11,139,125,000	* 331	** 2.19	$203,179,510	1.82	* 202	** 1.33	$134,969,998	1.21
Community Facility	6,169	$4,419,870,000	130	2.11	$176,530,494	3.99	75	1.22	$105,781,886	2.39
Total Housing & Community Fac.	**336,809**	**$31,311,901,786**	***** 74,427**	***** 23.89**	**$4,536,727,284**	**14.49**	***** 21,996**	***** 7.06**	**$1,400,865,399**	**4.47**
Utilities										
Water & Waste	17,478	$11,984,993,000	93	0.53	$107,659,683	0.90	26	0.15	$34,006,514	0.28
Electric	3,132	$43,534,225,630	3	0.10	$20,667,125	0.05	1	0.03	$1,426,252	0.00
Telecommunications	1,896	$4,656,220,569	38	2.00	$313,574,147	6.73	26	1.37	$229,810,079	4.93
Total Utilities	**22,506**	**$60,177,439,199**	**134**	**0.60**	**$441,900,956**	**0.73**	**53**	**0.24**	**$265,242,845**	**0.44**
Business and Cooperative										
Business and Industry	49	$26,692,000	18	36.73	$20,566,676	77.05	14	28.57	$19,586,644	73.38
RMAP	170	$17,145,842	8	4.71	$1,287,915	7.51	0	0.00	$0	0.00
Intermediary Relending Prog/HHS	1,031	$447,741,800	14	1.36	$7,122,405	1.59	6	0.58	$3,394,938	0.76
Rural Economic Development	365	$123,646,837	2	0.55	$932,963	0.75	0	0.00	$0	0.00
Total Business & Cooperative	**1,615**	**$515,226,479**	**42**	**2.60**	**$29,909,969**	**4.86**	**20**	**1.24**	**$22,961,582**	**3.74**
Total Direct Portfolio	**360,930**	**$92,104,567,464**	***** 74,603**	***** 22.22**	**$5,007,638,198**	**5.44**	***** 22,069**	***** 6.57**	**$1,689,089,826**	**1.83**
Guaranteed Portfolio										
Housing and Community Facilities										
Single Family Housing	705,126	$80,086,274,257	93,587	13.27	$10,196,456,059	12.73	15,857	2.25	$1,805,266,939	2.25
Multi-Family Housing	575	$714,697,910	2	0.35	$4,276,291	0.60	2	0.35	$4,276,291	0.60
Community Facility	710	$1,209,382,061	20	2.82	$48,940,669	4.05	15	2.11	$29,538,712	2.44
Total Housing & Community Fac.	**706,411**	**$82,010,354,228**	**93,609**	**13.26**	**$10,249,673,019**	**12.50**	**15,874**	**2.25**	**$1,839,081,942**	**2.24**
Utilities										
Water & Waste	68	$81,548,432	0	0.00	$0	0.00	0	0.00	$0	0.00
Electric/Other	17	$277,239,408	0	0.00	$0	0.00	0	0.00	$0	0.00
Total Utilities	**85**	**$358,787,840**	**0**	**0.00**	**$0**	**0.00**	**0**	**0.00**	**$0**	**0.00**
Business and Cooperative										
Business and Industry	3,667	$6,995,613,970	261	7.12	$547,620,434	7.83	188	5.13	$385,588,559	5.51
Total Business & Cooperative	**3,667**	**$6,995,613,970**	**261**	**7.12**	**$547,620,434**	**7.83**	**188**	**5.13**	**$385,588,559**	**5.51**
Total Guaranteed Portfolio	**710,163**	**$89,364,756,038**	**93,870**	**13.22**	**$10,797,293,453**	**12.08**	**16,062**	**2.26**	**$2,224,670,501**	**2.49**
Total Loan Portfolio	**1,071,093**	**$181,469,323,502**	***** 168,473**	***** 16.11**	**$15,804,831,651**	**8.71**	***** 38,131**	***** 3.65**	**$3,913,760,327**	**2.16**

* Number of projects delinquent.
** The % of projects delinquent: Number of projects delinquent divided by number of projects outstanding. There are 15,146 projects outstanding as of January 31, 2013.
*** Exclude Multi-Family Housing Projects (Direct)

POPULATION REQUIREMENTS

Mr. Aderholt: Please update information provided in the fiscal year 2013 hearing record on the population requirements for all Rural Development programs.

Response: The information is submitted for the record.
[The information follows:]

Rural Business-Cooperative Service

RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS BUSINESS & COOPERATIVE PROGRAMS	
Business and Industry (B&I) Guaranteed Loan Program	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town. Per the 2008 Farm Bill, the program considers rural in character and strings in determining rural areas.
North American Development Bank Guaranteed Loans	Businesses in communities with significant levels of workers adversely impacted by NAFTA-related trade as designated by NADBank and areas outside the boundaries of a city or town of more than 50,000 population and urbanized area contiguous and adjacent to such city or town.
Rural Business Enterprise Grants (RBEG)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Rural Development Loan Fund: Intermediary Relending Program	Areas outside the boundaries of a city or town of 25,000 or more.
Rural Economic Development Loans and Grants (REDLG)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Rural Microentrepreneur Assistance Program(Loans and Grants)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Biorefinery Assistance Program	Per Interim Rule: There is no population requirement. The project must be located in a State in the U.S. or its recognized provinces.

RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS BUSINESS & COOPERATIVE PROGRAMS	
Repowering Assistance	Per Interim Rule: There is no population requirement. The refinery must be located in a State in the U.S. or its recognized provinces.
Advanced Biofuel Payment Program	Per Interim Rule: There is no population requirement. The facility must be located in a State in the U.S. or its recognized provinces.
Rural Energy for America (REAP) Guaranteed Loans and Grants	Project must be located in any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town unless the recipient is an agricultural producer. Agricultural producers are not required to meet rural area requirements.
Health Care Services	Lower Mississippi region and Alabama.
Rural Business Investment Program	Outside a metropolitan statistical area or within a community having a population of 50,000 or less.
Rural Cooperative Development Grant (RCDG)	Countrywide
Appropriate Technology Transfer for Rural Areas (ATTRA)	Countrywide
Research on National Economic Impact of Cooperatives (RCDG Mandate)	Countrywide
Small Socially Disadvantaged Producer Grant (RCDG mandate)	Areas outside towns having a population greater than 50,000 and any adjacent urbanized area, or, an urbanized area that is nevertheless rural in character.
Value-added Agricultural Market Development Producer Grants (VAPG)	Countrywide
Rural Business Opportunity Grants (RBOG)	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.
Grant Program for Employment Opportunities for People with Disabilities in Rural Areas	Any area outside the boundaries of a city or town of more than 50,000 population and the urbanized area contiguous and adjacent to such city or town.

RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS BUSINESS & COOPERATIVE PROGRAMS	
1890 Land-Grant Institutions Rural Entrepreneurial Outreach and Development Initiative	Small rural American communities that have the most economic need.
Technical Advisory Service to Cooperatives	Countrywide
Technical Advisory Service to Producers Desiring to Form a Cooperative	Countrywide
Provide Technical Assistance to rural communities	Less than 50,000.
National Rural Development Partnership	The 50 States including the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and, to the extent the Secretary determines it to be feasible and appropriate, the Freely Associated States and the Federated States of Micronesia.

RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS RURAL HOUSING AND COMMUNITY FACILITY PROGRAMS	
Section 502 Direct Loans	Eligible rural areas, cities, and towns of less than 20,000 population.
Section 502 Guaranteed Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 504 Housing Repair Direct Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 504 Housing Repair Grants	Eligible rural areas, cities and towns of less than 20,000 population.
Section 509 Construction Defect Compensation	Eligible rural areas, cities and towns of less than 20,000 population.
Section 514 and 516 Farm Labor Housing	No population restriction.
Section 515 Rural Rental Housing Direct Loans	Eligible rural areas with populations of 20,000 or less.
Multi-Family Housing Revitalization Demonstration Program	Eligibility based on Section 515 and Section 514/516 requirements; Rental Assistance is available to all Section 515 and 514/516-financed projects.
Section 521 Rental Assistance	Eligibility based on Section 515 and Section 514/516 requirements; Rental Assistance is available to all Section 515 and 514/516-financed projects.
Section 523 Mutual and Self-Help Grants and Technical Assistance	Eligible rural areas, cities and towns of less than 20,000 population.
Section 523 Self-Help Site Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 524 Site Development Loans	Eligible rural areas, cities and towns of less than 20,000 population.
Section 525 Technical and Supervisory Assistance	Eligible rural areas, cities and towns of less than 20,000 population.
Section 533 Housing Preservation Grants	Eligible rural areas, cities and towns of less than 20,000 population.
Section 538 Rural Rental Housing Guaranteed Loans	Rural areas with populations of 20,000 or less.
Section 542 Housing Vouchers	Eligibility based on Section 515 and Section 514/516 requirements; Vouchers are available to qualified tenants in all Section 515 and Section 514/516-financed projects that prepay or are foreclosed.

RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS RURAL HOUSING AND COMMUNITY FACILITY PROGRAMS	
Community Facility Direct Loan	Eligible rural areas, cities and towns of less than 20,000 population.
Community Facility Guaranteed Loan	Eligible rural areas, cities and towns of less than 20,000 population.
Community Facility Grant	Eligible rural areas, cities and towns of less than 20,000 population.
Rural Community Development Initiative	Eligible beneficiaries and recipients in communities of 50,000 or less.
RURAL DEVELOPMENT PROGRAM POPULATION REQUIREMENTS RURAL UTILITIES SERVICE	
Water and Waste Disposal Direct Loans and Grants	Rural areas and towns with a population of 10,000 or less.
Distance Learning and Telemedicine	Areas outside incorporated or unincorporated cities with population over 20,000.
Rural Broadband Access Loan and Loan Guarantee Program	An eligible rural area means any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within (1) a city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or (2) an urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.
Telecom Loan Program	Areas outside incorporated or unincorporated cities with population over 5,000
Electric Loan Program	Rural areas outside the boundaries of a city or town of more than 20,000 population or any areas served by an existing electric borrower on June 18, 2008.

AUTHORIZATIONS

Mr. Aderholt: Please provide the USC cite for each loan program where a fee is authorized in law. If the fee is not set in authorizing legislation, please provide what the authority is for charging a fee. Also, provide what the authorized fee limits are for each loan program as currently authorized in law.

Response: Rural Development program fees authorizations are provided for the record.
[The information follows:]

Rural Business Service

The Business and Industry Guaranteed Loan Program (B&I) is authorized to charge fees under sections 307(b) and 310B(g)(5) of the CONACT along with subsection (b) of 7 USC Section 1927. Currently, Rural Development charges an upfront guarantee fee, as well as an annual renewal fee. FY 2013 Agriculture Appropriations Act authorized the agency to charge a guaranteed upfront fee of up to 3 percent in which the agency implemented through a NOFA published on February 6, 2012 (77 FR 5759).

The fees for the Rural Energy for America Program and the Biorefinery Assistance Program are established in the regulations governing the programs specific citations are:

- Biorefinery Assistance Program: 7 CFR 4279-C, section 4279.226
- Rural Energy for America Program: 7 CFR 4280-B, section 4280.127

Rural Housing Service

- The Single Family Housing Section 502 guaranteed loan fee and annual fee are authorized by 42 U.S.C. 1472(h)(8). The limit for the up-front guarantee fee for purchase transactions is 3.5 percent. The limit in the fee was raised to 3.5 percent by the passage of Public Law 111-212 (H.R. 4899) and the fee has been subsequently raised up to that limit. Public Law 111-212 (H.R. 4899) also provided the authority to introduce an annual fee, of up to 0.5 percent of the average annual principal balance per year.

  For Fiscal Year 2013, the upfront fee for purchase loan transactions is 2 percent and for refinance transactions is 2 percent. In addition, both purchase and refinance transactions carry an annual fee of 0.4 percent.

- The Sec. 502 direct loan appraisal fee is authorized in 42 U.S.C. 1480(j).

- The Section 515 Multi-family loan program is authorized to charge a fee under 42 U.S.C. 1485. The authorization to charge fees is limited to late charges, although there are no limits to the amount of the late charge that may be imposed.

- The Section 538 guaranteed multi-family loan program fee is authorized under 42 U.S.C. 1490; and it establishes a limitation on fees charged in 42 U.S.C. 1490 through a one percent limit on the upfront guarantee fee. The Section 515 multi-family loan program is authorized to charge a fee under 42 U.S.C. 1485. The authorization to charge fees is limited to late charges, although there are no limits to the amount of the late charge that may be imposed.

- The Community Facilities guaranteed loan program fee is authorized in program regulations at 7 CFR 3575.29(a). The guaranteed loan fee will be the applicable guarantee fee rate multiplied by the principal loan amount multiplied by the percent of guarantee. The guarantee fee rate is established at 1 percent under RD Instruction 440.1, Exhibit K.

Rural Utilities Service

Rural Utilities Service programs are not authorized to charge fees with the limited exception provided under section 313A of the Rural Electrification Act (7 U.S.C. 940c-1) which assesses an annual fee of 30 basis points on the unpaid principal balance of guaranteed underwriting loans to nonprofit lenders for electrification and telephone purposes. The fees generated are deposited to the rural economic development subaccount.

HEALTHY FOOD FINANCING INITIATIVE AND REGIONAL INNOVATION INITIATIVE

Mr. Aderholt: Please list all expenditures by program to date spent on the Healthy Food Financing Initiative and the Regional Innovation Initiative. How much do you estimate will be spent on the initiatives in fiscal year 2014? Include all direct and indirect costs.

Response: Some existing programs include similar authorities and objectives as the Healthy Food Financing Initiative (HFFI) and the Regional Innovation Initiative (RII). However, the budget for 2014 does not include funding for the HFFI but some Rural Business and Rural Housing programs can support similar efforts.

The budget includes a General Provision allowing the use of up to 5 percent of certain Rural Business, Rural Electric and Rural Housing programs for RII.

FARM BILL PROGRAMS

Mr. Aderholt: Please provide a table showing the appropriation, obligation, limitation, cancellation and carryover for each Rural Development mandatory program provided in the 2008 Farm Bill.

Response: The information is submitted for the record.
[The information follows:]

MANDATORY PROGRAMS IN THE 2008 FARM BILL FOR FYs 2008-2013
(Dollars in thousands)

Program	2008	2009	2010	2011	2012	2013
Rural Energy for America	0	$55,000	$60,000	$70,000	$70,000	0
Carryover	0	0	32	3,387	3,155	$24
Total Available a/	0	55,000	60,032	73,387	22,000	63,215
Obligated	0	54,968	56,959	73,263	21,976	0
Value-Added Grants	0	15,000	0	0	0	0
Carryover	0	0	15,000	820	820	283
Total Available	0	15,000	15,000	820	820	283
Obligated	0	0	14,789	0	1,245	0
Biorefinery Assistance Program	0	75,000	245,000	0	0	0
Carryover	0	0	39,993	273,997	185,278	40,694
Total Available	0	75,000	284,993	273,997	185,278	40,694
Obligated	0	35,007	19,331	88,719	144,584	0
Repowering Assistance Grants	0	35,000	0	0	0	0
Carryover b/	0	0	35,000	26,045	33,045	28,044
Total Available	0	35,000	28,000	26,045	33,045	0
Obligated	0	0	1,955	0	5,000	0
Bioenergy for Advanced Biofuels	0	55,000	55,000	85,000	105,000	0
Carryover	0	0	55,000	51,453	40,327	70,192
Total Available c/	0	55,000	110,000	136,453	65,000	110,192
Obligated	0	0	18,547	136,125	35,205	0
Microenterprise Assistance Program	0	4,000	4,000	4,000	3,000	0
Carryover	0	0	4,000	3,346	903	112
Total Available c/	0	4,000	8,000	7,346	903	3,112
Obligated	0	0	4,655	6,668	903	0

a/ Total available in 2012 is limited to $22 million pursuant to general provision 726, PL 112-55. The total available in 2013 is reduced by sequestration of $1,122,000.

b/ Unobligated balances rescinded pursuant to general provision 738 of PL 113-6.

c/ Total available in 2012 is limited to $65 million pursuant to general provision 726, PL 112-55. The total available in 2013 is reduced by sequestration of $3,315,000.

d/ Total available in 2012 is limited to zero pursuant to general provision 726, PL 112-55.

RESCISSION PROPOSAL

Mr. Aderholt: Please provide a list of all programs and amounts for which the budget request is proposing a rescission or limitation on mandatory or discretionary funding in fiscal year 2014.

Response: The 2014 budget is proposing a rescission of $155,000,000 from the cushion of credit account. No other rescission or limitation of RD programs is proposed in the 2014 budget.

PERSONNEL

Mr. Aderholt: Approximately how many federal and contractor support personnel help deliver Rural Development's loan and grant portfolio in fiscal years 2010, 2011, 2012, and 2013? Please break this out by number of federal employees and contractor support.

Response: The information is submitted for the record.
[The information follows:]

Fiscal Year	Federal Personnel	Contractor Personnel
2010 1/	5,865	200
2011	5,893	194
2012	5,195	175
2013	5,000	160

NOTE: The above table represents on-board staff, both full- and part-time.

1/ The numbers of FY 2010 Federal Personnel and Contractor Personnel amount exclude American Recovery and Reinvestment Act (ARRA) staff.

PROPOSED LEGISLATION

Mr. Aderholt: Does USDA plan to submit any proposed legislation relating to Rural Development to Congress in fiscal year 2014? If so, please summarize the proposal(s).

Response: President's budget includes two legislative proposals pertaining to Rural Development.

The first legislative proposal would permit the Secretary of Agriculture to establish a program for eligible properties financed by USDA under section 514 and Section 515 of the Housing Act of 1949, as amended (42 U.S.C. §§1484 and 1485) to restructure existing loans, provide loans and grants, and provide other financing tools for the purpose of rehabilitating existing affordable housing properties. The Multi-Family Housing Preservation and Revitalization Program (MPR) would authorize USDA Rural Development to offer assistance to eligible properties based on a long-term viability plan, in exchange for the property owner agreeing to operate the property as affordable housing for an extended period of time. USDA has operated this MPR program as a demonstration program since FY 2006.

The second legislative proposal would add USDA Rural Development to the list of agencies permitted to utilize the U.S. Department of Health and Human Services' New Hires database. This is the primary income verification system used by HUD, its public housing authorities, and multi-family property owners and management agents. Utilization of this system has substantially reduced instances of improper subsidy payment errors. The addition of USDA Rural Development to the permitted users list will require statutory authorization.

COMPREHENSIVE LOAN PROGRAM (CLP)

Mr. Aderholt: Please provide information on the Comprehensive Loan Program, including funding requirements and estimated timeline. Please describe the current IT system. How much funding is allocated to it in fiscal years 2013 and 2014? How much will be allocated to the Common Computing Environment in fiscal years 2013 and 2014?

Response: The Comprehensive Loan Program (CLP) initiative was launched by USDA Rural Development (RD) in 2009 to modernize and streamline the application delivery portfolio in order to better serve RD's citizen beneficiaries, and to provide RD employees with the technology and tools they need to pursue RDs mission. Previously RD had diversified investments for program types such as direct and guaranteed loan programs for Single Family and Multi-Family Housing, Business, Community Facilities, and Utilities programs, utilizing systems designed for these singular purposes. In FY 2012, the CLP Investment combined these investments (Housing, Guaranteed, Commercial, Program Funds Control System, Business Intelligence, Automated Mail Processing, RD eGovernment, and RD Performance Management) into a concentrated Program Portfolio in order to encourage shared services, eliminate system duplication and reduce maintenance costs. Currently, CLP is a mixed-life-cycle investment concentrating on modernization efforts that streamlines processes that best suit the customer's needs.

With the funds awarded to CLP from FY 2009 to FY 2012, which included a significant amount of FY 2010 American Recovery and Re-Investment Act (ARRA) Funds, Rural Development has made significant improvements to our information technology infrastructure while managing a growing portfolio with reduced resources. CLP is providing solutions to deliver our programs better and in a more agile way at a reduced cost. In the past, when Rural Development needed to set up new loan and grants programs, it could take up to six months; now we have the ability to do it in less than a month. CLP improved the ability to produce loan status reports required by guaranteed lenders, the integration of online consumer mortgage applications with a backend application processing system, the reconciliation of ARRA recipient data with OMB's FederalReporting.gov, and the creation of portfolio dashboards to improve analysis and management of programs. CLP improved geospatial capabilities so that broadband applicants can draw maps of proposed service territories and employees can perform thorough, accurate spatial reviews of applications. CLP is retiring outdated software technologies resulting in hardware consolidation and reduction that provide immediate savings for RD. In FY 2013, CLP will retire the Rural Telephone Bank servicing system, the Housing Self Help Program system, and the remaining RD obligation functions from the old Program Loan Accounting System (PLAS). Other foundational technologies have also been improved to meet current and future business needs, including a robust rules engine that can be used to easily manage complex business decision processes such as underwriting.

CLP is still in the early stages of implementing online loan and grant processing. CLP plans to have every business process available online. Customers will be able to easily determine their eligibility for programs, apply, make payments, check statuses, and submit compliance information. These abilities are critical cost-effective IT solutions that streamline processes so they are available anytime, anywhere, and to anyone, which is vital to RD's continued success in supporting rural America. Due to the recent loss of several hundred field staff, it is critical that CLP provide employees the ability need to complete their mission in virtual as well as physical environments and to support customers when local office presence across the nation is continually being significantly reduced. The more our loan and grant customers can do on their own, the better.

With the funds planned for FY 2013 through FY 2015, CLP will strive to deliver a more agile, more flexible, and more fully integrated IT platform that is central to RD's portfolio management responsibilities and will allow our business processes to be conducted more efficiently with less staff going forward. Projects currently planned will provide the following results:

- New appropriated loan programs will be online sooner and changes to existing programs can be quickly adopted.
- Data integrity will be improved and system reliability will be increased.
- Provide character recognition on documents so they can be indexed and filed quicker into the system
- There will be increased visibility into portfolio and program performance through enhance data, analytics, and standards
- Systems will be intuitively designed with universal standards that are easier for employees and customers to understand, including more robust tools such as online help, automated data entry, and drop down menus
- Enhancing Guaranteed Loan documentation processes and providing ability to digitally sign conditional commitment
- Financial reports will be easier to generate.
- Customers will have better access and support throughout the loan and grant cycle.

Timeline: The CLP Investment current life-cycle is 2009-2024, with DME funds planned through FY 2016 and projects scheduled for completion by FY 2017 year-end.

Comprehensive Loan Program Funding for FY 2009 - 2014:

FICAL YEAR	Development, Modernization & Enhancement	Steady State	TOTAL
2009	$9,389,000	0	$9,389,000
2010	45,330,031	0	45,330,031
2011	2,634,223	$4,649,356	7,283,579
2012	1,540,866	17,717,842	19,258,708
2013	21,530,059	24,247,558	45,777,617
2014	32,251,067	23,760,575	56,011,642

In FY 2013 and FY 2014, $4,500,000 annually has been planned for allocation to the Common Computing Environment (CCE)/Optimized Computing Environment (OCE).

INTERNATIONAL TRAVEL

Mr. Aderholt: Did any Rural Development employees travel outside the United States in fiscal years 2012 or 2013 to date? If so, please provide the details of such travel, including costs.

Response: Rural Development had 34 trips outside the United States in Fiscal Year 2012 for a total cost of $73,641.99, and 9 trips outside the United States in Fiscal Year 2013 for a total cost of $18,547.01.

The locations included: Guam, Pohnpei, Micronesia, Marshal Islands, Yap, Caroline Islands, Federated States of Micronesia, and the Virgin Islands. All locations are U. S. protectorates and are eligible for RD assistance.

DEBARMENTS AND SUSPENSION

Mr. Aderholt: Were any entities or individuals debarred or suspended from any Rural Development program in fiscal year 2012? If so, please discuss each case.

Response: There were no entities or individuals debarred or suspended from any Rural Development program in fiscal year 2012.

RURAL BUSINESS AND COOPERATIVE GRANT PROGRAM

Mr. Aderholt: Please describe in detail the proposal to create the Rural Business and Cooperative Grant Program included in the fiscal year 2014 budget request.

Response: The new Rural Business and Cooperative grant program would make grants available to public bodies, non-profits, Native American tribes, cooperative development centers, and associations of cooperatives, among others. The grant assistance would fund technical assistance activities to promote the creation of jobs and the growth of rural business activity. The program will enable the Secretary to make awards based on economic development performance targets established to encourage rural private sector growth.

The new grant program would have a strong emphasis on performance targets and evaluation. USDA will establish minimum community and economic development performance targets and award grants based on the extent to which the applicant can demonstrate the ability of the proposed project to exceed those performance targets on a competitive basis.

USDA shall promulgate regulations to implement this program. Until such regulations are in effect, USDA may implement this program as a demonstration or pilot program utilizing a Notice of Funds Availability.

The following grant programs are subject to the provisions of this program:

- Rural Business Economic Grants (310B(c));
- Rural Business Opportunity Grants (306(a)(11));
- Rural Cooperative Development Grants (310B(e))
- Small Socially Disadvantaged Producer Grants (310B(e));
- Rural Microenterprise Assistance Program (379E(b)(4)); and
- Rural Community Development Initiative Grants

Proposed Appropriations Language:

RURAL ECONOMIC DEVELOPMENT GRANTS PROGRAM ACCOUNT
For the cost of grants to support projects that provide technical and financial assistance to assist small and emerging private businesses and cooperatives in rural areas based on a standard for private sector growth proposed by the grantee, $55,000,000, which shall remain available through September 30, 2014: Provided, That the Secretary shall establish minimum performance standards that a grantee's plan must meet to be eligible for assistance: Provided further, That if a grantee does meet the grantee's proposed standard for a fiscal year shall not be eligible for funding for the subsequent fiscal year: Provided further, That the Secretary will award additional points for projects that serve communities with exceptional needs as measured by socioeconomic indicators, as established by the Secretary.

RURAL HOUSING SERVICE (RHS) SUBSIDY RATES

Mr. Aderholt: Please provide a table showing the OMB subsidy rate for rural housing service loan programs for fiscal years 2008 through 2014.

Response: The information is submitted for the record.
[The information follows:]

Formulation Subsidy Rates

Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Direct Community Facility Loans	5.55	5.72	1.31	1.33	-3.03	-2.08	-13.21
Housing Credit Sales - SFH	-1.15	-2.59	-15.63	-11.12	-16.85	-8.97	0
Housing Credit Sales - MFH	37.14	36.12	38.40	38.37	35.26	35.99	0
Section 502 SFH Direct	9.37	6.72	3.63	6.26	4.73	5.97	2.72
Very Low Income Housing Repair - Sec 504	28.27	26.87	12.85	18.93	14.21	13.67	8.28
Multi-Family Housing - Section 515	42.61	41.16	27.24	33.73	34.12	35.17	23.41
Self-Help Housing Loans Section 523	2.84	1.65	-2.21	5.80	-1.01	-2.15	-4.51

Formulation Subsidy Rates

Program	2008	2009	2010	2011	2012	2013	2014
Site Development Loans - Section 524	-0.79	-1.84	-4.22	5.82	3.13	1.93	-5.95
Rural Housing for Domestic Farm Labor 514	43.26	42.14	36.14	38.38	34.15	33.34	23.71
Multi-Family Housing - Section 515 Relending Program	46.39	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Family Housing Revitalization Demonstration Program	n/a	44.98	27.89	41.34	36.84	36.18	36.18
Multi-Family Housing Revitalization Soft Second	n/a	85.51	72.86	62.71	61.74	61.44	51.25
Multi-Family Housing - Revitalization Zero Percent	n/a	60.59	38.16	45.18	54.29	58.28	48.86
Guaranteed Community Facility	3.68	3.08	3.21	3.95	4.73	6.75	6.34
Section 502 SFH Purchase	1.20	1.27	1.44	n/a	n/a	n/a	n/a
Section 502 SFH Blended	n/a	n/a	n/a	-0.19	-0.03	-0.28	-0.14
Section 502 SFH Refinance	0.81	0.98	1.72	n/a	n/a	n/a	n/a
Section 538 GMFH	9.40	15.68	1.15	9.69	-0.06	-0.04	-0.19
Section 538 GMFH Tornado Supplemental	n/a	n/a	19.28	n/a	n/a	n/a	n/a

SINGLE FAMILY HOUSING

Mr. Aderholt: Please update the table in the fiscal year 2013 hearing record listing by stating the number and amount of applications obligated in fiscal years 2010, 2011, 2012 and 2013 for the section 502 single family direct and guaranteed programs.

Response: The information is submitted for the record.
[The information follows:]

Sec. 502 Direct Loans

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/13)	
State	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
ALABAMA	268	$28,759,771	213	$23,221,109	152	$16,021,973	94	$10,259,982
ALASKA	126	22,806,207	69	11,482,926	30	5,051,753	19	3,462,870
ARIZONA	280	31,394,552	164	16,032,451	158	16,237,110	29	3,076,342
ARKANSAS	446	41,362,234	281	25,708,069	228	21,531,654	104	10,028,058
CALIFORNIA	759	120,555,913	453	69,649,142	384	57,057,828	167	26,545,497
COLORADO	239	34,066,151	116	15,511,357	90	12,161,939	48	6,913,693
CONNECTICUT	41	8,061,797	17	3,311,225	19	3,476,329	16	2,577,166
DELAWARE	127	23,359,505	46	7,746,022	36	5,717,267	18	2,836,024
FLORIDA	560	66,259,491	314	31,438,472	209	22,009,333	84	9,648,323
GEORGIA	387	42,785,560	199	21,062,158	137	14,422,864	61	5,673,396
HAWAII	94	19,392,275	83	18,273,330	54	12,557,380	25	5,210,410
IDAHO	379	52,770,723	107	13,518,114	86	9,472,718	43	4,968,995
ILLINOIS	471	37,957,299	300	22,538,385	225	17,441,884	153	11,424,926
INDIANA	708	78,296,816	207	22,302,967	237	25,304,895	115	12,597,959
IOWA	496	42,153,084	205	17,199,670	182	15,455,280	57	4,462,905
KANSAS	274	25,052,595	183	15,390,018	123	9,822,693	48	3,495,483
KENTUCKY	593	61,582,929	351	35,112,359	333	32,232,206	162	14,112,756
LOUISIANA	418	50,419,263	274	33,613,014	178	20,930,737	65	7,554,743
MAINE	382	55,374,108	219	29,188,462	190	26,676,479	77	10,618,910
MARYLAND	131	25,415,834	52	9,944,511	28	5,620,182	7	1,117,000
MASSACHUSETTS	168	34,254,833	56	10,718,895	38	7,168,859	12	2,011,204
MICHIGAN	532	51,400,224	323	30,133,513	286	25,048,997	106	10,217,894
MINNESOTA	397	46,957,036	197	24,156,758	136	15,659,932	58	7,053,661

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/13)	
State	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**
MISSISSIPPI	472	42,561,264	306	28,332,228	292	26,296,295	107	10,554,923
MISSOURI	806	75,528,340	435	38,273,670	358	32,181,934	93	8,413,887
MONTANA	263	38,243,345	105	14,526,786	85	12,359,843	40	5,905,546
NEBRASKA	184	12,773,516	132	9,467,243	105	7,682,395	28	2,313,639
NEVADA	97	13,240,050	66	8,669,669	71	8,992,845	23	2,710,216
NEW HAMPSHIRE	194	29,989,136	95	13,717,211	99	13,220,650	37	4,385,545
NEW JERSEY	138	23,966,750	39	6,733,549	45	7,428,344	22	3,123,190
NEW MEXICO	92	11,586,953	52	6,297,397	80	8,654,988.00	75	9,128,916
NEW YORK	326	33,117,497	208	22,888,479	142	15,042,714	71	7,243,867
NORTH CAROLINA	658	86,343,551	409	51,944,381	319	40,818,653	134	17,578,250
NORTH DAKOTA	99	10,906,273	47	5,740,771	42	4,908,415	17	2,260,364
OHIO	571	62,673,698	271	29,262,734	223	23,438,458	112	12,324,851
OKLAHOMA	367	35,809,537	183	17,606,433	160	14,790,842	89	8,768,986
OREGON	261	41,129,246	94	14,036,743	79	10,864,552	34	4,914,614
PENNSYLVANIA	351	50,194,981	181	24,960,236	153	21,825,472	58	7,903,070
PUERTO RICO	223	21,932,469	190	18,846,116	129	12,825,099	61	6,144,119
RHODE ISLAND	33	6,462,723	13	2,762,858	14	2,815,123	10	2,294,123
SOUTH CAROLINA	485	60,221,750	202	24,745,468	190	23,534,890	90	10,871,554
SOUTH DAKOTA	192	20,284,007	121	12,260,811	105	10,883,373	23	2,426,449
TENNESSEE	520	53,972,685	319	33,609,285	233	24,098,129	96	10,418,061
TEXAS	765	75,011,994	623	59,878,891	558	55,725,858	237	23,607,220
UTAH	550	90,252,347	261	40,758,707	214	34,129,416	75	11,984,678
VERMONT	146	20,472,785	69	10,009,341	62	8,647,515	28	3,411,865
VIRGIN ISLANDS	9	885,205	12	1,571,049	6	1,040,538	10	1,520,224

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/13)	
State	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
VIRGINIA	317	42,093,990	187	26,192,539	118	14,903,244	31	4,797,566
WASHINGTON	509	96,429,436	240	43,225,012	194	32,364,200	82	12,977,804
WEST PACIFIC	86	15,858,845	14	2,600,000	23	2,688,371	62	5,486,781
WEST VIRGINIA	255	26,006,120	140	14,175,383	125	11,838,616	13	1,601,168
WISCONSIN	313	35,019,985	182	20,544,586	123	14,612,447	83	8,596,950
WYOMING	82	11,459,930	60	8,268,284	32	4,304,194	16	1,866,795
TOTAL	**17,640**	**2,144,866,610**	**9,685**	**1,119,158,787**	**7,918**	**899,997,704**	**3,425**	**$391,403,416**

Section 502 Guaranteed Loans

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/13)	
State	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
ALABAMA	3,598	$436,081,828	3,412	$413,157,634	3,851	$470,646,318	2,458	$307,295,526
ALASKA	320	62,043,380	368	70,023,424	344	68,145,645	169	33,604,681
ARIZONA	3,297	416,347,390	2,285	68,990,873	2,783	350,877,917	1,842	254,777,360
ARKANSAS	4,125	437,790,894	3,840	414,624,201	4,153	463,001,151	2,149	243,394,847
CALIFORNIA	3,562	587,911,880	4,186	699,261,486	5,131	864,906,041	2,915	530,634,281
COLORADO	1,163	200,029,979	1,336	226,238,593	1,709	292,815,515	934	168,064,951
CONNECTICUT	456	83,529,660	471	88,106,664	714	129,964,035	468	84,649,085
DELAWARE	392	74,049,954	397	74,058,744	736	132,676,182	427	81,747,475
FLORIDA	6,826	853,204,569	6,153	758,144,072	6,326	800,868,237	3,582	491,131,317
GEORGIA	4,394	521,604,858	3,670	412,064,012	4,061	446,004,447	2,730	316,052,506
HAWAII	494	143,524,993	806	260,128,782	902	295,823,988	616	215,209,323
IDAHO	1,633	223,788,843	1,424	186,918,374	1,404	183,915,025	876	122,797,927
ILLINOIS	4,785	438,262,106	4,528	431,357,587	4,671	450,244,009	2,517	246,124,189
INDIANA	4,708	480,186,754	5,182	552,111,711	4,876	526,778,700	3,259	358,928,069

State	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/13)	
	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
IOWA	1,992	191,001,530	1,954	191,876,386	2,204	224,108,048	1,251	129,817,700
KANSAS	2,039	203,501,434	1,735	180,860,662	1,922	201,223,005	1,064	112,111,970
KENTUCKY	2,932	326,037,186	3,083	351,872,293	3,806	444,073,223	2,430	283,351,607
LOUISIANA	6,017	833,654,073	5,175	741,463,244	5,334	773,345,327	2,895	426,046,022
MAINE	1,860	252,081,703	1,785	253,330,502	1,966	281,802,130	1,102	161,269,101
MARYLAND	1,310	264,884,932	1,713	340,201,338	2,219	453,829,430	1,378	284,471,544
MASSACHUSETTS	555	107,584,083	720	143,315,874	1,168	230,722,664	681	136,388,671
MICHIGAN	6,816	672,442,937	6,389	640,718,003	6,697	680,649,556	4,202	447,632,061
MINNESOTA	2,911	339,385,535	3,113	363,935,525	3,702	443,778,478	2,233	280,206,340
MISSISSIPPI	2,917	345,332,420	2,511	307,031,042	2,704	336,238,155	1,738	220,615,108
MISSOURI	4,758	494,643,383	4,524	481,035,844	5,041	552,603,385	2,973	325,051,249
MONTANA	1,084	165,474,724	1,113	165,816,375	1,383	211,709,513	798	126,019,852
NEBRASKA	1,020	90,377,220	1,122	105,898,799	1,206	115,759,197	607	60,711,574
NEVADA	534	77,583,661	539	75,321,722	733	108,336,079	502	79,962,771
NEW HAMPSHIRE	836	135,625,114	933	159,008,683	988	162,090,354	568	9,3774,949
NEW JERSEY	727	133,538,036	927	167,207,337	1,433	253,730,300	831	145,638,665
NEW MEXICO	369	51,738,187	290	42,359,896	356	49,129,230	240	34,812,014
NEW YORK	1,739	193,669,506	1,600	177,802,627	1,874	217,968,904	1,224	148,047,857
NORTH CAROLINA	6,945	941,161,964	6,315	873,111,758	7,427	1,026,962,446	4,712	669,192,970
NORTH DAKOTA	359	39,355,100	433	53,525,309	375	50,076,541	222	31,709,745
OHIO	3,853	393,432,099	4,094	422,993,926	4,425	477,888,284	2,929	315,837,905
OKLAHOMA	2,972	319,678,538	2,432	265,721,983	2,679	295,427,704	1,554	177,155,375
OREGON	2,678	424,333,972	2,314	354,135,760	2,688	411,504,141	1,813	291,531,209
PENNSYLVANIA	3,438	434,993,746	4,247	556,019,828	4,775	651,798,316	2,969	407,580,206
PUERTO RICO	2,672	307,932,238	3,211	386,951,744	2,598	303,175,042	1,684	197,634,571
RHODE ISLAND	105	21,756,814	137	28,415,153	171	33,250,669	116	21,772,613
SOUTH CAROLINA	3,410	439,941,629	2,886	375,204,042	3,214	427,197,089	2,440	327,800,568
SOUTH DAKOTA	1,167	132,468,126	1,203	143,044,468	1,276	153,657,027	748	96,862,536
TENNESSEE	4,230	480,460,466	4,279	502,205,431	5,415	649,549,359	3,761	458,410,278
TEXAS	7,145	892,012,446	6,496	826,636,595	7,299	973,306,451	4,576	631,302,031
UTAH	1,820	296,775,666	2,242	354,721,138	2,503	411,685,456	1,416	245,535,553
VERMONT	406	64,226,421	518	85,679,190	615	101,837,524	364	59,885,339

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/13)	
State	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**
VIRGIN ISLANDS	10	1,508,521	1	159,585	4	471,397	0	0
VIRGINIA	2,923	428,135,999	3,115	460,905,402	3,113	475,321,369	2,085	333,688,785
WASHINGTON	2,475	476,645,970	3,536	657,542,560	3,555	655,915,827	1,788	342,751,527
WEST PAC.	63	11,465,324	40	7,050,464	41	8,006,677	31	5,636,885
WEST VIRGINIA	1,523	183,916,343	1,507	186,476,106	1,734	222,025,800	1,102	146,189,697
WISCONSIN	3,409	411,874,404	2,786	338,357,472	3,388	414,210,775	2,001	249,589,399
WYOMING	1,281	224,755,690	1,339	235,827,290	1,417	252,062,442	805	143,050,406
TOTAL	133,053	$16,763,744,230	39,230	$16,658,927,513	145,109	19,213,094,526	88,775	$12,103,458,191

STATE REQUESTS FOR SECTION 502 DIRECT FUNDS

Mr. Aderholt: Please provide a table showing the numbers of pending requests, by State, for the direct 502 loan program through fiscal year 2013 to date.

Response: The information is submitted for the record.
[The information follows:]

Sec. 502 Direct Loans	
State	**Pending Applications as of 4/24/13**
ALABAMA	194
ALASKA	60
ARIZONA	155
ARKANSAS	256
CALIFORNIA	228
COLORADO	124
CONNECTICUT	24
DELAWARE	77
FLORIDA	272
GEORGIA	124
HAWAII	179
IDAHO	108
ILLINOIS	325
INDIANA	251
IOWA	62
KANSAS	63
KENTUCKY	358
LOUISIANA	245
MAINE	261
MARYLAND	116
MASSACHUSETTS	67
MICHIGAN	287
MINNESOTA	104
MISSISSIPPI	390
MISSOURI	272
MONTANA	87
NEBRASKA	49
NEVADA	45

Sec. 502 Direct Loans	
State	**Pending Applications as of 4/24/13**
NEW HAMPSHIRE	116
NEW JERSEY	83
NEW MEXICO	129
NEW YORK	130
NORTH CAROLINA	386
NORTH DAKOTA	58
OHIO	217
OKLAHOMA	248
OREGON	264
PENNSYLVANIA	169
PUERTO RICO	113
RHODE ISLAND	11
SOUTH CAROLINA	259
SOUTH DAKOTA	54
TENNESSEE	140
TEXAS	1,277
UTAH	309
VERMONT	24
VIRGIN ISLANDS	49
VIRGINIA	129
WASHINGTON	320
WEST PAC	66
WEST VIRGINIA	108
WISCONSIN	188
WYOMING	17
Total	**9,647**

SECTION 502 HOUSING LOANS

Mr. Aderholt: Please provide the Committee with an estimate of the units that will be financed under section 502 direct loans and the cost per unit, based on budget authority requested for fiscal year 2014.

Response: The estimated number of units that will be financed under Section 502 Direct will be 3,158 with a unit cost of $114,000.

Mr. Aderholt: What is the average cost per staff of a direct loan?

Response: We do not have accurate data on this; however, we estimate that each loan will cost the government about $24,640, including $21,540 in overhead cost.

Mr. Aderholt: What are the criteria for qualifying for Section 502 direct very-low or low-income loans?

Response: To be eligible for a Section 502 Direct program loan, an applicant must be income eligible, demonstrate a willingness and ability to repay debt obligations, have the ability to repay the proposed loan and meet a variety of other program requirements. Specific requirements are as follows:

Income Criteria: Section 502 Direct loan applicants must have an adjusted income that is at or below the applicable low-income limit at loan approval. Low-income applicants have an adjusted household gross income between 50 and 80 percent of the area median income (AMI). Very low-income applicants have an adjusted household income below 50 percent of the AMI. Income used to calculate repayment ability must be stable and dependable. To calculate adjusted income, the agency includes all amounts, monetary or not, being received by all the household members. Only the income received by note signers is used to calculate repayment ability.

Credit Criteria: Applicants must be unable to obtain market rate credit elsewhere, yet have reasonable credit histories. There is no minimum credit score requirement to qualify for a Section 502 Direct loan. In general, applicants must have a credit history that demonstrates both willingness and ability to repay debt. For applicants who do not use traditional credit, or that have a limited credit history, the Agency will develop a credit history using non-traditional credit sources and verifications.

Repayment Criteria: To demonstrate adequate repayment ability, a low-income applicant's qualifying ratios must not exceed 33% for Principal, Interest, Taxes, and Insurance (PITI) and 41% for Total Debt (TD). For a very low-income applicant, the qualifying ratios must not exceed 29% for PITI and 41% for TD.

Other Program Requirements: In addition to the income and credit requirements, applicants must also meet the following general criteria:

- Meet citizenship or eligible noncitizen requirements.
- Agree to personally occupy the dwelling as the primary residence.
- Have the legal capacity to incur a loan obligation.
- Not be suspended or debarred from participation in Federal programs.
- Must be without adequate housing.

Property Requirements: Properties financed under the Section 502 Direct program must meet the following requirements:

- Be located in a rural area.
- Loan amount cannot exceed the area loan limit.
- Housing must be modest in size, design, and cost.

VERY LOW AND LOW INCOME LOANS

Mr. Aderholt: In fiscal years 2010, 2011 and 2012, how much funding was made available for very-low and low-income loans? How much funding do you estimate will be available in fiscal year 2013 for very-low and low-income loans?

Response: the information is submitted for the record.
[The information follows:]

Sec. 502 Direct Loans Allocations FY 2010-2013

Fiscal Year	Appropriation	Very Low	Low
2013 (estimated)	Annual	$336,036,000	$504,054,000
2012	Annual	360,000,000	540,000,000
2011	Annual	447,664,800	671,497,200
2010	Annual	448,595,041	672,892,562
2010	Recovery Act	585,693,861	715,848,053

HOUSING INVENTORY

Mr. Aderholt: How many houses do you currently have in inventory, by state, and what is the total estimated value of this housing?

Response: The information is submitted for the record.
[The information follows:]

State	Properties	Estimated Value
AK	4	$764,500
AL	59	3,761,669
AR	13	403,400
AZ	15	976,700
CA	13	1,049,959
CO	36	3,901,500
CT	18	3,048,200
DE	9	3,120,177
FL	41	2,199,226
GA	52	3,735,500
GU	2	287,600
HI	1	59,000
IA	23	1,632,800
ID	40	4,247,932
IL	5	512,000
IN	47	2,779,014
KS	30	2,149,050

State	Properties	Estimated Value
KY	36	2,608,900
LA	9	491,800
MA	14	1,488,800
MD	27	3,885,800
ME	12	1,085,100
MI	183	12,742,367
MN	45	3,907,800
MO	10	789,500
MS	14	718,900
MT	21	2,437,100
NC	48	3,635,435
ND	1	60,000
NE	6	349,800
NH	17	2,060,000
NJ	35	3,864,600
NM	77	6,403,600
NV	4	357,070
NY	6	656,400
OH	1	43,500
OK	38	2,911,780
OR	30	3,186,500
PA	5	385,000
PR	88	7,264,850
SC	117	6,987,679
SD	2	185,000
TN	38	2,958,785
TX	76	5,017,020
UT	18	2,376,500
VA	72	5,508,187
VI	4	423,000
VT	1	88,000
WA	23	3,030,250
WI	40	3,643,500
Grand Total	**1,526**	**$126,180,750**

BORROWER INCOME

Mr. Aderholt: What is the average household income for 502 direct borrowers? What is the average household income for 502 guaranteed borrowers?

Response: The information is submitted for the record.
[The information follows:]

Average Adjusted Income - Sec. 502 Direct/Guaranteed Loans		
Fiscal Yr	**Sec. 502 Direct Loans**	**Sec. 502 Guaranteed Loans**
2013*	$27,633	$46,373
2012	27,600	52,582
2011	27,100	50,590
2010	27,400	48,707

* updated through April 24, 2013

SECTION 515 HOUSING

Mr. Aderholt: What is the current backlog, in dollar volume and number of new construction and repair and rehabilitation, for section 515 loans in fiscal years 2008 through 2012?

Response: There has been no backlog of 515 requests in any of the fiscal years from 2008 through 2012.

Mr. Aderholt: What incentives does RHS offer section 515 owners to maintain the properties? How much did RHS spend on these incentives in fiscal years 2010, 2011 and 2012? Has any legislative or judicial concern been raised about the section 515 multi-family housing loan program's incentive regulations in the past years?

Response: Rural Development has been authorized to provide the following incentives to Section 515 owners to maintain the properties in the program: additional rental assistance, release of excess reserves, interest credit, increased return on investment, and equity loans. In Fiscal Year 2010, Rural Development approved 14 equity loans totaling $10,607,811 and issued additional rental assistance totaling $5,738,536. In Fiscal Year 2011, Rural Development approved 23 equity loans totaling $16,700,983 and issued additional rental assistance totaling $3,076,092. In Fiscal Year 2012, Rural Development approved 53 equity loans totaling $30,182,369 and issued rental assistance totaling $15,464,940.

Legal concerns have been raised regarding the implementation of prepayment statute covering the Section 515 and Section 514 programs, including the use of incentives required under the statute. In the Franconia case, the Supreme Court ruled that the Government could be sued for potential damages related to the implementation of the prepayment statute. Rural Development and the Department of Justice have been working on prepayment related cases for years, recently settling with over 700 borrowers by paying extensive damages. The agency anticipates continuing efforts to reach settlement agreements by hundreds of additional borrowers. Housing advocates have also brought legal action related to assuring that the agency follows the statutory process.

RENTAL ASSISTANCE

Mr. Aderholt: Please update the table from the fiscal year 2013 hearing record showing the cost of providing rental assistance payments.

Response: The information is submitted for the record.
[The information follows:]

COST OF PROVIDING RENTAL ASSISTANCE PAYMENTS

Fiscal Year	Amount of Rental Assistance Payments (Dollars in Millions)
2008	$887
2009	979
2010	1,019
2011	1,078
2012	1,108
2013(estimated)	1,129

The table above represents Rental Assistance amounts paid to borrowers from obligated balances of current and prior year contracts. The estimated amount for FY 2013 is based on actual disbursements in the first seven months of FY 2013 and projected to September 30, 2013. Approximately 2 percent of all contracts expending funds were placed in service before FY 2000 and continue to pay out from previous obligations.

Mr. Aderholt: How much Section 8 rental assistance funds did HUD provide to rural rental programs in fiscal year 2010, 2011 and 2012?

Response: HUD's rental subsidy programs assist about 52,000 residents in Section 515 and Section 514 multifamily and farm labor housing properties. This assistance takes the form of either project-based or tenant Section 8 vouchers. USDA's best estimate of the amount of this subsidy for FY 2012 is $15.2 million, and it anticipates a similar amount for FY 2013.

Mr. Aderholt: Is the budget request for rental assistance sufficient to cover all fiscal year 2013 renewals, in lieu of debt forgiveness, and new construction farm labor housing?

Response: The President's 2014 Budget request for rental assistance budget of $1,015,050 is sufficient to cover anticipated FY 2014 renewals and new construction Farm labor housing ($3M).

Mr. Aderholt: What is the breakdown of rental assistance in fiscal years 2008-2013 for renewals, in lieu of debt forgiveness, and new construction farm labor housing?

Response: The information is submitted for the record.
[The information follows:]

FY	Renewals (Dollars in Millions)		New Construction Section 515 (Dollars in Millions)		New Construction Section 514 (Dollars in Millions)		Incentives (Dollars in Millions)	
	No. Units	Amount	No. Units	Amount	No. Units	Amount	No. Units	Amount
2008	120,449	$474	74	$0.3	0	0	1,045	$4.0
2009	208,216	892	509	2.2	772	$3	1,119	5.0
2010	216,698	969	537	2.3	739	3	1,257	6.0
2011	216,654	946	466	2.0	650	3	726	3.0
2012	202,363	888	341	1.5	0	0	3,512	15.5
2013 est.	189,000	833	0	0.0	570	2.8	203	0.9

For FY 2013, there will be no additional 515 Construction with existing RA requirement and budgetary limitations. During FY 2012, the NOFA was extended resulting in 0 units for that year. FY 2008, there was Farm Labor Housing new construction, but there were no new units of rental assistance made available to those projects.

SECTION 538 HOUSING LOANS

Mr. Aderholt: Please provide the Committee a table showing the number and amount of pending requests by State for section 538 guaranteed loans at the end of fiscal year 2012.

Response: The information is submitted for the record.
[The information follows:]

Section 538 Guaranteed Rural Rental Housing Programs

State	#	Loan Amount
CA	24	$41,018,174
CO	1	1,096,000
FL	1	1,300,000
KS	3	2,451,158
KY	2	1,475,000
ME	1	545,000
MI	1	700,000
MN	1	3,303,240
ND	2	2,012,620
NM	1	2,450,000
OH	1	957,000
OK	5	2,970,000
SC	2	5,630,000
TN	1	1,024,400

State	#	Loan Amount
TX	1	1,586,000
WV	2	1,900,000
WY	3	3,838,900
TOTAL	52	$74,257,492

SECTION 504 HOUSING GRANTS

Mr. Aderholt: What are the number and dollar amounts, by State, of pending requests for grants for very low-income housing repair as of the end of fiscal year 2012?

Response: The information is submitted for the record.
[The information follows:]

Section 504 Repair Grants		
State	**Pending Applications as of 9/30/12**	**Grant Amt Request**
ALABAMA	150	$1,063,595
ALASKA	3	22,500
AMERICAN SAMOA	4	19,990
ARIZONA	150	1,084,499
ARKANSAS	100	677,539
CALIFORNIA	9	67,500
COLORADO	9	67,500
CONNECTICUT	10	70,149
DELAWARE	9	60,000
FLORIDA	127	747,198
GEORGIA	209	1,384,519
GUAM	1	7,500
HAWAII	13	90,000
IDAHO	4	22,500
ILLINOIS	36	232,533
INDIANA	42	193,473
IOWA	13	73,365
KANSAS	15	109,987
KENTUCKY	63	375,852
LOUISIANA	191	1,425,871
MAINE	51	350,065
MARSHALL ISLAND	3	17,500
MARYLAND	16	127,940
MASSACHUSETTS	25	173,901
MICHIGAN	51	303,825
MICRONESIA	19	139,000

Section 504 Repair Grants		
State	**Pending Applications as of 9/30/12**	**Grant Amt Request**
MINNESOTA	23	142,737
MISSISSIPPI	443	3,231,378
MISSOURI	66	364,512
MONTANA	12	77,501
NEBRASKA	10	71,150
NEVADA	13	92,500
NEW HAMPSHIRE	12	77,000
NEW JERSEY	8	48,500
NEW MEXICO	63	397,094
NEW YORK	49	319,717
NORTH CAROLINA	171	1,168,331
NORTH DAKOTA	15	107,237
OHIO	72	458,935
OKLAHOMA	90	621,333
OREGON	15	82,502
PACIFIC WEST	3	12,875
PENNSYLVANIA	43	267,740
PUERTO RICO	55	310,602
RHODE ISLAND	1	7,500
SOUTH CAROLINA	235	1,676,739
SOUTH DAKOTA	10	60,230
TENNESSEE	93	621,907
TEXAS	278	1,993,508
UTAH	11	57,774
VERMONT	13	82,500
VIRGIN ISLANDS	4	29,972
VIRGINIA	66	429,028
WASHINGTON	40	286,148
WEST VIRGINIA	18	76,221
WISCONSIN	53	324,146
WYOMING	7	45,000
Total	**3,315**	**$22,450,618**

Mr. Aderholt: Please provide a table listing by State the number and amount of applications obligated in fiscal years 2010, 2011, 2012 and 2013 to date for very low-income housing repair grants.

Response: The information is submitted for the record.
[The information follows:]

Section 504 Home Repair Grants

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/12)	
State	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**
ALABAMA	237	$1,422,142	170	$999,000	149	$835,949	64	$365,763
ALASKA	19	137,500	15	108,775	9	65,000	5	35,000
ARIZONA	98	664,955	142	956,991	116	803,905	32	220,988
ARKANSAS	205	1,250,751	173	1,001,331	131	786,748	39	242,304
CALIFORNIA	58	377,673	47	307,273	35	231,920	15	106,800
COLORADO	43	300,123	60	409,518	28	184,050	16	120,000
CONNECTICUT	17	89,973	13	65,941	19	99,203	17	87,830
DELAWARE	6	40,154	11	63,816	1	7,375	5	28,920
FLORIDA	162	838,029	163	885,897	135	784,542	64	380,042
GEORGIA	180	1,171,695	159	1,069,889	212	1,410,628	88	583,021
HAWAII	36	251,490	13	93,460	28	198,420	25	147,650
IDAHO	65	369,214	51	330,265	44	300,824	14	74,003
ILLINOIS	234	1,074,951	172	842,942	202	1,019,615	95	493,118
INDIANA	203	1,045,146	128	657,554	160	762,430	64	335,755
IOWA	154	570,911	117	408,763	98	431,899	48	194,650
KANSAS	117	689,534	146	811,418	93	505,251	33	195,427
KENTUCKY	202	1,091,761	202	1,144,284	270	1,705,507	73	396,782
LOUISIANA	187	1,303,658	144	1,020,154	115	827,447	54	388,835
MAINE	124	655,749	117	676,615	106	642,713	40	250,232
MARYLAND	38	250,572	25	165,643	17	111,193	18	113,359
MASSACHUSETTS	29	184,557	35	176,378	29	161,253	18	120,261
MICHIGAN	244	1,124,753	186	860,536	172	888,223	97	491,693
MINNESOTA	117	645,979	102	523,134	108	615,164	59	310,121

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/12)	
State	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
MISSISSIPPI	304	2,095,799	160	1,097,176	179	1,265,041	74	526,261
MISSOURI	232	1,095,718	209	875,753	188	998,714	83	418,422
MONTANA	29	156,762	31	189,554	24	132,891	10	66,266
NEBRASKA	75	432,161	55	302,370	38	188,811	29	177,975
NEVADA	26	152,497	34	212,347	21	106,942	23	109,832
NEW HAMPSHIRE	71	457,200	69	446,268	67	425,894	28	175,212
NEW JERSEY	17	90,047	18	118,275	12	82,012	8	46,864
NEW MEXICO	24	168,760	44	304,535	37	248,072.00	30	211,022
NEW YORK	190	1,019,849	151	810,076	138	826,210	62	365,085
NORTH CAROLINA	257	1,533,984	273	1,587,940	240	1,541,730	146	962,794
NORTH DAKOTA	67	386,839	36	240,224	26	177,812	9	51,095
OHIO	269	1,144,342	220	1,007,214	177	875,294	62	272,085
OKLAHOMA	117	727,820	80	513,691	112	688,247	39	233,660
OREGON	39	224,288	73	455,623	36	183,994	15	73,193
PENNSYLVANIA	261	1,352,904	239	1,214,726	230	1,319,177	116	610,839
PUERTO RICO	62	388,921	63	375,556	55	315,111	34	179,940
RHODE ISLAND	9	50,010	35	164,923	11	45,304	3	20,733
SOUTH CAROLINA	128	874,992	144	993,706	151	1,015,322	63	451,371
SOUTH DAKOTA	44	243,391	35	187,223	18	114,810	20	122,699
TENNESSEE	212	1,092,767	199	982,638	239	1,151,331	109	618,288
TEXAS	364	2,397,957	342	2,152,533	312	2,082,968	146	964,299
UTAH	42	224,644	36	206,705	29	159,261	18	97,893
VERMONT	55	271,657	60	317,497	48	244,857	27	151,375
VIRGIN ISLANDS	6	43,654	8	44,772	6	44,907	2	14,985

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/12)	
State	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**	**Count**	**Obligated Amount**
VIRGINIA	140	828,186	141	848,305	148	914,298	51	309,376
WASHINGTON	55	353,657	63	424,576	46	270,616	27	187,917
WEST PACIFIC	25	180,020	9	57,390	33	211,385	14	104,997
WEST VIRGINIA	136	698,680	126	661,535	104	596,340	38	217,880
WISCONSIN	169	890,439	135	727,990	121	661,992	49	271,452
WYOMING	16	74,725	27	143,481	8	47,210	3	18,500
TOTAL	**6,216**	**31,840,237**	**5,506**	**31,244,176**	**5,131**	**30,315,811**	**2,321**	**$13,714,863**

SECTION 504 HOUSING LOANS

Mr. Aderholt: Please provide a table showing the number and amount of pending requests by State for direct housing repair loans as of the end of fiscal year 2012.

Response: The information is submitted for the record.
[The information follows:]

Section 504 Repair Loans		
State	**Pending Applications as of 9/30/12**	**Loan Amt Request**
ALABAMA	125	$1,527,019
ALASKA	4	42,501
AMERICAN SAMOA	14	104,860
ARIZONA	51	613,818
ARKANSAS	113	1,556,743
CALIFORNIA	6	78,919
COLORADO	3	45,000
CONNECTICUT	8	90,087
DELAWARE	2	40,000
FLORIDA	142	1,036,145
GEORGIA	195	3,233,866
GUAM	2	27,450
HAWAII	6	22,893
IDAHO	4	56,500
ILLINOIS	106	933,725
INDIANA	52	628,042
IOWA	18	104,291
KANSAS	9	122,678
KENTUCKY	204	1,507,402
LOUISIANA	114	1,112,578
MAINE	44	725,917
MARSHALL ISLAND	3	47,490
MARYLAND	14	162,230
MASSACHUSETTS	22	266,951
MICHIGAN	59	772,098
MICRONESIA	20	144,590
MINNESOTA	31	447,911
MISSISSIPPI	167	1,548,878

Section 504 Repair Loans		
State	**Pending Applications as of 9/30/12**	**Loan Amt Request**
MISSOURI	68	502,053
MONTANA	6	71,260
NEBRASKA	9	84,840
NEVADA	6	85,499
NEW HAMPSHIRE	12	150,801
NEW JERSEY	7	103,801
NEW MEXICO	33	278,127
NEW YORK	49	669,118
NORTH CAROLINA	238	2,426,956
NORTH DAKOTA	17	199,912
OHIO	35	234,635
OKLAHOMA	76	1,165,189
OREGON	16	170,451
PACIFIC WEST	6	53,465
PENNSYLVANIA	82	485,751
PUERTO RICO	34	151,169
RHODE ISLAND	1	11,869
SOUTH CAROLINA	225	3,726,380
SOUTH DAKOTA	14	137,896
TENNESSEE	53	527,142
TEXAS	360	4,945,171
UTAH	2	27,490
VERMONT	10	112,191
VIRGINIA	43	350,788
WASHINGTON	39	694,695
WEST VIRGINIA	32	162,463
WISCONSIN	60	903,169
WYOMING	5	66,001
Total	3,076	$35,498,866

Mr. Aderholt: Please provide a table listing by State the number and amount of applications obligated in fiscal years 2010, 2011, 2012 and 2013 to date for direct housing repair loans.

Response: The information is submitted for the record.
[The information follows:]

Section 504 Housing Repair Loans

State	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/12)	
	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
ALABAMA	127	$794,596	99	$602,815	52	$289,676	21	$129,884
ALASKA	4	46,500	6	46,141	3	19,490	3	12,646
ARIZONA	23	149,860	47	298,633	19	136,132	1	3,262
ARKANSAS	106	625,749	114	546,174	38	170,074	24	123,398
CALIFORNIA	11	93,271	3	14,385	3	30,048	3	21,015
COLORADO	9	75,725	11	85,889	1	10,000	1	2,500
CONNECTICUT	3	16,628	1	12,250	3	6,375	5	44,460
DELAWARE	8	38,637	3	28,500	1	7,000	1	3,967
FLORIDA	169	946,450	146	810,860	90	459,144	24	133,212
GEORGIA	109	792,773	113	744,907	66	445,332	23	163,358
HAWAII	49	369,337	17	138,470	28	163,067	5	37,330
IDAHO	37	204,307	22	114,625	13	50,649	5	35,190
ILLINOIS	349	1,707,562	317	1,578,227	127	604,493	58	283,137
INDIANA	135	658,793	80	394,715	48	208,913	22	126,092
IOWA	184	867,697	122	589,464	40	161,800	24	107,659
KANSAS	75	333,226	66	322,750	18	63,993	12	67,290
KENTUCKY	360	1,959,497	265	1,474,326	112	616,345	36	230,819
LOUISIANA	130	923,074	103	708,936	43	317,952	20	179,489
MAINE	104	524,448	82	405,669	50	218,070	23	136,504
MARYLAND	10	62,057	3	22,470	2	13,490	3	31,000
MASSACHUSETTS	14	112,783	9	63,405	3	22,430	3	30,208
MICHIGAN	209	973,619	155	711,675	72	348,933	32	144,087
MINNESOTA	105	612,727	85	478,241	27	146,301	15	93,216

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/12)	
State	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
MISSISSIPPI	147	1,033,162	140	854,915	89	561,985	30	177,913
MISSOURI	166	815,106	216	850,473	76	309,778	37	163,254
MONTANA	15	106,911	7	52,055	3	7,430	4	24,050
NEBRASKA	50	318,322	28	144,626	11	39,798	2	9,999
NEVADA	18	94,451	21	129,725	13	50,766	4	24,289
NEW HAMPSHIRE	25	158,745	35	244,034	8	52,140	9	73,172
NEW JERSEY	5	29,315	1	4,100	3	22,589	2	17,700
NEW MEXICO	8	56,361	16	138,250	11	65,355.00	9	68,354
NEW YORK	86	446,986	76	417,947	38	224,241	9	43,789
NORTH CAROLINA	282	1,740,261	258	1,520,352	124	768,098	56	351,997
NORTH DAKOTA	27	155,925	18	111,942	8	63,484	6	19,000
OHIO	114	630,810	118	718,226	40	217,059	13	76,160
OKLAHOMA	48	281,386	37	200,800	27	164,998	12	72,655
OREGON	20	131,429	38	222,991	14	80,989	4	9,732
PENNSYLVANIA	174	868,607	167	707,368	62	249,718	40	220,132
PUERTO RICO	36	140,517	39	209,868	21	79,682	14	58,548
RHODE ISLAND	5	51,800	7	58,475	2	24,500	0	0
SOUTH CAROLINA	87	594,846	61	518,351	50	312,599	16	123,907
SOUTH DAKOTA	52	247,919	36	165,735	10	52,511	7	34,925
TENNESSEE	239	1,184,693	195	807,033	89	390,715	40	166,097
TEXAS	227	1,459,526	261	1,402,294	117	749,777	72	383,396
UTAH	28	175,156	16	125,543	8	34,496	2	22,680
VERMONT	31	177,560	41	207,628	19	79,555	10	77,115
VIRGIN ISLANDS	2	22,506	1	6,550	1	7,140	0	0
VIRGINIA	85	550,731	110	600,662	40	206,436	14	80,550

	FY 2010		FY 2011		FY 2012		FY 2013 (As of 4/24/12)	
State	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount	Count	Obligated Amount
WASHINGTON	39	378,182	35	290,562	20	134,738	12	73,212
WEST VIRGINIA	149	620,430	125	538,535	21	118,316	11	75,630
WESTPAC	21	166,050	11	76,620	57	265,784	30	165,307
WYOMING	2	11,000	0	0	3	27,749	2	16,792
Total	**4,626**	**$25,960,630**	**4,047**	**$21,851,027**	**1,872**	**$9,998,401**	**849**	**$4,849,650**

MUTUAL AND SELF HELP HOUSING

Mr. Aderholt: Please provide a list of funding allocated through the Mutual and Self-Help program by State for fiscal year 2012.

Response: Section 523 funds are not allocated to the states. All obligations are completed at the National Office. Obligations for fiscal year 2012 are as follows.

[The information follows:]

Section 523 Mutual and Self Help Housing Grants and Contracts Obligations FY 2012				
	Grants		Contracts	
State	**Number Obligated**	**Amount Obligated**	**Number**	**Amount Obligated**
Alabama	1	$333,916	0	0
Alaska	1	536,904	0	0
Arizona	2	1,010,880	0	0
Arkansas	5	1,994,595	0	0
California	6	6,75,500	1	$2,191,400
Colorado	1	440,000	0	0
Delaware	0	0	1	803,400
Florida	1	2,100,000	1	958,709
Hawaii	1	490,000	0	0
Indiana	1	330,000	0	0
Maine	1	1,010,000	0	0
Mississippi	1	10,000	0	0
Missouri	1	324,000	0	0
Montana	1	10,000	0	0
Nevada	1	622,320	0	0
New Mexico	1	279,000	0	0
North Carolina	3	1,011,872	0	0
Oklahoma	2	1,757,839	1	1,454,432
Oregon	1	416,500	0	0
Pennsylvania	1	299,999	0	0
Rhode Island	1	345,250	0	0
South Dakota	1	353,977	0	0
Tennessee	1	503,200	0	0
Texas	1	281,500	0	0

	Grants		Contracts	
State	Number Obligated	Amount Obligated	Number	Amount Obligated
Washington	6	5,989,825	0	0
Western Pacific	1	236,700	0	0
Wisconsin	1	268,200	0	0
Interagency Agreement with Dept. of Interior for Indirect Cost Rate Negotiations	0	0	1	*106,400
Total	**51**	**$32,511,117**	**5**	**$5,514,341**

*includes an interagency agreement for $106,400 with the Dept. of Interior.

Mr. Aderholt: What States have active Self-Help programs? What States have programs for very low income housing repair? What States have programs for land development?

Response: The following States and territories have active Self-Help programs:

Alaska
Alabama
Arizona
Arkansas
California
Colorado
Delaware
Florida
Hawaii
Illinois
Idaho
Indiana
Kansas
Kentucky
Louisiana
Maine
Maryland
Michigan
Mississippi
Missouri
Montana
Nevada
New Mexico
North Carolina
Oklahoma
Ohio
Oregon
Pennsylvania
Puerto Rico
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Washington
West Virginia
Wisconsin
Marshall Islands

The very low income housing repair program exists in every State.

States that have programs for land development are: Hawaii, Montana, Arizona, and North Carolina.

FARM LABOR HOUSING

Mr. Aderholt: What was the number and amount of pending requests for farm labor housing assistance at the end of fiscal year 2012?

Response: At the end of fiscal year 2012, there were 3 pending requests for Section 514 Farm Labor Housing Loans totaling $2,781,517. There were 5 pending requests for Section 516 Farm Labor Housing Grants totaling $11,207,989.

CREDIT SALES

Mr. Aderholt: Provide a table for fiscal years 2008 through 2012 showing the annual cost and the number of units sold through the credit sales of acquired property program.

Response: The information is submitted for the record.
[The information follows:]

Rural Housing Service
(Dollars in Thousands)
Credit Sales of Acquired Property
2008 - 2012

	2008		2009		2010		2011		2012	
	Total Units	Amount	Total Units	Amount	Total Units	Amount	Total Units	Amount	Total Units	Amount
Multifamily Credit Sales	277	$1,500	128	$1,500	64	$1,100	96	$175	-	-
Single Family Credit Sales										
Non Program Credit	6	321	10	646	25	1,104	14	711	22	$975
502 Low-Income	32	2,353	31	2,608	53	4,903	43	3,902	29	2,531
502 Very Low-Income	26	2,146	32	2,614	35	2,777	40	3,317	37	3,055
Total, Multifamily and Single	341	$6,320	201	$7,368	177	$9,884	193	$8,105	88	$6,561

COMMUNITY FACILIES PROGRAM

Mr. Aderholt: Please provide a table listing by State the number of projects and funding provided for Community Facility direct and guaranteed loans for fiscal years 2010, 2011, 2012 and 2013 to date.

Response: The information is submitted for the record.
[The information follows:]

COMMUNITY FACILITIES FUNDING FY 2010

STATE	DIRECT		GUARANTEED	
ALABAMA	10	$2,742,234	0	0
ALASKA	5	12,156,000	2	$10,000,000
ARIZONA	3	19,741,250	5	19,915,489
ARKANSAS	5	5,449,000	2	1,000,000
CALIFORNIA	12	35,996,690	2	1,170,100
COLORADO	7	3,286,000	0	0
DELAWARE	3	5,066,000	1	500,000
MARYLAND	3	5,020,000	1	2,500,000
FLORIDA	7	25,630,600	1	2,700,000

COMMUNITY FACILITIES FUNDING FY 2010				
STATE	DIRECT		GUARANTEED	
GEORGIA	29	9,580,460	0	0
WEST PAC TERR	3	25,000,000	1	25,000,000
IDAHO	5	662,200	3	272,000
ILLINOIS	6	4,115,000	1	4,210,000
INDIANA	2	5,191,400	2	2,825,000
IOWA	10	23,223,561	2	3,040,500
KANSAS	8	2,675,600	1	200,000
KENTUCKY	10	18,766,000	0	0
LOUISIANA	8	5,670,584	1	1,000,000
MAINE	7	3,422,500	0	0
MASSACHUSETTS	5	3,899,040	1	562,500
CONNECTICUT	3	2,002,000	3	26,427,600
RHODE ISLAND	1	600,000	0	0
MICHIGAN	10	9,809,000	1	2,500,000
MINNESOTA	18	33,803,000	5	14,370,000
MISSISSIPPI	2	1,899,000	0	0
MISSOURI	10	8,774,397	5	33,981,000
MONTANA	4	5,127,850	1	500,000
NEBRASKA	3	424,300	0	0
NEVADA	4	1,345,937	0	0
NEW JERSEY	4	3,671,000	1	3,000,000
NEW MEXICO	5	1,989,332	0	0
NEW YORK	11	20,533,800	1	11,500,000
NORTH CAROLINA	44	51,201,971	2	1,990,000
NORTH DAKOTA	4	5,418,909	6	20,486,973
OHIO	10	9,762,000	3	3,338,500
OKLAHOMA	1	425,800	2	4,450,000
OREGON	1	1,726,600	0	0
PENNSYLVANIA	30	69,300,010	2	13,200,483
PUERTO RICO	4	1,820,240	1	1,144,480
SOUTH CAROLINA	10	13,284,000	1	1,000,000
SOUTH DAKOTA	10	33,183,486	2	2,150,000
TENNESSEE	15	7,090,600	0	0
TEXAS	8	9,865,122	2	17,400,000
UTAH	5	19,450,000	5	24,407,929
VERMONT	6	2,375,800	2	3,300,000

COMMUNITY FACILITIES FUNDING FY 2010				
STATE	DIRECT		GUARANTEED	
NEW HAMPSHIRE	2	7,285,000	2	893,000
VIRGINIA	12	11,771,038	1	326,000
WASHINGTON	15	64,552,500	0	0
WEST VIRGINIA	7	7,410,070	0	0
WISCONSIN	5	5,832,825	3	3,626,500
WYOMING	2	1,818,500	0	0
TOTALS	**414**	**$630,848,206**	**77**	**$264,888,054**

COMMUNITY FACILITIES FUNDING FY 2011

STATE	DIRECT		GUARANTEED	
ALABAMA	12	$9,517,799	0	0
ALASKA	3	8,493,200	0	0
ARIZONA	5	4,446,795	3	$5,744,807
ARKANSAS	6	7,565,000	1	3,000,000
CALIFORNIA	6	4,254,818	4	1,828,000
COLORADO	6	3,078,870	1	1,867,500
DELAWARE	2	3,774,000	0	0
MARYLAND	3	2,821,000	0	0
FLORIDA	2	1,160,500	2	5,800,000
GEORGIA	17	1,715,640	0	0
HAWAII	3	4,042,000	2	12,001,000
IDAHO	5	1,990,500	2	270,000
ILLINOIS	6	9,891,000	4	7,135,000
INDIANA	8	47,174,380	2	6,700,000
IOWA	6	28,114,084	2	3,150,000
KANSAS	8	7,448,000	4	4,160,067
KENTUCKY	8	10,726,257	1	20,133,406
LOUISIANA	8	5,336,000	1	526,500
MAINE	11	3,350,200	4	5,124,800
MASSACHUSETTS	7	5,730,380	2	800,000
CONNECTICUT	2	195,000	2	600,000
RHODE ISLAND	1	145,060	0	0
MICHIGAN	15	32,297,000	4	21,997,000
MINNESOTA	21	22,973,000	4	18,168,000
MISSISSIPPI	10	21,154,820	0	0
MISSOURI	22	10,904,582	3	1,504,000
MONTANA	4	902,100	1	5,300,000
NEBRASKA	8	9,009,000	3	2,795,000
NEVADA	1	120,000	0	0
NEW JERSEY	3	2,290,500	0	0
NEW MEXICO	2	5,052,100	0	0
NEW YORK	17	7,750,000	2	5,150,000
NORTH CAROLINA	12	15,910,180	3	3,631,150
NORTH DAKOTA	7	1,584,627	2	1,000,000
OHIO	15	9,485,000	2	6,562,000
OKLAHOMA	3	4,827,000	3	1,100,000
OREGON	3	2,898,334	0	0
PENNSYLVANIA	12	15,024,800	1	3,000,000
PUERTO RICO	5	5,925,000	0	0

COMMUNITY FACILITIES FUNDING FY 2011				
STATE		**DIRECT**		**GUARANTEED**
SOUTH CAROLINA	13	35,057,670	1	2,100,000
SOUTH DAKOTA	15	13,013,350	2	8,598,000
TENNESSEE	18	8,814,000	1	1,300,000
TEXAS	30	58,928,708	2	5,605,000
UTAH	1	2,604,000	2	18,951,273
VERMONT	7	2,394,600	2	880,700
NEW HAMPSHIRE	1	1,346,000	1	1,530,000
VIRGINIA	25	13,429,428	0	0
WASHINGTON	9	4,604,800	3	8,221,100
WEST VIRGINIA	9	3,262,000	1	125,000
WISCONSIN	5	5,740,100	0	0
WYOMING	2	2,063,900	0	0
TOTALS	**430**	**$490,337,082**	**80**	**$196,359,303**

COMMUNITY FACILITIES FUNDING FY 2012

STATE	DIRECT		GUARANTEED	
ALABAMA	7	$2,439,512	0	0
ALASKA	1	2,900,000	0	0
ARIZONA	9	15,263,597	1	$1,180,000
ARKANSAS	6	23,117,000	0	0
CALIFORNIA	8	30,552,236	1	4,870,000
COLORADO	4	2,806,100	0	0
DELAWARE	3	5,600,000	0	0
MARYLAND	9	11,670,800	0	0
FLORIDA	7	4,297,900	1	2,800,000
GEORGIA	19	11,893,163	0	0
HAWAII	7	29,646,000	2	1,300,000
WEST PAC TERR	1	3,500,000	1	11,900,000
IDAHO	9	12,810,000	1	1,224,000
ILLINOIS	10	15,659,500	0	0
INDIANA	15	81,651,001	1	9,999,999
IOWA	12	65,456,000	2	5,000,000
KANSAS	5	21,500,000	1	4,450,000
KENTUCKY	21	110,660,400	0	0
LOUISIANA	6	15,598,000	0	0
MAINE	7	7,875,000	3	8,106,100
MASSACHUSETTS	10	9,378,980	1	400,000
CONNECTICUT	7	12,164,200	0	0

COMMUNITY FACILITIES FUNDING FY 2012				
STATE	DIRECT		GUARANTEED	
RHODE ISLAND	3	3,369,900	0	0
MICHIGAN	26	37,763,000	1	2,100,000
MINNESOTA	31	82,980,200	3	12,862,000
MISSISSIPPI	2	498,473	0	0
MISSOURI	17	52,158,139	0	0
MONTANA	11	46,106,800	4	21,550,000
NEBRASKA	10	43,767,500	1	20,000,000
NEVADA	4	548,400	0	0
NEW JERSEY	12	10,705,600	0	0
NEW MEXICO	6	15,224,000	0	0
NEW YORK	9	6,739,610	3	4,418,400
NORTH CAROLINA	34	56,896,000	4	28,811,000
NORTH DAKOTA	6	6,406,761	2	2,607,200
OHIO	8	5,650,000	0	0
OKLAHOMA			1	250,000
OREGON	1	3,639,250	0	0
PENNSYLVANIA	21	42,438,380	1	14,833,600
PUERTO RICO	16	11,816,800	0	0
SOUTH CAROLINA	18	37,934,050	0	0
SOUTH DAKOTA	14	27,642,590	2	10,700,000
TENNESSEE	26	92,709,858	0	0
TEXAS	19	32,146,996	1	1,029,649
UTAH	10	30,531,400	4	7,950,000
VERMONT	6	3,983,100	1	1,700,000
NEW HAMPSHIRE	3	6,190,000	0	0
VIRGINIA	30	44,633,600	0	0
WASHINGTON	8	8,852,900	0	0
WEST VIRGINIA	14	63,589,000	2	13,800,000
WISCONSIN	6	21,664,000	4	8,108,000
WYOMING	1	2,993,000	0	0
TOTALS	**555**	**1,270,518,000**	**49**	**$201,949,948**

COMMUNITY FACILITIES FUNDING FY 2013 (as of 4/24/2013)

STATE	DIRECT		GUARANTEED	
ALABAMA	6	$5,072,700	0	0
ARKANSAS	1	40,000	0	0
CALIFORNIA	6	5,203,440	0	0
COLORADO	1	508,000	0	0
DELAWARE	1	1,200,000	0	0
MARYLAND	1	1,396,000	0	0
FLORIDA	0	0	1	$3,000,000
GEORGIA	5	1,526,000	0	0
HAWAII	1	21,568	0	0
IDAHO	3	3,140,000	0	0
ILLINOIS	3	1,949,500	0	0
INDIANA	1	1,900,000	0	0
IOWA	5	23,540,000	0	0
KANSAS	4	22,780,000	0	0
KENTUCKY	9	49,065,000	0	0
LOUISIANA	2	6,232,300	0	0
MAINE	3	3,281,000	0	0
MASSACHUSETTS	2	1,370,000	0	0
CONNECTICUT	2	2,162,000	0	0
RHODE ISLAND	1	454,000	0	0
MICHIGAN	11	12,049,000	0	0
MINNESOTA	11	44,419,000	0	0
MISSOURI	18	6,258,300	0	0
NEBRASKA	1	4,400,000	0	0
NEVADA	2	13,877,228	1	2,448,922
NEW JERSEY			0	0
NEW YORK	3	945,000	0	0
NORTH CAROLINA	11	16,335,400	0	0
NORTH DAKOTA	0	0	1	375,000
OHIO	5	20,031,000	0	0
OKLAHOMA	1	132,300	0	0
OREGON	1	2,578,000	0	0
PENNSYLVANIA	10	42,606,700	0	0
PUERTO RICO	1	4,286,332	0	0
SOUTH DAKOTA	4	4,157,900	0	0
TENNESSEE	5	12,156,700	0	0
TEXAS	2	89,600	0	0
UTAH	2	3,049,700	0	0
VERMONT	2	1,140,000	0	0
NEW HAMPSHIRE	1	32,600	0	0

COMMUNITY FACILITIES FUNDING FY 2013 (as of 4/24/2013)				
STATE		DIRECT		GUARANTEED
VIRGINIA	6	6,240,245	0	0
WASHINGTON	0	0	1	3,000,000
WEST VIRGINIA	8	22,372,000	0	0
WISCONSIN	7	37,700,000	0	0
TOTALS	169	$385,698,513	4	$8,823,922

Mr. Aderholt: Please provide a table showing the number and amount of pending requests by State for Community Facility loans and grants as of the end of fiscal year 2012.

Response: The information is submitted for the record.
[The information follows:]

Dollar Amount of CF Applications on Hand

State	Direct Number	Direct Amount	Grant Number	Grant Amount	Guaranteed Number	Guaranteed Amount
Alabama	21	$9,542,662	11	$847,217	0	0
Alaska	3	1,698,600	5	1,121,725	0	0
Arizona	13	43,504,207	9	601,957	0	0
Arkansas	3	199,650	2	73,973.77	0	0
California	17	62,088,793	20	1,998,081	1	$1,807,497
Colorado	11	7,797,297	4	113,400	0	0
Delaware	5	13,839,837	5	216,800.00	0	0
Maryland	5	20,685,823	12	471,214	0	0
Florida	19	64,372,470	11	4,985,865	2	16,500,000
Georgia	14	14,025,954	8	656,970	1	9,333,123
Hawaii	2	23,456,150	1	50,000.00	0	0
Western Pacific Islands	6	63,990,516	3	297,388	0	0
Idaho	3	3,794,000	4	240,000	1	1,596,000
Illinois	11	35,301,809	17	337,600	1	10,363,257
Indiana	3	5,247,519	2	65,000	1	40,000,000
Iowa	8	55,255,180	15	433,293	0	0
Kansas	5	24,126,000	4	127,522	0	0
Kentucky	12	54,050,378	25	1,731,021	0	0
Louisiana	4	13,985,000	3	147,500	0	0
Maine	8	6,110,350	3	93,400	0	0
Connecticut	1	300,000	0	0	0	0
Michigan	18	21,231,000	21	330,150	2	4,032,000
Minnesota	27	67,241,902	18	522,876	0	0
Mississippi	6	20,637,001	50	3,572,668	0	0
Missouri	4	10,055,000	5	58,185	0	0
Montana	1	32,500	0	0	0	0
Nebraska	3	1,433,220	2	215,200	0	0
Nevada	3	15,522,228	1	39,400	0	0
New Jersey	5	5,412,600	2	144,000	0	0
New Mexico	7	4,576,537	3	101,210	0	0
New York	8	3,531,834	5	54,290	0	0
North Carolina	15	111,723,904	5	237,544	2	17,725,000
North Dakota	4	13,048,000	1	5,000,000	0	0
Ohio	9	4,469,608	7	260,500	0	0
Oklahoma	4	40,166,667	3	177,145	0	0
Oregon	2	12,932,269	0	0	0	0
Pennsylvania	22	68,471,722	7	412,790	1	8,553,275
Puerto Rico	3	1,854,665	0	0	0	0
South Carolina	19	56,745,915	11	554,928	0	0
South Dakota	5	8,020,880	0	0	0	0
Tennessee	7	8,308,635	5	135,800	1	3,600,000
Texas	27	43,343,223	33	2,582,601	1	36,000,000
Utah	4	2,376,000	3	149,900	0	0
New Hampshire	1	44,900	1	24,000	0	0
Virginia	13	12,831,500	21	498,770	0	0

State	Direct Number	Direct Amount	Grant Number	Grant Amount	Guaranteed Number	Guaranteed Amount
Washington	8	26,183,672	4	268,337	1	3,000,000
West Virginia	7	1,172,400	3	78,000	0	0
Wisconsin	8	32,590,000	3	61,000	0	0
Wyoming	0	500,000	1	20,000	0	0
TOTALS	414	$1,117,829,977	379	$30,109,220	15	$152,510,152

DEFAULTS IN THE COMMUNITY FACILITIES PROGRAM

Mr. Aderholt: Please update the Committee on the increase in defaults in guaranteed Community Facilities program? When did the defaults occur? What were the loans for?

Response: The total losses for the Community Facilities (CF) guaranteed loan program, beginning in March, 1997 through September, 2012, are $70,501,369.08. The four largest losses in the history of the program totaled $43,218,176, or 61 percent of total losses. Three of these loans were obligated in 2000 and one in 2005. The four largest losses in the program occurred between August, 2006 and September, 2009. These loans were made for two golf courses and two hospitals.

Two of these loans, totaling just over $23 million, were made by non-traditional lenders (e.g.: non-commercial banks, such as an investment bank). One of the lenders continues to service its debt, and we expect to collect an additional $3.5 million. These losses were attributed to golf courses and non-traditional lenders. As a result, to protect the safety and soundness of the program, we strengthened our oversight and standards for recreational facilities and non-traditional lenders wishing to participate in the program. CF published a final rule in the federal register on May 7, 2013 that will prohibit the financing of recreational facilities that are inherently commercial in nature, such as golf courses and water parks.

Historically, 57 loans in which the program has experienced a loss comprise 26 health care facilities, primarily assisted living and nursing homes; 6 recreational facilities, the two largest losses being golf courses; 6 schools; 5 museums; 6 child care facilities; 4 community centers; and 4 other assorted facilities.

REGIONAL INNOVATION INITIATIVE

Mr. Aderholt: Please explain in detail the purpose of the Regional Innovation Initiative. What programs will be used? How much funding is anticipated to be allocated to it? What priority setting is anticipated? How will the needs of remote rural areas be addressed?

Response: The Regional Innovation Initiative is designed to support rural entities that are working together to grow their regional economies. In FY 2013, no funding was specifically allocated to proposals with regional approaches in the specified programs.

General Provision 718 for the FY 2014 budget requests that up to 5 percent of budget authority may be allocated for projects in areas that are engaged in strategic regional planning in the following programs: Business and Industry

Guaranteed Loan; Rural Business and Cooperative Grants; Intermediary Relending Program; Rural Economic Development Grants/Loans; Rural Microentrepreneur Assistance Program; Value Added Producer Grants; Rural Energy for America Program; Broadband Program; the Water and Waste Direct Loan and grant program; and Community Facilities Direct Loan and grant program. The estimated amount of funding available for this effort is about $199 million in program level.

The current priorities for underserved communities will continue in all of the affected programs and remote areas will continue to be eligible for RD programs.

MANUFACTURED HOMES

Mr. Aderholt: Please provide the number and dollar amount of section 502 direct and section 502 guaranteed loans for manufactured homes by State for fiscal years 2011 and 2012.

Response: The information is submitted for the record.
[The information follows:]

Section 502 Manufactured Housing Loans -- FY 2011

STATE	DIRECT LOANS # Loans	Oblg. Amt.	GUARANTEED LOANS # Loans	Oblg. Amt.	FY 2011 TOTALS # Loans	Oblg. Amt.
ALABAMA	4	$274,488	0	0	4	$274,488
ARIZONA	3	367,976	6	$773,578	9	1,141,554
ARKANSAS	3	182,666	4	450,012	7	632,678
CALIFORNIA	1	100,453	5	873,111	6	973,564
CONNECTICUT	0	0	2	398,475	2	398,475
DELAWARE	2	246,250	3	645,594	5	891,844
FLORIDA	2	142,574	11	1,374,845	13	1,517,419
GEORGIA	0	0	3	408,289	3	408,289
HAWAII	0	0	3	889,114	3	889,114
ILLINOIS	2	206,740	14	1,449,480	16	1,656,220
INDIANA	4	398,058	2	183,226	6	581,284
KANSAS	4	201,200	1	50,456	5	251,656
KENTUCKY	6	395,839	8	950,989	14	1,346,828
LOUISIANA	21	2,407,402	193	23,261,424	214	25,668,826
MAINE	4	380,926	2	374,523	6	755,449
MARYLAND	1	136,800	1	129,528	2	266,328
MASSACHUSETTS	0	0	2	291,981	2	291,981
MICHIGAN	1	60,000	2	119,639	3	179,639
MINNESOTA	0	0	1	135,751	1	135,751
MISSISSIPPI	4	270,307	0	0	4	270,307

	DIRECT LOANS		GUARANTEED LOANS		FY 2011 TOTALS	
STATE	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.
MISSOURI	1	6,295	0	0	1	6,295
MONTANA	4	411,950	9	1,314,485	13	1,726,435
NEW JERSEY	0	0	1	253,575	1	253,575
NEW MEXICO	3	395,407	0	0	3	395,407
NEW YORK	7	772,330	5	497,819	12	1,270,149
NORTH CAROLINA	17	1,610,174	75	8,468,474	92	10,078,648
NORTH DAKOTA	0	0	3	418,499	3	418,499
OHIO	2	239,410	2	316,558	4	555,968
OKLAHOMA	3	288,918	2	276,476	5	565,394
OREGON	1	139,680	4	559,426	5	699,106
PENNSYLVANIA	1	155,527	11	1,429,205	12	1,584,732
PUERTO RICO	3	268,466	195	22,733,763	198	23,002,229
SOUTH CAROLINA	3	202,554	20	2,228,717	23	2,431,271
SOUTH DAKOTA	1	130,000	5	735,755	6	865,755
TENNESSEE	2	211,987	3	502,875	5	714,862
TEXAS	11	977,241	10	1,250,267	21	2,227,508
UTAH	6	416,875	4	589,887	10	1,006,762
VERMONT	4	406,755	4	561,109	8	967,864
VIRGINIA	4	445,429	20	2,296,209	24	2,741,638
WASHINGTON	7	679,593	6	1,071,660	13	1,751,253
WEST VIRGINIA	0	0	5	684,098	5	684,098
WISCONSIN	0	0	3	332,727	3	332,727
TOTALS	145	13,954,656	682	85,525,482	827	99,480,138

Section 502 Manufactured Housing Loans -- FY 2012

	DIRECT LOANS		GUARANTEED LOANS		FY 2012 TOTALS	
STATE	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.
ARIZONA	2	$197,185	12	$1,709,061	14	$1,906,246
ARKANSAS	1	46,760	2	240,590	3	287,350
CALIFORNIA	0	0	4	725,457	4	725,457
CONNECTICUT	0	0	2	305,101	2	305,101
DELAWARE	0	0	8	1,183,195	8	1,183,195
FLORIDA	1	120,000	5	542,219	6	662,219

	DIRECT LOANS		GUARANTEED LOANS		FY 2012 TOTALS	
STATE	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.
GEORGIA	0	0	3	463,023	3	463,023
IDAHO	0	0	2	238,510	2	238,510
ILLINOIS	0	0	14	1,496,745	14	1,496,745
INDIANA	2	155,500	1	124,488	3	279,988
IOWA	0	0	7	951,852	7	951,852
KENTUCKY	0	0	10	1,039,414	10	1,039,414
LOUISIANA	21	2,384,815	216	26,452,793	237	28,837,608
MAINE	3	217,156	1	136,734	4	353,890
MASSACHUSETTS	0	0	2	402,997	2	402,997
MICHIGAN	1	7,490	2	119,857	3	127,347
MINNESOTA	1	79,620	0	0	1	79,620
MISSISSIPPI	3	130,253	0	0	3	130,253
MISSOURI	0	0	1	108,673	1	108,673
MONTANA	1	49,000	2	343,462	3	392,462
NEBRASKA	1	87,400	0	0	1	87,400
NEVADA	1	170,166	4	594,989	5	765,155
NEW HAMPSHIRE	0	0	2	148,979	2	148,979
NEW JERSEY	0	0	4	753,570	4	753,570
NEW MEXICO	9	917,017	1	158,163	10	1,075,180
NEW YORK	3	332,200	6	650,955	9	983,155
NORTH CAROLINA	8	710,750	96	10,651,226	104	11,361,976
NORTH DAKOTA	3	411,400	2	259,901	5	671,301
OHIO	3	269,920	1	112,397	4	382,317
OREGON	0	0	2	331,966	2	331,966
PUERTO RICO	1	62,400	113	13,654,516	114	13,716,916
SOUTH CAROLINA	0	0	28	3,122,171	28	3,122,171
SOUTH DAKOTA	1	89,000	6	812,682	7	901,682
TENNESSEE	0	0	1	115,260	1	115,260
TEXAS	4	349,942	7	840,980	11	1,190,922
UTAH	2	275,637	2	162,035	4	437,672
VERMONT	1	165,000	10	1,553,020	11	1,718,020
VIRGINIA	5	564,548	19	2,295,520	24	2,860,068
WASHINGTON	4	593,186	3	484,126	7	1,077,312
WEST VIRGINIA	2	205,510	3	403,625	5	609,135
WYOMING	0	0	16	3,110,643	16	3,110,643

STATE	DIRECT LOANS		GUARANTEED LOANS		FY 2012 TOTALS	
	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.	# Loans	Oblg. Amt.
TOTALS	84	8,591,855	626	77,735,144	710	86,326,999

Mr. Aderholt: What is the Rural Housing Service's policy regarding section 502 loans for manufactured housing?

Response: The Rural Housing Service (RHS) has been making section 502 loans for manufactured homes since the 1980s. Guidance for direct loans is in 7 CFR 3550 § 3550.73 and for guaranteed loans is in RD Instruction 1980-D § 1980.313 (i).

Loans on manufactured homes are subject to the same conditions as all other section 502 loans, with exception of certain restrictions and additional requirements, including:

- Only new units may be financed with initial loans. However, units currently financed with a section 502 loan are eligible for resale in the program;
- Loans will only be made on units sold by an approved dealer-contractor that provides complete sales, service and site development services;
- Dealer-contractors must submit evidence they are financially responsible, qualified an equipped to set up the unit on a site-built permanent foundation and develop the site, and willing to provide an acceptable warranty.
- The unit, site development and set-up must conform to Federal Manufactured Home Construction and Safety Standards and RHS construction standards in 7 CFR part 1924, subpart A; and,
- Development must be completed as per a specified construction contract but no payment is provided until the unit is permanently attached to the foundation.
- The units must have a permanently affixed certificate for heating and/or cooling performance, meeting the requirements in RD Instruction 1924-A, Exhibit D, 'Thermal Performance Construction Standards.'
- The maximum loan term on section 502 direct loans for manufacture homes is 30 years, compared to 33 or 38 years for site-built homes. (The maximum term for all initial guaranteed loans is 30 years.)

There are no differences between the section 502 direct and guaranteed loan property requirements for manufactured homes.

Mr. Aderholt: Do State Rural Development offices have any flexibility to adapt the regulations and/or policies? If so, please describe the flexibility provided to them.

Response: The National Office sets program-wide interpretations of regulations and policies. However, as per 7 CFR § 3550.6 for the direct loan program, "State and local laws and regulations, and the laws of federally recognized Indian tribes, may affect RHS implementation of certain provisions of this regulation, for example, with respect to the treatment of liens, construction or environmental policies. Supplemental guidance may be issued in the case of any conflict or significant differences." These State Administrative Notices and State Procedures provide guidance on local laws, climate, building requirements, and other areas.

Also, pursuant to Section 506(b) of the Housing Act (42 U.S. 1476(b)), the agency may employ pilot programs to test possible changes in regulations and policy in a limited manner, usually in one or more states, before deploying these changes nationwide and/or revising a regulation.

Finally, agency regulations at 7 CFR § 3550.8 for direct loans and 7 CFR § 1980.397 for guaranteed loans provide exception authority. Under these provisions, a Rural Development official may request the Administrator or designee to make an exception to any requirement in the regulations or address any omission in the regulations, as long as such exception is still consistent with applicable statute, if the Administrator determines that the failure to make the exception would adversely affect the Government's interest.

Mr. Aderholt: Is there a difference in policy for section 502 direct loans and 502 guaranteed loans? Please describe any differences.

Response: There are significant differences between these direct and guaranteed loan programs. The two programs serve the housing needs of different rural populations. The direct loans are intended for those that, because of low income or isolated location, are unable to meet their housing needs without a direct, subsidized loan from the government. Applicants with incomes that qualify them for the Section 502 Guaranteed Loan Program are not eligible for the Direct Loan Program. Guaranteed loans assist rural families to meet housing needs by obtaining a loan from an approved lender which the government guarantees against loss. Higher income families are served.

The basic difference between direct and guaranteed loan is who owns and services the loan. Under the guaranteed program, the lender is responsible for funding and servicing the loan according to its own requirements in addition to any requirements necessary to obtain the RHS guarantee. The government's financial involvement is limited to cases where the lender incurs a loss. Under the direct program, loans that are subsidized based on borrower income are retained and serviced by the agency. Borrowers are required to 'graduate' to private credit when they are financially able to do so.

RURAL BUSINESS-COOPERATIVE SERVICE (RBCS) SUBSIDY RATES

Mr. Aderholt: Please provide a table that lists the subsidy rates for fiscal years 2008 through 2014 for all of the Rural Business-Cooperative Service programs.

Response: The information is submitted for the record.
[The information follows:]

Formulation Subsidy Rates (As published in the Federal Credit Supplement)							
Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Intermediary Relending	42.89	41.85	25.24	38.58	33.88	32.04	21.61
Rural Economic Development	22.59	20.89	13.05	17.91	12.98	12.39	8.45
Microenterprise	n/a	34.03	21.13	21.39	15.59	14.95	6.26
Guaranteed Business & Industry	4.32	4.35	5.33	5.06	5.58	5.88	6.99
Guaranteed Business & Industry - Nadbank	7.69	10.36	7.96	8.38	9.52	16.06	0.0
Guaranteed Renewable Energy	9.69	9.69	13.64	46.36	26.19	24.01	0.0
Biorefinery	n/a	33.34	35.47	34.70	26.80	42.00	36.33

BUSINESS AND INDUSTRY LOAN DELINQUENCY

Mr. Aderholt: How many and what percent of the B&I loans are delinquent? What is the dollar amount of the total delinquency? How much is attributed to the direct program and the guaranteed program?

Response: As of March 30, 2013, the total number of B&I loans that are delinquent is 242 or approximately 7.18 percent to the total loan portfolio (guaranteed loans plus direct loans). The dollar amount of these 242 delinquent loans is $448,360,386. The breakdown between the direct loan program and the guaranteed loan programs is as follows:

- There are 220 delinquent B&I guaranteed loans (excluding bankruptcies), a delinquency rate of 6.62 percent. The amount of unpaid principal outstanding for these delinquent loans is $427,963,096.
- There are 22 delinquent B&I direct loans, a delinquency rate of 45.8 percent. The amount of unpaid principal outstanding for these delinquent loans is $20,397,290. All of the delinquent loans have some form of underlying collateral (e.g., real estate, machinery and equipment). However, should these loans be liquidated, the agency will know only after the liquidation process has been concluded whether or not the outstanding balance will be paid in full from the disposition of the collateral or if there will be a loss on the account.

Mr. Aderholt: Did any B&I loan default in fiscal years 2008 through 2013 to date? If so, please provide an explanation.

Response: Yes, some B&I loans did default in FYs 2008 through 2013 to date (see table below). Some of the factors contributing to defaults within the last five years include: a downturn in the economy or recession; cost of raw materials and rising energy costs; trailing effects of hurricanes and other natural disasters as affected regions struggle to recover; current housing downturn and tightening credit standards by lenders has made obtaining credit more difficult for entrepreneurs; and lender failures.

FY	Number of Loan Defaults	Loan Amount	Unpaid Principal
2008	6	$15,381,000	$10,998,478
2009	19	42,968,600	32,417,456
2010	27	58,594,202	46,485,726
2011	51	129,735,668	98,615,379
2012	75	237,285,847	197,508,298
2013	68	189,568,461	152,365,312
Total	246	673,533,778	538,390,650

Mr. Aderholt: What is the total amount of guaranteed B&I loans that have been written off? Please update the table provided in the fiscal year 2013 hearing record.

Response: The total amount of guaranteed B&I loans that have been written off is approximately $454,280,777. Information is provided for the record.

[The information follows:]

BUSINESS AND INDUSTRY GUARANTEED LOAN PROGRAM

LOANS CLOSED FY 2001 - 2013

(dollars in thousands)

Fiscal Year	Financing Business and Industry
FY 2001	$89,521
FY 2002	40,955
FY 2003	54,254
FY 2004	49,591
FY 2005	33,764
FY 2006	41,912
FY 2007	55,093
FY 2008	32,046
FY 2009	42,323
FY 2010	14,817
FY 2011	0
FY 2012	0
FY 2013	0
Total	$454,280

Mr. Aderholt: Of the guaranteed business and industry loans that are in default, what type of business defaulted on the loans? What type of lender did the government guarantee for the loan? Is there a trend in the type of business or lender that is more likely to have a loan go into default?

Response: The majority of businesses in default are labeled as "Manufacturing" businesses followed by "Accommodation and Food Services" businesses. These types of businesses have been hit hard by the economic downturn. People are not traveling like they used to, and the housing downturn has negatively affected building and construction. Approximately 85 percent of B&I loans in default have a lender who is classified as a "Commercial Bank".

KNOW YOUR FARMER, KNOW YOUR FOOD

Mr. Aderholt: Please provide a list of all Rural Business Enterprise Grants made in fiscal year 2012 to meet the goals of the Know Your Farmer, Know Your Food Initiative. Include the name of the grant recipient, state, amount of award, term of award, and the purpose of the project.

Response: Rural Development notes that its programs do not have a specific emphasis for the Know Your Farmer, Know Your Food initiative. Historically, the authorities governing many programs within RD have supported local food activities similar to the Know Your Farmer, Know Your Food initiative. Projects provided in response to this question reflect projects that have always been eligible and have traditionally been done under this program. The information is provided for the record.

[The information follows:]

Rural Business Enterprise Grant Recipients for FY 2012
One Year Term
(Dollars in thousands)

Borrower Name	State	Status Amount	Project Name	Description
GREATER PEACE COMMUNITY DEVELOPMENT CORP	AL	$70	JETER COMMUNITY GARDEN & MARKE	TECHNICAL ASSISTANCE
PRODISEE PANTRY, INC.	AL	61	FOOD PANTRY	VEHICLES/EQUIPMENT/MACHINERY
SIPAULOVI DEVELOPMENT CORPORATION	AZ	200	PLANS FOR CSTORE/GAS	NEW BUSINESS
LOUISVILLE, CITY OF	CO	19	LOUISVILLE KITCHEN	SMALL BUSINESS INCUBATOR
MONTROSE DOWNTOWN DEVELOPMENT AUTHORITY	CO	75	MONTROSE	REVOLVING LOAN FUND

Borrower Name	State	Status Amount	Project Name	Description
DELAWARE STATE UNIV	DE	30	INCUBATOR	AGRICULTURAL BUSINESS TRAINING
MILLSBORO DOWNTOWN PARTNERSHIP, INC.	DE	16	FARMERS MARKET	TECHNICAL ASSISTANCE
MID-SHORE REGIONAL COUNCIL	DE	53	FOOD BUSINESS CENTER	TECHNICAL ASSISTANCE - VALUE ADDED PRODUCER SUPPORT
JASPER CO. HISTORICAL FOUNDATION, INC.	GA	30	COMMERCIAL KITCHEN	COMMERCIAL EQUIPMENT
MILLEDGEVILLE, CITY OF	GA	42	PAVILION FOR FARMERS MARKET	PAVILION FOR FARMERS MARKET
BIG ISLAND WELLNESS SOLUTIONS	HI	12	KITCHEN EQUIPMENT PHASE 2	VEHICLES/EQUIPMENT/MACHINERY
HAWAII AGRITOURISM ASSOCIATION	HI	25	KAU DISTRICT AG-TOURISM DEVEL	AG-TOURISM TRAINING
HEARTLAND COMMUNITY COLLEGE	IL	99	TECHNICAL ASSISTANCE GRANT	TECHNICAL ASSISTANCE
AUBURN, CITY OF	IL	59	UTILITIES	EXPANSION
IOWA FOOD SYSTEMS COUNCIL, INC.	IO	53	TECHNICAL ASSISTANCE	LOCAL FOOD BUSINESSES
ST. JOHN PARISH COUNCIL	LA	100	RBEG-FARMERS MARKET	CONSTRUCT BUILDING
NORTHEAST MICHIGAN COUNCIL OF GOV'T.	MI	20	NEMCOG LOCAL FOODS INITIATIVE	FOOD HUB TRAINING
MICHIGAN LAND USE INSTITUTE	MI	40	LOCAL FOODS PROMOTION	TECHNICAL ASSISTANCE

Borrower Name	State	Status Amount	Project Name	Description
NORTHWEST MO ENTERPRISE FACILITATION	MO	20	BUSINESS CONSULTATION SERVICE	TECHNICAL ASSISTANCE
SOUTHEAST MISSOURI STATE UNIVERSITY	MO	87	HORTICULTURE INCUBATOR	SMALL BUSINESS INCUBATOR
MISSISSIPPI RIVER HILLS ASSOCIATION	MO	11	FARM TO FORK TRAILER	VEHICLES/EQUIPMENT/MACHINERY
NORTHWEST MISSOURI STATE UNIVERSITY	MO	37	MORE BEEF PROJECT	RESEARCH AND DEVELOPMENT
TRENTON, CITY OF	MO	30	FARMERS MARKET PAVILION	OTHER
WEBB CITY, CITY OF	MO	22	WEBB CITY FARMERS' MARKET	VEHICLES/EQUIPMENT/MACHINERY
LITTLE PRIEST TRIBAL COLLEGE	NE	40	SMALL ACREAGE BUSINESSES	TECHNICAL ASSISTANCE
NH INSTITUTE OF AGRICULTURE AND FORESTRY	NH	18	NH FARM FRESH	ONLINE TRAINING
MONADNOCK ECONOMIC DEVELOPMENT CORP	NH	44	EQUIPMENT	VEHICLES/EQUIPMENT/MACHINERY
COOPERATIVE GROWERS ASSOCIATION	NJ	30	COOP GROWERS ASSOC (RBEG)	ENHANCED MARKETING/SALES
SAN MIGUEL COUNTY	NM	50	MARTINEZ & SONS PROCESSING	VEHICLES/EQUIPMENT/MACHINERY
MOHAWK VALLEY REHAB	NY	20	JONES FARM LEASING	VEHICLES/EQUIPMENT/MACHINERY
GENESEE COUNTY	NY	200	ACCESS ROAD	EXPANSION
HOLLEY, VILLAGE OF	NY	99	SAVE-A-LOT PARKING LOT	RENOVATION

Borrower Name	State	Status Amount	Project Name	Description
JEFFERSON COUNTY LOCAL DEVELOPMENT CORP	NY	99	DISTILLERY EQUIPMENT	NEW BUSINESS
THE SUPPORT CENTER	NC	75	RBEG-RLF	REVOLVING LOAN FUND
CITY OF SHELBY	NC	75	FOOTHILLS FARMERS MARKET	REPLACEMENT
COMMONWEALTH OF PENNSYLVANIA	PA	100	PA DEPARTMENT OF AGRICULTURE	"PA PREFERRED" MARKETING
MARLBORO COUNTY FARMERS MARKET ASSOC.	SC	87	EQUIPMENT	VEHICLES/EQUIPMENT/MACHINERY
LOWCOUNTRY LOCAL FIRST	SC	94	INCUBATOR FARM & TRAINING CENT	TECHNICAL ASSISTANCE
MONTGOMERY COUNTY	TN	9	MONTGOMERY COUNTY GOVERNMENT	EQUIPMENT
DRESDEN CITY OF	TN	35	FARMERS MARKET	FARMERS MARKET
BLEDSOE COUNTY GOVERNMENT	TN	10	AG PROCESSING FACILITY STUDY	FEASIBILITY STUDY
BLEDSOE COUNTY GOVERNMENT	TN	2	AG PROCESSING FACILITY STUDY	FEASIBILITY STUDY
CUMBERLAND UNIVERSITY	TN	16	CUMBERLAND CULINARY CENTER	EQUIPMENT
WHITE COUNTY	TN	30	WHITE COUNTY FARMER'S MARKET	FARMER'S MARKET

Borrower Name	State	Status Amount	Project Name	Description
BRIDGERLAND APPLIED TECHNOLOGY COLLEGE	UT	30	KITCHEN INCUBATOR	VEHICLES/EQUIPMENT/MACHINERY
THE CENTER FOR AN AGRICULTURAL ECONOMY	VT	192	REAP - FULL TIME ADVISOR	TECHNICAL ASSISTANCE
NORTHEAST ORGANIC FARMING ASSOC OF VT	VT	56	ONLINE FARMER'S MARKET	TECHNICAL ASSISTANCE
AFFILIATED TRIBES OF NW INDIANS-EDC	WA	78	ICE MACHINES	VEHICLES/EQUIPMENT/MACHINERY
NORTHWEST AGRI BUSINESS CENTER	WA	50	WHATCOM CNTY VEG PROCESS	VEHICLES/EQUIPMENT/MACHINERY
TOTAL		$2,962		

Mr. Aderholt: Please provide a list of all Rural Business Opportunity Grants made in fiscal year 2012 to meet the goals of the Know Your Farmer, Know Your Food Initiative. Include the name of the grant recipient, state, amount of award, term of award, and the purpose of the project.

Response: Rural Development notes that its programs do not have a specific emphasis for the Know Your Farmer, Know Your Food initiative. Historically, the authorities governing many programs within RD have supported local food activities similar to the Know Your Farmer, Know Your Food initiative. Projects provided in response to this question reflect projects that have always been eligible and have traditionally been done under this program. The information is provided for the record.

[The information follows:]

RURAL BUSINESS OPPORTUNITY GRANTS
(Dollars in Thousands)

Recipient	State	Amount	Term	Purpose
Golden Hills RC&D	IA	$50	1 year	To provide technical assistance to new and existing farmers and ranchers with an emphasis on underserved populations.
Mississippi State University	MS	49	1 year	To identify the market audience for the creation and further economic development of

Recipient	State	Amount	Term	Purpose
				agriculture, and agriculture-based suppliers and products in Mississippi.
New Jersey Dept. of Agriculture	NJ	44	1 year	To assess the feasibility of incorporating local shellfish into established local foods markets and to develop a business model that can be sustainable over the long term for shellfish farmers.
Southern Tier West Regional Planning	NY	26	1 year	To conduct a "Food Aggregation Facility" Study Project to help foster economic development between a multi-county area of New York State.
South Dakota State University	SD	50	1 year	To develop a strategy to build capacity in South Dakota's local food system through the establishment of a Local Foods Center, this would create structured connections between local growers and providers.
Northwest Agriculture Business Center	WA	50	1 year	To provide technical support for existing agricultural processors and incubate new processors of agricultural products in Northwest Washington.
Total		$270		

RURAL COOPERATIVE DEVELOPMENT GRANTS

Mr. Aderholt: Please provide a list of all Rural Cooperative Development grants made in fiscal year 2012 to meet the goals of the Know Your Farmer, Know Your Food Initiative. Include names of the grant recipient, state, amount of award, term of award, and the purpose of the project.

Response: Rural Development notes that its programs do not have a specific emphasis for the Know Your Farmer, Know Your Food initiative. Historically, the authorities governing many programs within RD have supported local food activities similar to the Know Your Farmer, Know Your Food initiative. Projects provided in response to this question reflect projects that have always been eligible and have traditionally been done under this program. The information is provided for the record.

[The information follows:]

RURAL COOPERATIVE DEVELOPMENT GRANTS
(Dollars in Thousands)

Recipient	State	Amount	Term	Purpose
Food Co-Op Initiative	MN	$175	1 year	To provide technical assistance, training to rural areas, create anchor businesses to create new jobs and retain jobs, and establish new markets for local producers.
Agricultural Utilization Research Institute	MN	68	1 year	To provide technical assistance to new and existing cooperatives in the areas of local foods, marketing and distribution, dairy processing, food processing and renewable energy.
The Ohio State University	OH	175	1 year	To provide technical assistance to food producers and food hubs interested in the cooperative business model.
Missouri IncuTech Foundation	MO	96	1 year	To establish the Missouri Co-Operative Development Center to focus on assisting and joining Rural Agricultural Producers and Purchasers. The Center will conduct a series of workshops called "Connecting Local Missouri Producers and Purchasers" with the goal of targeting rural and economically depressed food producers and purchasers that want to form cooperatives and mutually-owned business entities.
TOTAL		$514		

Mr. Aderholt: Please provide a list of all Value-Added Producer Grants made in fiscal year 2012 to meet the goals of the Know Your Farmer, Know Your Food Initiative. Include names of the grant recipient, state, amount of award, term of award, and the purpose of the project.

Response: Rural Development notes that its programs do not have a specific emphasis for the Know Your Farmer, Know Your Food initiative. Historically, the authorities governing many programs within RD have supported local food activities similar to the Know Your Farmer, Know Your Food initiative.

Response: The information is submitted for the record.
[The information follows:]

VALUE-ADDED PRODUCER GRANTS
(Dollars in Thousands)

Recipient	**State**	**Amount**	**Term**	**Description**
Green Winter Farms, LLC	AK	$50	1 year	This working capital grant will support the marketing of locally produced "living basil" to replace basil that is shipped in from thousands of miles outside of Alaska.
Frank Konyn Dairy	CA	50	1 year	Funds from this planning grant will be used to examine the feasibility of on-farm processing of milk in reusable glass bottles, as well as artisan cheeses, for sale in local markets.
Parrott Investment Company, Inc (dba Rancho Llano Seco)	CA	300	1 year	Funds from this working capital grant will support market expansion for organic pork and beef sold in local markets, as well the development of new markets for products from secondary cuts.
Suzuki Farm, LLC	DE	41	1 year	This working capital grant will support enhanced marketing efforts for Japanese vegetables such as edamame and daikon radish, produced for

Recipient	State	Amount	Term	Description
				local markets.
James Koebke	MA	48	1 year	Planning funds will be used to study the feasibility of marketing on-farm produced yogurt and specialty cheeses.
Old Westminster Winery, LLC	MD	168	3 years	Working capital funds will be used to launch a marketing plan for premium, regional wines.
Cool Beans Farm, LLC	MD	43	1 year	Working capital funds will support the expansion of sales of locally-produced micro greens directly to restaurants.
Tide Mill Organics	ME	50	2 years	Working capital funds will be used to support expansion of organic poultry processing from a seasonal to annual operation and to target new markets throughout the state of Maine.
Featherstone Fruits & Vegetables, LLC	MN	300	1 year	Working capital funds will be used to enhance the wholesale marketing of locally produced organic vegetables.
Plainview Milk Product Cooperative	MN	299	3 years	Working capital funds will support processing and marketing of the cooperative's reduced-cholesterol line of dairy products.

Recipient	State	Amount	Term	Description
Mississippi Delta Southern Rural Black Women in Agriculture	MS	44	1 year	Working capital funds will support the marketing of local, sustainably-grown sweet potatoes to institutional buyers and specialty grocers.
Calderon Produce, Inc.	NC	100	1 year	Planning funds will be used to develop comprehensive business and marketing plans for locally produced tomatoes and bell peppers.
Sandoval Produce, Inc.	NC	100	1 year	A planning grant to develop business and marketing plans for local fresh produce, with a focus of food safety certification and specialty packaging.
Burbach's Countryside Dairy	NE	300	1 year	Working capital funds will be used to support market expansion of local fluid dairy products.
Comida De Campos, Inc.	NM	50	1 year	Working capital funds will support processing and marketing of fresh local produce into a line of salads and snacks for vending machines.
Interpretative Gardens, Inc. dba River School Farm	NV	24	1 year	This working capital project will create a branded identity for locally produced and marketed herbs, honey and fresh produce.
9 Miles East Farm LLC	NY	66	3 years	Funds from this working capital grant will support increased production of ready-to-eat meals from locally-produced farm products, delivered

Recipient	State	Amount	Term	Description
				and sold on a subscription basis.
Keystone Beef Marketing Network	PA	300	2 years	Working capital will support the aggregation and marketing of beef as 'PA bred and fed' to consumers and wholesale buyers in PA.
Rhode Island Dairy Farms Cooperative	RI	150	3 years	Working capital funds will be used to support a line of locally-produced specialty cheeses.
Dell Valle Fresh, Inc	SC	300	2 years	Working capital funds will be used to implement marketing and food-safety plans for locally-produced vine-ripened tomatoes.
Clark Forrest Farms	SC	300	1 year	This working capital project will support a new focus toward marketing local peaches direct to consumers.
Lower Brule Farm Corporation	SD	300	3 years	Working capital will be provided to support the processing, packaging, and marketing of tribally-produced popcorn products.
KENT JISHA dba TEXAS DAILY HARVEST	TX	144	1 year	Working capital funds will support processing and marketing of organic produce and dairy products.
MILLER FARMS, INC	VA	300	3 years	Working capital funds will support direct to consumer sales of local fresh produce and dairy

Recipient	State	Amount	Term	Description
				products.
MEADOWCROFT FARMS, LLC	VA	300	3 years	The funds for this working capital project will help support online sales of all natural sauces, pickles, and relishes made on-farm.
GLENMARY GARDENS, LLC	VA	213	3 years	Working capital funds will support aggregation and marketing of fresh local berries and fruit, as well as a line of processed products.
Southern WI Food Hub Coop	WI	150	2 years	Working capital funds will be used to support aggregation and marketing of an array of fresh local produce to wholesalers.
Grow Guam, LLC	Guam	300	1 year	Working capital funds will be used to reach new markets and to implement food safety and quality assurance practices for hydroponic lettuce, vegetables, and fruits
TOTAL		$4,789		

Mr. Aderholt: How many grants were made in fiscal year 2012 to meet the goals of the Know Your Farmer, Know Your Food Initiative? What is the total value of these grants?

Response: Rural Development programs do not have a specific emphasis for the Know Your Farmer, Know Your Food initiative. Historically, the authorities governing many programs within RD have supported local food activities similar to the Know Your Farmer, Know Your Food initiative. Projects listed in response to the previous questions reflect projects that have always been eligible and have traditionally been done under this program.

During FY 2012, Rural Business-Cooperative Service made 88 awards for $8.5 million. Awards came from the Rural Business Opportunity Grant, Rural Business Enterprise Grant, Rural Cooperative Development Grant, and Value Added Producer Grant programs.

RURAL ECONOMIC DEVELOPMENT LOANS AND GRANTS

Mr. Aderholt: How many RUS borrowers, as of the end of FY 2012, were taking part in the Rural Economic Development Loan and Grant program?

Response: 359 RUS borrowers were participating in the Rural Economic Development Loan and Grant program as of the end of FY 2012.

Mr. Aderholt: Please update the table provided in the fiscal year 2013 hearing record on Rural Economic Development Loan and Grant program to include FY 2012.

Response: The information is submitted for the record.
[The information follows:]

RURAL ECONOMIC DEVELOPMENT LOANS			
Fiscal Year	**Number of Projects**	**Total Dollars Awarded**	**Total Dollars leveraged**
2001	66	$22,640,567	$145,927,010
2002	42	14,966,887	148,374,522
2003	43	14,869,939	70,484,024
2004	41	14,704,169	49,900,970
2005	52	24,302,375	132,911,628
2006	46	25,110,309	95,246,365
2007	42	26,167,000	95,634,958
2008	45	32,402,228	145,589,831
2009	49	36,171,370	72,102,919
2010	38	21,925,572	100,780,855
2011	47	29,412,012	360,906,863
2012	65	40,779,170	229,437,227
TOTAL	**576**	**$303,451,598**	**$1,647,297,172**

RURAL ECONOMIC DEVELOPMENT GRANTS			
Fiscal Year	**Number of Projects**	**Total Dollars Awarded**	**Total Dollars leveraged**
2001	16	$2,956,569	$15,195,284
2002	15	2,620,000	7,335,780
2003	22	4,066,300	15,680,690
2004	13	10,786,000	22,865,387
2005	31	8,120,000	22,704,267

RURAL ECONOMIC DEVELOPMENT GRANTS			
Fiscal Year	**Number of Projects**	**Total Dollars Awarded**	**Total Dollars leveraged**
2006	36	10,000,000	59,630,463
2007	36	9,863,333	66,360,527
2008	37	10,000,000	82,346,316
2009	31	9,014,156	65,986,989
2010	33	9,036,570	78,805,423
2011	24	6,557,333	78,402,272
2012	36	9,573,436	127,975,163
TOTAL	**330**	**$92,593,697**	**$647,288,561**

COOPERATIVES ASSISTANCE

Mr. Aderholt: Please list the number of requests for technical assistance and services provided to cooperatives in fiscal year 2012.

Response: During FY 2012, Cooperative Programs (CP) Staff in the National Office completed five technical assistance reports, involving dairy producers in Washington, Oregon, Idaho, and Montana. Due to staff reductions and limited resources for CP staff travel, technical assistance requests were referred to regional cooperative development centers (funded under the RCDG program) where appropriate expertise was available.

During 2012, CP staff in the National Office coupled with a cadre of specialists at the State Rural Development Offices serviced ongoing technical assistance projects. National Office staff also worked with the RD state office staff to respond to numerous less technical inquiries from cooperatives and other similar business operations. The majority of assistance requests come from small producer groups while others originated from more established cooperatives.

Mr. Aderholt: How many cooperative agreements did the RBCS enter into in fiscal years 2010, 2011, 2012 and 2013? What is the total value of these agreements?

Response: During 2010, Rural Business-Cooperative Service (RBS) entered into 31 cooperative agreements for a total of $7,707,319. This total included $2.8 million appropriated for Alternative Technology Transfer for Rural Areas (ATTRA), $300,000 appropriated for research on the economic impact of cooperatives, $1.5 million (15 agreements) for the historically black universities and colleges (1890 program) and $200,000 appropriated for the Kansas Farm Bureau.

In FY 2011, RBS entered into 12 cooperative agreements for a total of $1,434,445. This total included $950,000 (11 agreements) and $484,445 appropriated for ATTRA. (NOTE: In last year's response, the ATTRA agreement was incorrectly identified as being in FY2012, when it should have been counted among the FY 2011 agreements. Also, the one agreement through the Under Secretary's office was identified as $250,000 in one place and $200,000 in another. The correct value is $200,000.)

In FY 2012, RBS entered into 4 cooperative agreements for a total of $2,360,000, including $2,225,000 appropriated for ATTRA. (NOTE: The number of agreements and their value reported in last year's response where "to date" values. Since the response was submitted, RBS entered into three additional agreements in FY 2012.)

To date in FY 2013, RBS will provide $2,086,732 in appropriated funds for an agreement which will support the ATTRA project.

Mr. Aderholt: Please describe how RBCS determines success in its business loan and grant programs. Does the agency follow up on projects that received awards? Has it conducted a long-term assessment of the success rates of the programs? How is this information used to inform future notices of funding availability or adjust existing program?

Response: The primary performance metrics for Rural Business-Cooperative Service (RBS) programs are the number of jobs created or saved and the number of businesses assisted. The agency records and tracks this information via an internal data management system. RBS field staff conducts annual lender visits to obtain updates on performance measures. To the extent possible, RBS attempts to collect success and impact information through project summaries obtained upon the completion of a project and follow-up with grant recipients even after they are no longer required to report. RBS routinely reviews program awards and works to maintain communication with internal and external customers to receive feedback on program performance and incorporate changes when necessary and possible. In addition, lenders provide financial analyses of the loans and provide RBS with loan status updates. RBS has worked and continues to work with external and internal partners to evaluate and measure the success existing programs are having in meeting Mission Area and Departmental goals.

RURAL UTILITY SERVICE (RUS) SUBSIDY RATES

Please provide a table that lists the subsidy rates for the fiscal years 2008 through 2014 for all of the RUS programs. Explain the reason for any significant changes in the subsidy rate over that time period.

Response: The information is submitted for the record.
[The information follows:]

Formulation Subsidy Rates (As published in the Federal Credit Supplement)							
Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Water and Waste Disp. Loans	14.20	14.62	7.54	8.58	9.58	8.07	-0.87
Broadband (Treasury)	2.15	3.90	7.24	5.58	3.55	9.47	13.05
Electric Hardship	0.12	-2.38	- 27.73	-7.38	-14.40	-16.41	n/a
FFB Electric	-0.70	-2.28	-0.47	-4.43	-4.00	-6.29	-3.31
FFB Electric Guaranteed Underwriting	0.09	0.10	-1.85	0.14	-6.32	-8.00	n/a
Telecom. Hardship	0.08	-1.76	- 18.59	-7.37	-13.78	-15.09	n/a
FFB Telecommunications	0.62	-0.94	-0.65	-4.65	-3.64	-3.94	n/a

Formulation Subsidy Rates (As published in the Federal Credit Supplement)							
Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Telecom. Treasury	0.67	0.21	-0.43	-0.32	-1.19	-1.14	-1.12
Guaranteed Water and Waste Disposal	-0.82	-0.82	-0.82	-0.85	1.59	1.06	0.71

Rate Change Explanation 2013-2014
Direct Water and Waste Disposal: The total subsidy was dropped from 8.07% to -0.87% in 2014 as the 2014 Formulation was compared to that of 2013 Formulation. The majority of the decrease is due to the lower cost of borrowing expected for the agency. The cost of borrowing is based on the Office of Budget and Management (OMB) economic assumptions. OMB is projecting lower interest rates in 2014 than what it was projected in 2013. Also, the Single Effective Rate (SER) had a stable pattern until 2009. Then it was dropped from 4.98% in 2009 to 2.9% in 2010. The SER then stayed in decreasing mode with small rate of change. With an exception in 2009 where some changes of the total subsidy was attributed to the default rate, for the rest of the years the default subsidy component was insignificant and played no role in controlling the total subsidy trend.
Telecommunication Hardship: There was no formulation done in 2014 for Presidents Budget.
FFB Underwriting: There was no formulation done in 2014 for Presidents Budget.

ELECTRIC AND TELECOM BACKLOG

Mr. Aderholt: Please update the tables provided in the fiscal year 2013 hearing record showing the number of backlog applications and total loan requests by state on hand through fiscal year 2013 to date for each category of Electric and Telecommunications loans.

Response: The information is submitted for the record.
[The information follows:]

PENDING ELECTRIC PROGRAM FFB GUARANTED LOAN APPLICATION BY STATE AS OF April 24, 2013

STATE	NUMBER OF APPLICATIONS	TOTAL AMOUNT
Alaska	2	$54,723,000
Arkansas	1	6,891,000
Colorado	1	76,760,000
Florida	1	44,619,000
Georgia	2	13,000,000
Kansas	1	28,460,000

STATE	NUMBER OF APPLICATIONS	TOTAL AMOUNT
Kentucky	1	12,380,000
Minnesota	3	36,001,000
Missouri	3	117,109,000
North Carolina	1	30,000,000
North Dakota	2	144,879,000
Oklahoma	1	9,700,000
South Dakota	4	46,858,000
Texas	2	251,155,440
Virginia	2	522,100,000
TOTAL	**27**	**$1,394,635,440**

PENDING TELECOMMUNICATIONS PROGRAM FUNDING APPLICATIONS

(Dollars in Thousands)

As of April 24, 2013

FY 2013 Demand*	Current Available		Estimated Demand		Shortfall	
	PL	BA	PL	BA	PL	BA
Infrastructure Loans	$690,000	0	$272,589	0	$417,411	0
Broadband Loans	439,000	$3,700	327,000	$30,967	-288,000	-$27,274
Community Connect Grants	9,595	9,595	200,000	200,000	-190,405	-190,405
Distance Learning and Telemedicine Grants	17,531	17,531	90,000	90,000	-72,469	-72,469

*Approved, Pending or expected to be submitted

Pending Telecommunications Loans by State

Infrastructure Loans	
IA	1
ND	2
OR	1
SC	1
SD	1
WI	4

Broadband Loans	
MI	1
OK	1

There are not pending applications for Community Connect or Distance Learning and Telemedicine Grants as the application date has not closed.

Mr. Aderholt: What is the number and dollar amount of electric loans that have been approved for fiscal years 2010, 2011, 2012 and 2013 to date? Please indicate the amounts for hardship, municipal, FFB, and guaranteed loans.

Response: The information is submitted for the record.
[The information follows:]

ELECTRIC PROGRAM FY 2010 LOAN APPROVALS

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	169	$6,500,000,000
HARDSHIP	4	100,000,000
MUNICIPAL	0	0
Guaranteed	0	0
Total	173	$6,600,000,000

ELECTRIC PROGRAM FY 2011 LOAN APPROVALS

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	117	$4,233,247,000
HARDSHIP	5	39,610,000
MUNICIPAL	0	0
Guaranteed	1	499,000,000
Total	28	$4,771,857,000

ELECTRIC PROGRAM FY 2012 LOAN APPROVALS

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	119	$4,317,791,000
HARDSHIP	0	0
MUNICIPAL	0	0
Guaranteed	1	424,286,000
Total	120	$4,742,077,000

ELECTRIC PROGRAM FY 2013 LOAN APPROVALS
As of April 24, 2013

Loan Program	Number of Loans Approved	Total Dollar Amount Approved
FFB GUARANTEED	38	$886,911,000
HARDSHIP	0	0
MUNICIPAL	0	0
Guaranteed	0	0
Total	38	$886,911,000

Mr. Aderholt: Did you receive any requests for deferment of RUS-scheduled debt service payments in fiscal years 2010, 2011, 2012 and 2013 to date? If so, provide a list of the recipients of those deferments for last year and so far for this year.

Response: The Electric Program received one request for deferment of scheduled debt service payments in FY 2013 from Multitrade Rabun Gap, LLC. RUS has agreed to a forbearance period while the request and options for full payment are reviewed. In fiscal year 2010, RUS received a request for debt deferral from Marshalls Energy Company, an electric borrower in the Republic of the Marshall Islands. In June 2012, an agreement was reached on a deferment and restructuring to allow full repayment. The Electric Program did not receive any requests for deferments of scheduled debt in fiscal years 2011, or 2012.

The Electric Program also offers deferrals under the Energy Resource Conservation (ERC) program. The ERC program authorized by 7 U.S.C.912 allows borrowers to defer principal and interest, re-amortized over 7 years, to make funds available for renewable energy, energy efficiency, conservation, and demand side management initiatives in the communities they serve. It is anticipated that all these deferments will be timely repaid. These are not considered deferments of debt service.

Mr. Aderholt: Please provide a description of electric utility loan write-downs or forgiveness in fiscal year 2012 and what is expected in fiscal year 2013.

Response: The Electric Program did not approve any loan write-downs or debt forgiveness in fiscal year 2012. We do not expect to approve any write-downs by the end of fiscal year 2013.

CUSHION OF CREDIT

Mr. Aderholt: Please describe how funds are generated in the guaranteed electric underwriting loan program to subsidize the cost of the rural economic development loan and grant program. How much was generated in fiscal year 2012 and 2013 (estimated) for the program?

Response: Section 313A of the Rural Electrification Act (7 U.S.C. 940c-1) assesses an annual fee of 30 basis points on the unpaid principal balance of guaranteed underwriting loans. The fees generated are deposited to the rural economic development subaccount and may be used for Rural Economic Development Loans and Grants. For Fiscal Years 2012 and 2013 the agency is estimating $10 million to be generated.

WATER AND WASTE LOAN PROGRAM

Mr. Aderholt: Provide a breakout by State and by direct and guaranteed loans and grants of the application backlog at the end of fiscal year 2012 for the water and wastewater program.

Response: The information is submitted for the record.
[The information follows:]

WATER AND WASTE DIRECT DISPOSAL APPLICATION BACKLOG AS OF 9/30/12

State Name	FY 2012 # Loan	FY 2012 Amount of Loans
ALABAMA	23	$25,391,122
ALASKA	3	970,706
ARIZONA	13	38,755,510
ARKANSAS	36	46,880,068
CALIFORNIA	58	145,272,397
COLORADO	6	20,083,006
CONNECTICUT	2	4,724,825
DELAWARE	4	12,505,350
FLORIDA	17	78,008,008
GEORGIA	11	50,657,454
HAWAII	3	8,246,750
IDAHO	5	9,275,000
ILLINOIS	31	50,039,364
INDIANA	16	29,931,813
IOWA	24	55,833,297
KANSAS	21	29,097,358
KENTUCKY	32	65,666,968
LOUISIANA	27	74,612,313
MAINE	12	7,289,750
MARYLAND	10	36,080,054
MASSACHUSETTS	4	14,768,250
MICHIGAN	21	62,973,750
MICRONESIA	1	830,000
MINNESOTA	48	125,861,873
MISSISSIPPI	10	6,676,750
MISSOURI	23	31,341,413
MONTANA	14	28,685,439
NEBRASKA	16	29,560,487
NEVADA	1	3,394,816

State Name	FY 2012 # Loan	FY 2012 Amount of Loans
NEW HAMPSHIRE	1	750,000
NEW JERSEY	7	20,471,900
NEW MEXICO	20	67,264,693
NEW YORK	60	147,945,230
NORTH CAROLINA	25	105,366,085
NORTH DAKOTA	10	23,679,109
OHIO	15	30,322,461
OKLAHOMA	21	67,548,806
OREGON	20	28,485,693
PENNSYLVANIA	38	144,665,459
PUERTO RICO	1	6,187,500
RHODE ISLAND	0	0
SOUTH CAROLINA	30	137,572,961
SOUTH DAKOTA	18	236,886,213
TENNESSEE	18	36,149,844
TEXAS	69	181,203,427
UTAH	3	11,387,000
VIRGIN ISLANDS	2	559,596
VIRGINIA	15	23,789,000
WASHINGTON	10	19,187,246
WEST VIRGINIA	27	39,102,890
WISCONSIN	5	31,164,500
WYOMING	7	9,786,432
Grand Total	**914**	**$2,462,889,936**

There is no backlog of guaranteed loans at this time.

Mr. Aderholt: Please update the table provided in the fiscal year 2013 hearing record listing by State the number and amount of applications approved in fiscal years 2010, 2011, 2012 and 2013.

Response: The following information is submitted for the record.
[The information follows:]

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2010

State	# Loans	Loans	# Grants	Grants	Totals
ALABAMA	12	$10,103,080	13	$8,412,285	$18,515,365
ALASKA	0	0	50	72,489,335	72,489,335
ARIZONA	4	6,891,000	11	21,829,283	28,720,283

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2010

State	# Loans	Loans	# Grants	Grants	Totals
ARKANSAS	43	46,244,500	41	64,098,500	110,343,000
CALIFORNIA	25	143,774,000	21	32,291,057	176,065,057
COLORADO	9	27,063,000	11	10,745,423	37,808,423
CONNECTICUT	5	8,300,000	6	8,184,590	16,484,590
DELAWARE	9	42,870,000	7	9,382,602	52,252,602
FLORIDA	15	48,341,000	14	22,387,440	70,728,440
GEORGIA	13	21,887,000	10	30,727,398	52,614,398
HAWAII	3	3,286,100	2	733,269	4,019,369
IDAHO	13	43,728,000	16	12,978,400	56,706,400
ILLINOIS	37	53,522,250	28	14,964,063	68,486,313
INDIANA	28	70,191,500	15	18,606,950	88,798,450
IOWA	27	49,411,500	21	22,897,800	72,309,300
KANSAS	32	38,711,400	17	15,593,759	54,305,159
KENTUCKY	32	68,417,000	43	34,677,322	103,094,322
LOUISIANA	14	23,498,000	10	24,479,518	47,977,518
MAINE	24	14,485,874	27	20,534,304	35,020,178
MARYLAND	15	43,134,410	13	24,238,301	67,372,711
MASSACHUSETTS	18	39,812,785	24	47,088,740	86,901,525
MICHIGAN	54	121,106,000	29	35,669,197	156,775,197
MINNESOTA	23	40,201,000	27	20,043,000	60,244,000
MISSISSIPPI	26	26,222,106	23	24,676,382	50,898,488
MISSOURI	44	56,223,300	45	33,340,034	89,563,334
MONTANA	17	17,078,000	23	23,034,714	40,112,714
NEBRASKA	13	11,651,000	13	9,237,500	20,888,500
NEVADA	6	9,037,000	6	4,974,403	14,011,403
NEW HAMPSHIRE	8	24,543,000	9	14,843,779	39,386,779
NEW JERSEY	13	23,106,700	10	9,797,997	32,904,697
NEW MEXICO	13	21,849,382	33	33,324,578	55,173,960
NEW YORK	38	57,257,000	37	29,799,257	87,056,257
NORTH CAROLINA	53	165,781,000	41	72,647,050	238,428,050
NORTH DAKOTA	15	20,772,850	12	8,443,179	29,216,029
OHIO	15	41,257,000	20	38,061,046	79,318,046
OKLAHOMA	25	38,716,085	19	48,974,163	87,690,248
OREGON	8	32,955,000	9	10,630,090	43,585,090
PENNSYLVANIA	40	172,681,200	21	36,676,400	209,357,600
PUERTO RICO	6	19,965,000	4	7,321,000	27,286,000
RHODE ISLAND	4	1,615,000	5	1,526,335	3,141,335
SOUTH CAROLINA	32	90,125,700	20	52,540,500	142,666,200
SOUTH DAKOTA	29	25,078,000	26	21,171,000	46,249,000
TENNESSEE	38	42,941,000	45	25,126,711	68,067,711
TEXAS	34	85,246,500	24	41,437,227	126,683,727
UTAH	7	8,020,000	7	10,199,719	18,219,719
VERMONT	9	5,061,000	12	9,916,451	14,977,451
VIRGINIA	34	108,336,580	19	37,974,000	146,310,580
WASHINGTON	23	83,280,064	12	21,461,400	104,741,464
WEST VIRGINIA	17	40,037,200	30	46,930,203	86,967,403
WISCONSIN	28	44,462,700	31	24,585,953	69,048,653
WYOMING	2	1,372,000	1	340,000	1,712,000

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2010

State	# Loans	Loans	# Grants	Grants	Totals
Total	1,052	$2,239,650,766	1,013	$1,272,043,607	$3,511,694,373

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2011

STATE	# Loans	Loans	# Grants	Grants	Totals
ALABAMA	20	$27,059,007	13	$13,346,200	$40,405,207
ALASKA	2	1,716,000	26	50,501,374	52,217,374
ARIZONA	3	6,721,388	13	13,721,666	20,443,054
ARKANSAS	19	47,899,000	11	5,467,800	53,366,800
CALIFORNIA	13	29,113,000	25	17,715,426	46,828,426
COLORADO	12	9,951,300	6	3,901,000	13,852,300
CONNECTICUT	3	7,867,000	6	2,906,325	10,773,325
DELAWARE	3	7,127,000	2	2,246,000	9,373,000
FLORIDA	10	21,996,000	12	11,265,550	33,261,550
GEORGIA	11	20,565,600	9	15,429,740	35,995,340
HAWAII	1	2,188,000	1	1,513,000	3,701,000
IDAHO	7	8,962,000	12	4,531,775	13,493,775
ILLINOIS	28	32,516,000	18	$9,304,950	41,820,950
INDIANA	17	26,103,400	6	8,914,000	35,017,400
IOWA	19	14,970,300	18	9,301,400	24,271,700
KANSAS	13	12,262,500	11	3,457,703	15,720,203
KENTUCKY	26	41,844,000	30	17,057,513	58,901,513
LOUISIANA	14	21,285,000	12	9,250,448	30,535,448
MAINE	7	9,284,500	15	5,704,100	14,988,600
MARYLAND	8	14,269,000	12	11,333,663	25,602,663
MASSACHUSETTS	11	8,772,000	15	3,053,390	11,825,390
MICHIGAN	24	55,035,000	13	11,328,300	66,363,300
MINNESOTA	16	22,966,000	18	9,893,000	32,859,000
MISSISSIPPI	27	31,950,079	19	18,438,653	50,388,732
MISSOURI	32	28,362,900	25	9,454,520	37,817,420
MONTANA	10	7,960,200	10	5,791,770	13,751,970
NEBRASKA	14	11,500,000	11	5,280,000	16,780,000
NEVADA	6	8,329,681	8	3,198,577	11,528,258
NEW HAMPSHIRE	7	4,558,000	10	3,312,150	7,870,150
NEW JERSEY	8	11,355,000	7	5,925,100	17,280,100
NEW MEXICO	8	9,154,119	17	18,630,400	27,784,519
NEW YORK	26	23,789,000	18	17,282,400	41,071,400
NORTH CAROLINA	18	41,171,492	17	15,336,992	56,508,484
NORTH DAKOTA	5	2,750,300	6	4,215,600	6,965,900
OHIO	16	36,705,000	13	11,356,900	48,061,900
OKLAHOMA	15	33,334,450	13	30,634,311	63,968,761
OREGON	3	8,018,242	4	2,324,140	10,342,382

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2011

STATE	# Loans	Loans	# Grants	Grants	Totals
PENNSYLVANIA	13	44,824,300	11	11,225,400	56,049,700
PUERTO RICO	3	9,292,000	3	3,305,000	12,597,000
RHODE ISLAND	4	2,131,000	5	1,754,000	3,885,000
SOUTH CAROLINA	19	32,423,600	12	12,451,000	44,874,600
SOUTH DAKOTA	18	20,632,000	11	23,204,000	43,836,000
TENNESSEE	28	34,678,000	27	15,734,704	50,412,704
TEXAS	29	44,382,000	20	28,301,100	72,683,100
UTAH	5	2,282,000	6	2,545,800	4,827,800
VERMONT	7	8,945,000	6	3,677,000	12,622,000
VIRGINIA	16	42,989,900	11	11,562,500	54,552,400
WASHINGTON	18	33,480,500	5	5,160,000	38,640,500
WEST VIRGINIA	10	15,943,400	10	8,263,600	24,207,000
WISCONSIN	13	30,378,600	10	6,718,530	37,097,130
WYOMING	3	871,500	4	1,165,000	2,036,500
Total	**668**	**$1,032,665,258**	**623**	**$527,393,470**	**$1,560,058,728**

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2012

State	# Loans	Loans	# Grants	Grants	Totals
ALABAMA	16	19,277,630	11	15,033,248	34,310,878
ALASKA	0	0	24	33,636,381	33,636,381
ARIZONA	4	5,647,048	9	13,365,387	19,012,435
ARKANSAS	22	9,009,000	16	6,260,442	15,269,442
CALIFORNIA	18	56,754,000	22	11,449,500	68,203,500
COLORADO	8	9,053,000	10	4,063,910	13,116,910
CONNECTICUT	4	8,023,000	6	2,645,000	10,668,000
DELAWARE	8	24,042,000	5	3,223,917	27,265,917
FLORIDA	8	20,211,600	9	9,324,170	29,535,770
GEORGIA	12	26,860,980	11	14,359,325	41,220,305
IDAHO	8	15,753,000	15	5,480,301	21,233,301
ILLINOIS	29	31,790,000	24	11,028,544	42,818,544
INDIANA	11	23,146,000	10	9,953,158	33,099,158
IOWA	15	13,287,860	17	10,867,923	24,155,783
KANSAS	30	44,580,570	19	12,921,600	57,502,170
KENTUCKY	24	31,849,000	32	16,087,998	47,936,998
LOUISIANA	9	17,448,200	7	7,222,000	24,670,200
MAINE	10	8,059,000	15	5,088,408	13,147,408
MARYLAND	6	9,021,000	12	9,854,300	18,875,300
MASSACHUSETTS	9	9,275,000	11	2,752,708	12,027,708
MICHIGAN	32	65,230,000	17	10,712,316	75,942,316

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2011

State	# Loans	Loans	# Grants	Grants	Totals
MINNESOTA	24	23,096,000	29	16,229,366	39,325,366
MISSISSIPPI	19	11,837,300	16	5,529,830	17,367,130
MISSOURI	27	36,025,600	20	9,201,240	45,226,840
MONTANA	7	9,107,000	13	7,447,172	16,554,172
NEBRASKA	12	11,275,000	12	3,830,000	15,105,000
NEVADA	1	747,000	1	207,000	954,000
NEW HAMPSHIRE	1	6,616,000	4	5,781,443	12,397,443
NEW JERSEY	9	12,952,800	6	3,371,000	16,323,800
NEW MEXICO	10	4,843,000	14	10,898,150	15,741,150
NEW YORK	21	26,979,000	24	10,045,900	37,024,900
NORTH CAROLINA	22	42,074,000	21	12,958,521	55,032,521
NORTH DAKOTA	10	12,759,749	9	8,895,018	21,654,767
OHIO	12	25,875,000	10	9,753,500	35,628,500
OKLAHOMA	8	15,556,180	9	31,761,372	47,317,552
OREGON	2	2,797,300	1	2,004,320	4,801,620
PENNSYLVANIA	12	25,304,300	7	11,059,000	36,363,300
PUERTO RICO	5	8,747,325	8	3,587,485	12,334,810
RHODE ISLAND	5	940,000	5	1,263,750	2,203,750
SOUTH CAROLINA	10	33,248,292	7	12,425,500	45,673,792
SOUTH DAKOTA	12	11,868,500	8	30,432,293	42,300,793
TENNESSEE	25	34,890,000	33	13,877,475	48,767,475
TEXAS	24	37,725,184	19	22,289,752	60,014,936
UTAH	4	3,562,000	6	5,890,909	9,452,909
VERMONT	6	3,563,000	9	2,823,778	6,386,778
VIRGINIA	12	28,200,600	14	9,624,888	37,825,488
WASHINGTON	8	9,660,400	4	996,385	10,656,785
WEST VIRGINIA	21	41,624,500	19	14,879,370	56,503,870
WISCONSIN	15	21,868,850	18	7,079,170	28,948,020
WYOMING	1	407,000	1	233,958	640,958
TOTALS	**628**	**$952,468,768**	**649**	**$477,217,000**	**$1,429,686,000**

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2013
Through March 24, 2013

State	# Loans	Loans	# Grants	Grants	Totals
ALABAMA	5	$2,455,900	2	$2,807,000	$2,807,000
ALASKA			1	576,200	576,200
ARKANSAS	7	6,802,000	4	2,673,000	2,673,000

WATER AND WASTE DISPOSAL APPLICATIONS APPROVED IN FY 2013
Through March 24, 2013

State	# Loans	Loans	# Grants	Grants	Totals
CALIFORNIA	5	10,016,000	3	3,439,000	3,439,000
COLORADO	1	405,000	1	294,000	294,000
CONNECTICUT			1	250,000	250,000
DELAWARE	1	1,542,000	1	999,000	999,000
FLORIDA	1	3,362,000	1	1,478,000	1,478,000
IDAHO	3	3,595,000	3	1,071,500	1,071,500
ILLINOIS	14	7,355,000	7	2,323,000	2,323,000
INDIANA	5	8,282,000	2	2,892,000	2,892,000
IOWA	8	14,025,000	6	4,703,500	4,703,500
KANSAS	9	14,640,000	5	3,061,000	3,061,000
KENTUCKY	12	23,319,000	10	5,702,300	5,702,300
LOUISIANA	3	8,990,000	2	1,642,000	1,642,000
MAINE	5	3,779,000	5	2,059,000	2,059,000
MARYLAND	3	1,775,000	3	2,166,000	2,166,000
MASSACHUSETTS	2	3,088,000	2	1,004,000	1,004,000
MICHIGAN	12	16,574,000	7	3,733,000	3,733,000
MINNESOTA	4	5,393,000	4	2,056,000	2,056,000
MISSISSIPPI	4	1,774,000	2	326,000	326,000
MISSOURI	14	13,409,600	4	2,061,900	2,061,900
MONTANA	4	5,214,000	3	2,437,000	2,437,000
NEBRASKA	5	2,880,000	4	1,499,400	1,499,400
NEVADA	3	7,052,000	3	2,949,980	2,949,980
NEW HAMPSHIRE	2	2,585,000	1	739,000	739,000
NEW JERSEY	1	1,500,000	1	500,000	500,000
NEW YORK	11	9,207,000	6	2,909,000	2,909,000
NORTH CAROLINA	4	1,450,700	3	325,437	325,437
NORTH DAKOTA	3	3,675,500	1	891,000	891,000
OHIO	3	6,639,000	2	3,786,300	3,786,300
OKLAHOMA	5	5,585,250	3	2,715,375	2,715,375
PENNSYLVANIA	4	8,752,800	2	3,324,500	3,324,500
PUERTO RICO	1	3,422,000	1	1,200,000	1,200,000
SOUTH CAROLINA	5	20,180,000	2	4,500,800	4,500,800
SOUTH DAKOTA	6	3,384,000	2	900,000	900,000
TENNESSEE	8	10,249,100	8	3,032,000	3,032,000
TEXAS	10	13,691,000	2	2,183,500	2,183,500
VERMONT	1	5,023,000	1	2,644,000	2,644,000
VIRGINIA	5	7,519,000	4	2,097,000	2,097,000
WASHINGTON	2	938,600			
WEST VIRGINIA	3	5,059,000	2	2,117,000	2,117,000
WISCONSIN	5	18,748,000	4	9,101,000	9,101,000
Total	**209**	**$293,336,450**	**131**	**$97,169,692**	**$97,169,692**

Mr. Aderholt: In fiscal year 2012, what percent of water and waste disposal loans were used to expand existing systems?

Response: The information is submitted for the record.
[The information follows:]

FY Obligated	Loan Amount Obligated	Loan Amt for Expansion	Percent Expansion
2012	$952,468,768	$192,187,447	20%

Mr. Aderholt: Please update the table provided in the fiscal year 2013 hearing record regarding the average loan to grant ratios for the water and waste program for the last five fiscal years.

Response: The information is submitted for the record.
[The information follows:]

Fiscal Year	Ratio of Loan to Grant
2012	2.6
2011	2.7
2010	1.77
2009	1.71
2008	2.33
2007	2.33

Mr. Aderholt: Please provide the number and amount of circuit riders obligated in fiscal years 2008 through 2013 by State.

Response: The totals may exceed the amount available due to recoveries and deobligations of funding available in prior years.

The information is submitted for the record.
[The information follows:]

NATIONAL RURAL WATER ASSOCIATION FUNDING BY STATE AND NUMBER OF CIRCUIT RIDERS BY STATE

	FY 08		FY 09		FY 10		FY 11		FY 12		FY 13 As of March 24	
State	CR	Total Paid	CR	Total Paid	CR	Total Paid	CR	Total Paid	CR	Total Paid	CR	Total Paid
AK	3	$643,224	3	$511,937	4	$722,152	4	$541,073	3	$645,588	3	$395,147
AL	5	583,723	5	439,479	7	674,060	6	506,162	4	444,924	4	298,671
AR	6	685,441	6	508,941	8	786,529	8	739,282	5	561,839	5	375,461
AZ	4	454,249	4	344,914	5	554,504	5	447,838	4	441,873	4	305,180
CA	6	687,279	6	495,181	8	830,541	7	662,397	5	583,871	5	368,876
CO	3	352,352	3	269,053	5	503,952	5	417,213	3	343,443	3	228,234
CT-RI	3	345,201	3	269,053	5	517,514	5	384,764	3	325,824	3	150,919
DE	3	346,920	3	269,053	4	439,622	4	334,396	3	317,228	3	211,820
FL	5	527,827	5	344,914	5	554,710	5	478,186	5	479,841	5	326,284
GA	5	584,073	5	441,509	7	776,868	7	613,838	5	551,926	5	378,123
HI	0	0	0	0	1	210,390	3	399,825	3	540,085	3	422,836
IA	5	562,957	5	416,710	7	673,591	6	528,977	4	454,198	4	303,875
ID	5	572,701	5	441,509	7	693,779	6	548,483	5	550,034	5	373,028
IL	6	695,612	6	508,941	8	787,936	7	621,668	5	557,297	5	374,031
IN	4	459,547	4	344,914	6	681,860	7	652,292	4	441,925	4	302,518
KS	3	348,221	3	269,053	5	559,445	5	442,662	4	389,350	4	252,002
KY	6	697,699	6	508,941	8	784,437	7	672,660	5	560,104	5	374,521
LA	6	703,354	6	517,370	8	802,601	7	625,458	5	552,842	5	368,097
MA	3	347,025	3	269,053	5	528,118	5	369,327	3	335,488	3	223,928
MD	3	348,169	3	266,903	5	529,763	5	374,290	3	326,048	3	221,698
ME	3	348,829	3	269,053	5	546,319	5	403,828	3	336,597	3	224,528
MI	5	575,176	5	441,509	7	752,905	8	699,250	5	548,534	5	377,236
MN	4	471,251	4	344,914	6	664,297	7	686,693	5	511,325	5	332,465
MO	5	584,614	5	441,509	7	793,988	8	780,055	5	566,130	5	377,784
MS	6	702,428	6	508,941	8	793,108	7	621,720	5	558,582	5	367,777

State	FY 08		FY 09		FY 10		FY 11		FY 12		FY 13	
	CR	Total Paid	CR	Total Paid	CR	Total Paid	CR	Total Paid	CR	Total Paid	CR	As of March 24 Total Paid
MT	3	351,490	3	269,053	4	450,739	4	369,504	3	329,774	3	226,696
NC	5	555,486	5	441,509	7	726,330	7	666,409	5	556,422	5	372,102
ND	3	350,860	3	269,053	4	441,993	4	368,584	3	337,194	3	225,677
NE	3	351,157	3	269,053	5	548,265	5	401,285	4	374,971	4	255,023
NH	3	345,350	3	261,966	4	432,977	4	353,692	3	327,722	3	220,732
NJ	3	326,347	3	269,053	5	527,993	5	383,651	3	336,019	3	215,183
NM	5	585,724	5	412,346	6	678,253	6	532,549	5	501,945	5	333,117
NV	3	340,114	3	267,729	4	444,574	4	335,138	3	323,678	3	213,470
NY	5	583,635	5	441,509	7	783,462	7	660,463	5	565,095	5	381,621
OH	4	469,327	4	344,914	6	688,637	7	597,311	4	451,138	4	304,241
OK	6	704,346	6	508,941	7	792,507	7	631,442	5	565,503	5	377,445
OR	4	463,960	4	365,648	6	672,363	6	503,808	4	450,713	4	299,904
PA	5	589,283	5	412,346	6	697,948	7	647,218	4	459,067	4	303,029
SC	5	529,646	4	312,910	5	567,856	5	449,098	4	388,502	4	253,692
SD	3	351,146	3	269,053	5	564,466	5	457,561	4	396,472	4	254,605
TN	5	583,324	5	432,576	7	782,086	7	672,906	5	560,249	5	374,599
TX	6	661,033	6	480,119	7	747,939	6	617,726	5	588,525	5	393,523
UT	3	351,494	3	269,053	4	447,420	4	377,212	3	340,020	3	226,381
VA	5	577,282	5	412,346	6	639,060	6	506,992	5	489,587	5	301,687
VT	3	346,172	3	269,053	5	533,693	5	369,485	3	331,781	3	222,675
WA	5	582,725	5	439,372	7	777,228	7	602,197	5	559,127	5	371,786
WI	4	461,192	4	344,914	6	685,515	6	554,205	5	496,536	5	332,282
WV	6	694,180	6	504,793	8	764,234	7	651,173	5	556,729	5	371,770
WY	3	338,801	3	269,053	4	401,677	3	328,360	3	330,887	3	223,679
Totals	207	$24,121,945	206	$17,979,715	286	$30,960,203	283	$25,590,304	202	$22,542,551	202	$14,989,958

Mr. Aderholt: Please provide a list of all technical assistance grants that were made in fiscal years 2008 through 2013 by State.

Response: Fiscal Year 2013 recipients have not yet been selected. Award announcements are anticipated at the end of May 2013. The information is submitted for the record.
[The information follows:]

TECHNICAL ASSISTANCE AND TRAINING GRANTS

(Dollars in Thousands)

APPLICANT	STATE	FY08	FY09	FY10	FY11	FY12
Alaska Forum	AK	$175	$175	$239	0	0
Alaska Native Tribal Health Consortium	AK	100	0	270	$300	$292
Aleutian Pribilof Islands Association, Inc.	AK	0	0	0	89	0
Southeast Alaska Regional Health Consortium	AK	0	0	0	162	147
Tanana Chiefs Conference	AK	100	150	161	143	134
Yukon River Inter Tribal Watershed Council	AK	0	0	0	0	163
Zender Environmental Health& Research	AK	0	0	214	225	183
Winrock International	AR	0	0	0	0	270
Inter Tribal Council of Arizona, Inc.	AZ	0	0	0	400	593
OCT Water Quality Academy	CA	0	0	0	141	168
Rural Community Assistance Partnership	DC	5,561	5,700	0	5,988	5,750
Golden Hills Resource Conservation	IA	0	0	0	44	0
IA Onsite Wastewater Association	IA	0	0	100	0	0
E. Kentucky Pride Foundation	KY	0	0	0	0	100
Eastern Maine Development Corporation	ME	0	0	0	52	0
Hancock County Planning Commission	ME	0	0	0	27	14

APPLICANT	STATE	FY08	FY09	FY10	FY11	FY12
Northern ME Development Commission	ME	80	0	92	90	79
SE Technical Assistance Service	MO	0	0	56	0	0
0National Tribal Environmental Council	NM	794	850	800	798	0
Native American Water Association	NV	274	280	280	100	207
Syracuse University	NY	0	0	0	198	173
National Rural Water Association	OK	10,300	10,600	10,500	9,800	10,000
South Carolina Manufacturing Extension Partnership	SC	0	0	0	215	0
West Virginia University (NDWC)	WV	986	1,008	787	780	800
Total		**$18,371**	**$18,763**	**$13,500**	**$19,554**	**$19,074**

Mr. Aderholt: Please provide a table showing emergency community water assistance grants made in fiscal years 2008 through 2013 by State.

Response: The information is submitted for the record.
[The information follows:]

EMERGENCY COMMUNITY WATER ASSISTANCE GRANTS

(Dollars in Thousands)

State	FY 2008	FY09	FY10	FY11	FY12	FY13
AL	0	$55	$135	0	0	0
CA	$150	0	0	0	0	0
ID	650	15		$631	$479	0
IL	334	0	493	0	0	0
IN	0	0	0	0	150	0
IO	0	0	0	0	0	$500
KY	500	0	0	0	0	0
MI	0	0	0	0	37	0
MO	150	574	1,089	104	150	150
MN	500	0	0	0	0	0
NE	1,730	1,177	264	0	500	0
NV	0	500	0	0	0	0
NM	500	0	0	0	0	0

State	FY 2008	FY09	FY10	FY11	FY12	FY13
NY	240	0	0	0	495,000	0
OK	464	500	77	149	0	0
OR	0	126	0	0	0	0
TE	1,108	925	500	500	826	0
TX	0	85	0	0	500	0
WA	506	583	0	0	0	0
WV	0	0	91	0	0	0
Total	**$6,832**	**$4,540**	**$2,648**	**$1,384**	**$497,642**	**$650**

Mr. Aderholt: What is the status of the water and wastewater revolving fund? Were funds obligated in fiscal years 2010, 2011, 2012 and 2013?

Response: Since the beginning of the revolving fund program in FY 2004, $4,453,166 has been obligated. In 2010, RUS obligated $497,999 for 2 projects. For FY 2011, RUS obligated $495,000 for 2 projects. In FY 2012, a total of $497,000 was obligated under this program. These funds, along with the grantee matching funds, have resulted in $4,978,232 in loans to small rural communities. The total allowable loan amount is limited to $100,000 or less. Loans are used for pre-development costs in anticipation of construction, short term financing of equipment replacement, small scale extensions, and other small capital projects that are not part of regular operation and maintenance activities and too small to be cost effective for RUS loan program. For FY 2013, $923,686 was appropriated. A Notice of Funds Availability will be released in June and awardees will be announced prior to August 2013.

BROADBAND LOANS

Mr. Aderholt: Please provide a summary of the status of the broadband loan program. How many projects are underway? How many are pending? What is total amount that has been borrowed under the program? In what states are the projects underway?

Response: RUS has 54 active Farm Bill broadband loan program borrowers with a principal balance of approximately $511 million. The application cycle for the program is currently open and two applications are pending. Due to pending Universal Service Fund (USF) reform, and the inability to project revenues, investment in rural broadband is less certain than in prior fiscal years. Currently there are active construction projects in MN and ND.

Mr. Aderholt: Please provide a summary of the broadband grant (Community Connect) program. How many projects are underway? How many are pending? What is the total amount that has been awarded under the program? In what states are the projects underway?

Response: Since inception in 2002, RUS has awarded 229 grants for $122,319,651 through 9/30/12. Approximately 50 projects funded under the grant program are underway in CA, CO, IL, KY, LA, MO, MS, NH, NM, NV, OK, TX, VA and WA. There are no pending projects as the application window has not yet closed.

Mr. Aderholt: Please describe in detail the agency's concerns with the Federal Communications Commission's (FCC) reforms to the Universal Service Fund. How has RUS engaged the FCC? How many RUS borrowers are negatively affected? Has FCC addressed any RUS concerns?

Response: We share your concerns about the need to restore predictability and certainty to the rural broadband investment climate which has contracted as a result of the newly imposed caps in high cost Universal Service Fund (USF) support and cost constraints from the Quantile Regression Analysis benchmarks outlined in the Federal Communications Commission's (FCC) Transformation Order. USDA believes rural broadband deployment is an engine for economic growth and job creation in rural areas and throughout America. Additional information is provided for the record.

While investment demand for broadband expansion remains high, overall demand for RUS loan funds dropped to roughly 37 percent of the total amount of loan funds appropriated by Congress in FY 2012. Current and prospective RUS borrowers have hesitated to increase their outstanding debt and move forward with planned construction due to the recently implemented reductions in USF support and Inter-Carrier Compensation payments.

On February 15, 2013 USDA submitted an ex parte filing into the FCC's public record outlining the discussion I had with FCC Chairman Genachowski in which I highlighted the need for our agencies to work collaboratively to fulfill the President's broadband deployment goals, I also offered several constructive recommendations to improve the Order to achieve its stated purpose - increase broadband investment and adoption in rural high cost, low density communities.

One of the recommendations urged the FCC to combine the unused incremental support under CAF Phase 1, Round 1 with the second round of 2013 CAF Phase 1 funds for support and distribution to rural price capped carriers. USDA believes all existing federal funding vehicles dedicated for broadband investment and deployment to rural unserved areas must be used and leveraged to the fullest extent possible to achieve rural broadband access goals. Moreover, USDA supports the expansion of modern telecommunications, including broadband, throughout rural areas, whether funded by RUS or not.

Access to 21st Century broadband is essential not only to rural economic development, but to the nation's continued economic recovery. In the 2008 Farm Bill and the American Recovery and Reinvestment Act of 2009, Congress made clear that the USDA and the FCC must work together to create pro-investment policies which support rural broadband deployment. I remain hopeful that the FCC, under new leadership will strongly consider USDA's recommendations to restore certainty and stability for rural broadband investment to continue which will afford the most rural and remote communities the opportunity to fully participate in e-commerce, trade, civic engagement, medical care and academic and career advancement.

WEDNESDAY, APRIL 24, 2013.

DEPARTMENT OF AGRICULTURE

WITNESSES

ANN MILLS, DEPUTY UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

JASON WELLER, ACTING CHIEF, NATURAL RESOURCES CONSERVATION SERVICE, DEPARTMENT OF AGRICULTURE

MICHAEL YOUNG, BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

INTRODUCTION OF WITNESSES

Mr. ADERHOLT. The hearing will come to order. I understand Mr. Farr will be here just shortly, but we will go ahead and get started with the testimony.

I would like to welcome Ms. Ann Mills, Deputy Under Secretary for National Resources and Environment, Jason Weller, Acting Chief of the Natural Resources Conservation Service, and Mr. Mike Young, the USDA's Budget Director, to the Ag Approps Subcommittee this afternoon.

OPENING STATEMENT

We are convening this afternoon to review the NRCS' fiscal year 2014 budget request. NRCS requests a total of $808 million in discretionary funding for its salaries, expenses, and activities. In addition, more than $3.1 billion will be available to farmers, ranchers, and private landowners through the farm bill's mandatory conservation programs to help them preserve, protect, and enhance their land.

The cooperative work of NRCS and individual farms and ranch families to conserve and maintain productive lands is usually unrecognized. The science-based, locally led, and voluntary approach to conservation on these lands is an incredible legacy that arose out of the terrible Dust Bowl years. Even if we do not realize it, all Americans have benefitted from it, and the legacy is certainly worth defending.

But part of the legacy is the integrity of the NRCS' operations and programs. The subcommittee has been concerned for several years with the agency's management of its programs and financial systems. We hope to hear today that the agency is on a better track. In order to maintain support for the agency, its programs and locally led conservation, and to pass on the legacy to the next generation, it is necessary that we have the highest level of confidence in NRCS' systems, their science, and their staff.

Mr. ADERHOLT. And with that, let me recognize Ms. Mills for her opening statement. And anything that you want to put on the record will be included.

Well, hold up 1 second. Mr. Farr is here. Let me see if he has any comments he would like to make.

Just about to recognize you for any comments you would like to make.

Mr. FARR. It is great to have you all here and look forward to the round of questions. I do not have any formal comments. Thank you.

Mr. ADERHOLT. Deputy Under Secretary Mills, please proceed.

OPENING STATEMENT

Ms. MILLS. Thank you, Mr. Chairman. And thank you to you, members of the Committee. I am pleased to appear before you today to present the U.S. Department of Agriculture's fiscal year 2014 budget for the Natural Resources Conservation Service, and I would like to thank the Subcommittee for its ongoing support for voluntary working lands conservation.

USDA, through NRCS, remains committed to helping America's farmers and ranchers achieve their conservation goals as they respond to the challenges of the 21st century. As you noted, Mr. Chairman, the President's 2014 budget requests a total of $4 billion for NRCS, roughly $3 billion for mandatory funding, and $808 million for discretionary funding. And I would like to use my time to outline today just a couple of examples of how NRCS is coupling its traditional strengths of site-specific, on-the-ground technical and financial assistance with a new generation of conservation approaches that are going to help America's farmers remain the most productive in the world.

Under the 2008 farm bill, NRCS and its customers have benefitted from historic levels of conservation funding that have enabled the agency to maintain not only its nationwide conservation support, but also target some of the funds to address some of country's most critical natural resource concerns. Our Conservation Effects Assessment Project, or CEAP, has shown that targeting the right practices on the right acres can significantly improve the cost effectiveness of producers' efforts to reduce nutrient and sediment runoff. NRCS has implemented this tool and others in establishing a number of landscape initiatives, including those in the Gulf of Mexico, the Mississippi River Basin, the California Bay Delta, the Florida Everglades, and the Great Lakes. And across these landscapes, we are working with our partners and with producers to leverage funds to measurably improve water quality and wildlife habitat for at-risk species.

In two other forward-thinking priorities for Secretary Vilsack, we are looking at agricultural certainty programs and environmental markets. Both create nonregulatory incentives for producers to scale up their voluntary conservation investments. And importantly, they are attracting private dollars to agricultural conservation, which is important at a time when we see both Federal and State budgets declining.

Given NRCS' technical expertise, its science-based conservation practices and trusted relationships with landowners that have been developed literally over generations, NRCS is well positioned to play a unique role to help States and their partners develop environmental markets and agricultural certainty programs.

In a kind of a back-to-the-future move, NRCS has launched the soil health campaign. As you mentioned, sir, NRCS was born out of the Dust Bowl 77 years ago and healthy soils is part of its DNA. But what we have learned and we are reemphasizing is by investing in what is arguably a farmer's most valuable asset, in investing in healthy soils, we can increase their productivity, we can reduce input costs, and importantly, we can make them more resilient to extreme weather events.

And when those weather events happen, NRCS is there. NRCS was there during last year's drought in 22 states putting conservation practices on the ground like cover crops, helping producers install more efficient irrigation systems, and livestock watering facilities. We were there after the Deepwater Horizon, we were there after Hurricane Sandy, and we are there as we speak moving dollars into those States that are experiencing flooding in the Midwest, so that if they need those funds, they are available.

In the President's 2014 budget we propose some difficult cuts, but we also invest in some strategic moves that include investments in significant process improvements, in restructuring the budget and financial management, the procurement and property and human resources functions, all three with an eye to improving service and lowering costs. These steps are helping us weather budget cuts while maintaining a robust level of service. NRCS employees are doing an extraordinary job of delivering record levels of service to their customers with fewer resources.

Secretary Vilsack recently testified that under President Obama's leadership, USDA has taken significant steps to strengthen rural America and at the same time lay the groundwork for continued growth and prosperity. With changing climate patterns and high commodity prices, now, more than ever, America's farmers and ranchers need NRCS to ensure the health of our natural resource base.

I would like to thank the committee for this opportunity and for supporting NRCS in these efforts, and I look forward to any questions you may have.

[The information follows:]

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NATURAL RESOURCES AND ENVIRONMENT
Statement of Ann Mills, Deputy Under Secretary
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to present the fiscal year (FY) 2014 budget for the Natural Resources Conservation Service (NRCS) of the Department of Agriculture. I appreciate the ongoing support of the Chairman and Members of the Subcommittee for USDA's work on voluntary, private lands conservation and the protection of soil, water and other natural resources.

Our Nation's prosperity –particularly the prosperity of our rural communities – is closely linked to the health of our lands and natural resources. USDA remains committed to helping the Nation's farmers and ranchers meet their conservation goals. NRCS is working hard to couple its traditional strengths of site-specific, science-based technical and financial assistance with innovative efforts to leverage funding from private and non-governmental organizations in an effort to extend the value of taxpayer dollars. NRCS is also supporting the establishment of forward-thinking, incentive-based conservation and restoration programs including water quality, wildlife certainty, and environmental markets.

Natural resource conservation does not just protect the water we use, the air we breathe, and the soil that is necessary for producing our food. In many cases, the conservation practices that producers implement, with NRCS's assistance, can reduce production costs and improve productivity, making improvements to a producer's bottom-line and helping sustain rural communities.

The President's FY 2014 budget requests a total of about $4 billion for NRCS conservation programs, including approximately $3 billion in mandatory funding and $808 million in discretionary funding. Although the agency will continue to face budgetary pressures, particularly in discretionary spending, this budget represents a significant investment in conservation programs and related activities.

Secretary Tom Vilsack recently testified that, under President Obama's leadership, USDA has taken significant steps to strengthen rural America and provide a foundation for continued growth and prosperity. Today, I will highlight for you how USDA, through NRCS, is working smarter to achieve natural resource improvements by leveraging resources and modernizing business operations in order to reduce administrative overhead and complexity. USDA employees are setting a tremendous example in this regard, delivering record levels of service to their customers with fewer resources and staff.

Resource Accomplishments

With implementation of the 2008 Farm Bill, NRCS and its customers have benefitted from historic levels of technical and financial assistance, provided through the agency's disperse workforce working one-on-one with farmers and ranchers. The agency has remained flexible, allowing for quick and agile responses to acute challenges, such as the Deepwater Horizon oil spill and 2012's historic drought. For example, since 2008, NRCS has:

- Established 19 landscape conservation initiatives in targeted areas such as the Gulf of Mexico, the California Bay Delta, the Everglades, and the Great Lakes. NRCS initiatives in targeted areas address high-priority natural resource concerns and have improved the Federal return on investments in conservation.
- Helped producers adapt to drought conditions. In 2012 farmers and ranchers experienced the worst drought since the 1950s, according to the National Climatic Data Center. As the severity of the drought became apparent, NRCS moved quickly with partners to get technical and financial assistance to farmers and ranchers. Funding was provided to plant cover crops to minimize soil erosion, install livestock watering facilities, and install more efficient irrigation systems to limit impacts on aquifers. In FY 2012 and FY 2013 NRCS

provided nearly $44 million for drought mitigation that was used to address drought issues in 22 states.

- Instituted a Working Lands for Wildlife partnership that will allow farmers and ranchers to protect threatened wildlife species while ensuring continued agriculture and forestry production. Working Lands for Wildlife is a new partnership between NRCS and the U.S. Fish and Wildlife Service (FWS) that uses agency technical expertise, combined with financial assistance from the Wildlife Habitat Incentive Program, to combat the decline of seven specific wildlife species whose habitat needs overlap significantly with agricultural landscapes. For example, at one time Longleaf pine forests covered 90 million acres in the southeastern United States. Now only 3.4 million acres remain. By increasing the use of management practices such as prescribed grazing and forest stand improvements, forest landowners can make many of these acres more functional and viable.
- Played a major role in helping Gulf Coast states and landowners address water quality impacts to the Gulf of Mexico. The Gulf of Mexico Initiative (GoMI) provides assistance to agricultural producers in the five Gulf Coast states to improve water quality, conserve water, and enhance wildlife habitat within watersheds draining into the Gulf of Mexico. NRCS obligated approximately $8 million in contracts and easements under the initiative in FY 2012 and will commit up to $30 million more over the next two years to provide conservation assistance to farmers and ranchers in priority areas along seven major rivers that drain to the Gulf.
- Addressed water quality issues through NRCS's Mississippi River Basin Initiative. This effort builds on the past efforts of producers, NRCS, partners, and other State and Federal agencies in a 13-State area, in addressing nutrient loading in selected small watersheds in the Mississippi River Basin. Excess nutrient loading contributes to both local water quality problems and the hypoxic zone in the Gulf of Mexico. In FY 2011 and FY 2012 NRCS directed over $50 million in financial assistance for this initiative.
- Played a leadership role in emergency responses to natural disasters, from the Deepwater Horizon oil spill to Hurricane Sandy. Responses to these events are ongoing. Many of the producers in the states affected by the oil spill are still providing wintering habitat after their crops are harvested. NRCS is helping private landowners and communities

recover from the effects of Hurricane Sandy through the Emergency Watershed Protection Program.

- Instituted a pilot program through the Environmental Quality Incentive Program (EQIP) that will allow producers to comply with EPA regulations by using EQIP financial assistance to prevent on-farm oil spills. The Oil Spill Prevention, Control and Countermeasure (SPCC) pilot is in its third year. In its first two years (FY 2011 and FY 2012) it provided more than $4.2 million to over 1,000 producers in nine States to develop professionally prepared and certified SPCC plans and provide for appropriate secondary containment of oil storage facilities.

Looking Ahead--Innovations in Conservation

Despite the recent decreases in NRCS's budget, the agency continues to keep pace with changes in conservation approaches and resource needs. Our landscape initiatives guided by information gleaned from the Conservation Effects Assessment Project (CEAP) are just one example. Below are additional examples of how NRCS will help farmers and ranchers through what we call 21st Century Conservation.

- CEAP composed of a series of resource assessment efforts, has enhanced our data-driven capabilities for getting targeted conservation on the ground. CEAP has also helped spawn the next generation of technical tools – such as the Soil Vulnerability Layer and the CEAP Conservation Benefits Identifier - that will take our ability to target conservation to a higher level. A user-friendly version of the APEX model (the field-level model powering CEAP) will help field staff and producers to determine, at a glance, which suites of practices offer the greatest conservation benefit.
- In recent years NRCS has regularly heard from producers around the country that they are concerned that the potential for shifting regulatory requirements will make it difficult for them to plan their business operations. One solution is to give producers certainty that the rules won't change for them for a set period of time, in exchange for their implementing practices proven to address water quality concerns. USDA has been a staunch supporter of voluntary state certainty programs. In January 2012, Secretary Vilsack signed a Memorandum of Understanding with the Governor of Minnesota and the EPA Administrator, announcing the establishment of Minnesota's Agricultural Water

Quality Certification Program. Other states are pursuing water quality certainty programs, including Virginia and Maryland. NRCS is also supporting the Certainty approach for addressing wildlife habitat issues through our Working Lands for Wildlife partnership. Farmers, ranchers, and forest managers have regulatory predictability and confidence that the conservation investments they make on their lands today will not result in regulatory penalties and that they can help sustain their operations over the long term. Our partnership with the USFWS provides landowners with regulatory predictability should the target species be listed under the Endangered Species Act at some point in the future.

- Emerging greenhouse gas, water quality, and wildlife markets present opportunities for agricultural producers to receive compensation for the ecosystem services they generate from certain voluntary conservation practices. NRCS is developing the science and decision tools to help producers quantify the environmental benefits generated by these practices.

Researchers and programmers at the NRCS National Technology Support Center (NTSC) in Portland, Oregon are working with experts from across the Department to create tools that will quantify the soil carbon footprint of all agricultural activities at the farm gate – from nutrient management to buffer strips. These tools will be used by farmers, ranchers, and USDA field staff to identify practices that result in greenhouse gas emission reductions and carbon sequestration.

To advance our ability to address water quality concerns, NTSC in Portland is working with experts from across the Department to develop the Nutrient Tracking Tool (NTT). NTT is a web-based application that allows a farmer to calculate the differences in nitrogen, phosphorus, and sediment runoff and yields at the field scale when current farming practices are compared to conservation practices. This tool will be improved with additional investments by NRCS in its new Edge-of-Field Water Quality Monitoring program that, combined with instream monitoring efforts, will allow us to more accurately measure the effects of our conservation practices and strengthen our APEX/CEAP modeling efforts. Taken together, these tools will NRCS better understand the benefits of Federal conservation investments, while also supporting producer efforts to pursue new business opportunities and help ensure the integrity of environmental credits used in trading markets.

The agency is also supporting pilot projects that help create market supply for the environmental credits generated by farmers and ranchers, with the goal of acclimating producers to the general requirements for participation in environmental markets. Special Conservation Innovation Grant (CIG) opportunities used greenhouse gas projects (FY 2011) and water quality trading projects (FY 2012). For both of these efforts, NRCS established awardee networks – forums for the awardees to convene regularly and share information and lessons learned.

- NRCS is working on thoroughly integrating soil health into the agency's policies and programs. Partners and stakeholders, recognizing the potential benefits from widespread adoption of soil health management systems, benefits in productivity, natural resource condition and profitability, are stepping up to amplify and support our soil health effort. By focusing more attention on soil health and by educating our customers and the public about the positive impact healthy soils can have on productivity and conservation, we can help the Nation's farmers and ranchers feed the world more profitably and sustainably while also helping them adapt to extreme weather events and new climate patterns.
- NRCS is comprehensively restructuring the Budget and Financial Management, Property and Procurement, and Human Resources functions to improve service and lower costs. The vision of the future is to enable our employees to service more customers. The plan includes functionally aligning the work between the field and headquarters staffs and ultimately looks to streamline functions, reduce redundancies and realize cost savings.

FY 2014 Budget

In the FY 2014 budget, we propose difficult cuts to some programs, but also strategic investments in other programs to maintain NRCS's position as the country's leading private lands conservation agency. We have been working for some time to modernize our business operations to better serve our customers in a constrained budget environment. Our goals are to deliver effective on-the-ground conservation, maintain the flexibility to address emerging resource issues and protect mission critical strengths including our technical capacity and our ability to work with local partners in addressing resource priorities.

We continue to improve the condition of our natural resources, but more needs to be done. Through CEAP we have learned that approximately 15 percent of the nation's nearly 300 million acres of cultivated cropland needs a high level of treatment in order to reduce impacts on water quality, while 33 percent needs a moderate level of improvement. Water quality concerns resulting from the subsurface loss of nitrogen through natural pathways or tile drains remain a significant resource concern. Climate change and extreme weather call for better adaptation strategies for producers.

We must find ways to maintain strong ties to local experts who can provide valuable insight into local and regional resource concern. We also need to maintain investments in the agency's technical strengths that have supported NRCS's operations for over 75 years and – more importantly – that are critical to solving ongoing and emerging conservation challenges. Our technical products and services benefit local economics and are necessary to maintain a viable agriculture sector. They are increasingly used by other sectors of the economy. These products include: The National Resources Inventory (NRI), a widely respected source for natural resource conditions and trends in the United States. The NRI provides scientific data that is used in the development of agricultural and conservation policies and programs, and contributes to being able to measure the effectiveness of such policies over time.

The National Soils Information System, which provides practical applications of soils data for many audiences, is delivered to more than 12,000 individual customers per day. Countries around the world view the National Soil Survey Program as the world standard and have used it as a model for their own soil assessment efforts.

The Snow Survey and Water Supply Forecasts provide reliable, accurate and timely forecasts of surface water supply to water managers and water users in the West. This data is used to support the agriculture industry and a host of other industries including power companies, municipal and industrial water supply managers, reservoir management, fish and wildlife management, urban development, flood control, and others. NRCS's water supply data are more important than ever in this time of highly variable precipitation and changing climate patterns.

These services will become more valuable as we seek to address sustainable food production for the world's growing population. In addition to these information resources, our most essential technical assistance component is our capable technical field staff who are helping our farmers, ranchers, nonindustrial private forest landowners, and others. It is in the field where we are going to address the natural resource challenges now and into the future.

Conclusion

The President's Budget enables NRCS to continue fulfilling its historic commitment to providing assistance to farmers, ranchers and forest landowners. We will continue to work to find solutions that allow us to provide efficient, effective service to all our customers. This budget was developed with the understanding that if we address the resource needs for the NRCS mission, in the coming years our conservation programs, expertise, and research will be equipped to confront new challenges such as climate change, managing conservation activities while maximizing food production, and loss of open space. And, as we explore new opportunities for protecting our environment while creating wealth in rural communities, our conservation efforts will make a real difference in the health and prosperity of the Nation. NRCS employees have stepped up time and time again to manage key programs in an effective manner and we will continue to do so.

I thank Members of the Subcommittee for the opportunity to appear, and would be happy to respond to any questions.

Deputy Under Secretary of Agriculture
Natural Resources and Environment

Ann Mills

Ann Mills was named USDA Deputy Under Secretary for Natural Resources and Environment on July 6, 2009. In this position, Mills has responsibility for the Natural Resources Conservation Service (NRCS), the federal agency with primary responsibility for working with private landowners in conserving, maintaining and improving their natural resources.

Mills brings to USDA a diverse set of skills and experience from both the government and non-profit sectors. Most recently, as a senior executive at American Rivers, Mills directed day-to-day operations, led the expansion of regional offices and directed a team of senior policy staff. Mills also has experience working on Capitol Hill, having directed the Senate office of Senate Democratic Leader Tom Daschle and as a legislative assistant to then-Congressman Richard Durbin. She also served as Chief of Staff to California Lt. Governor Leo McCarthy.

Mills holds a Masters Degree from the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin, and a BA in Political Science from Tufts University. She currently resides in Silver Spring, MD.

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Committee on Appropriations

NATURAL RESOURCES CONSERVATION SERVICE
Statement of Jason Weller, Acting Chief
Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Mr. Chairman, thank you for the opportunity to appear before you today to discuss our fiscal year (FY) 2014 budget request for the Natural Resources Conservation Service (NRCS). I appreciate the ongoing support of the Chairman and Members of this Subcommittee for voluntary, private lands conservation and the improvement of our soil, water, and other natural resources. Before providing the Subcommittee details of the proposed FY 2014 NRCS budget, I would like to share information about our recent activities.

Our Conservation Technical Assistance (CTA) Program is the backbone of the Agency's conservation delivery system. Many customers begin their relationship with NRCS through requests for technical assistance that later evolve into conservation plans that may include financial assistance through one of the Farm Bill programs. In FY 2012, NRCS provided technical assistance to over 716,000 customers and comprehensive CTA-funded planning assistance to over 135,000 customers to address natural resource objectives on over 37 million acres of farm and forest land. To give you a picture of the scope of conservation delivery through the CTA Program I would like to highlight a few of our FY 2012 accomplishments. The CTA Program assisted producers to address a number of resource concerns, including conservation measures applied on:

- 24 million acres to improve water quality;
- 17 million acres to improve grazing and forest land;
- 9 million acres to improve wildlife habitat;
- 9 million acres to improve soil quality; and

- Over 742,000 acres to improve water use efficiency, reduce groundwater withdrawals and surface runoff, while reducing costs to the producer.

NRCS field staff work with over 8,100 State agencies and local partners to deliver conservation technical and financial assistance. In FY 2012, these non-Federal partners contributed an estimated $100 million of in-kind goods and services along with over $165 million in financial assistance toward addressing local resource concerns that support our goal to "Get Conservation on the Ground." Other program highlights include:

- Enrolling a cumulative total of over 50 million acres in the Conservation Stewardship Program (CSP) with signups being held in FY 2009 through FY 2012. This program is aimed at producers who are already established conservation stewards. It helps them deliver multiple conservation benefits on working lands, including improved water and soil quality and enhanced wildlife habitat. CSP is now one of the Nation's largest private lands conservation program.

- Celebrating 20 years of successful wetland restoration and protection through the Wetlands Reserve Program (WRP). Nationwide, NRCS has enrolled over 14,000 projects on 2.6 million acres in WRP.

- Maximizing environmental benefits on lands enrolled in the Environmental Quality Incentives Program (EQIP). For example, from FY 2009 through FY 2012, EQIP has prevented over 115 million pounds of nitrogen on cropland from entering our waterways contracted for nutrient management on over 12,000 square miles (approximately the size of the state of Maryland) of land and saved 6.2 million tons of soil on cropland (enough to fill the Empire State Building 4.5 times).

- Creating and enhancing wildlife habitat on 600,000 acres enrolled in the Wildlife Habitat Incentive Program.

- Making over $27 million in financial assistance available to farmers and ranchers in 22 states for drought mitigation. Participating producers are implementing conservation practices to mitigate the effects of drought on over 1 million acres of cropland, grazing land, pastureland, and forested land. Livestock producers are using financial assistance to implement conservation practices such as pasture and hay-land plantings, use exclusion, prescribed grazing, and watering facilities.

Through key strategic management decisions related to agency and program administration, NRCS staff and partners remain positioned to assist producers to address their conservation needs on farms and forest lands across the country. As we look to become more efficient, we must remain flexible and maintain our ability to address emerging natural resource issues, which has been a hallmark of NRCS.

Improved Services

In anticipation of reduced future budgets, NRCS has taken actions to ensure we are able to continue our mission of "helping people help the land." We have been able to manage our workforce and programs without resorting to furloughs or other actions that would negatively impact customer service and our conservation professionals by taking the following measures:

- Imposed a hiring freeze, saving us approximately $33 million in projected FY 2013 staffing costs and positioning the agency for strategic hiring decisions;
- Invested in quality video communication equipment in order to lower travel costs. The result was $22.5 million in avoided travel and other related costs;
- Improved IT contracting practices resulting in cost avoidance of $19.4 million from 2009 to 2013 and decommissioned software applications and implemented operation and maintenance efficiencies; and
- Reduced vehicle fleet by over 11 percent between FY 2010 and FY 2012 and reduced operating costs by 12 percent. This avoids $2.2 million in vehicle operation and maintenance costs.

We will manage our staffing levels strategically in FY 2013 to increase organizational effectiveness and operational efficiencies. Specifically, we are:

- Improving organizational structure and accountability. Since the summer of 2012, we imposed a hiring freeze on administrative occupational series, such as human resources, financial management, and contracting positions, as we evaluate our organizational structure and assess alternatives to improve efficiency and accountability. Our goal is to restructure the delivery of our administrative services to enable each employee to service a larger customer base.

- Engaging partners. We are working with partners through a locally led process to identify ways to increase organizational effectiveness and operational efficiencies within our partnerships. We call this our "Field Office of the Future" project.
- Managing staff with an eye on the customer. State Conservationists are evaluating their State operations to maximize the amount of time staff spend providing technical assistance to the nation's farmers, ranchers, and non-industrial private forest landowners.

Streamlining Technical Capacity

NRCS is taking a number of actions to improve the efficiency of our technical delivery. As part of USDA's *Blueprint for Stronger Service* and NRCS's ongoing reorganization of its Soil Survey Division, in FY 2012 NRCS closed 24 Soil Survey offices. NRCS is evaluating alternatives to improve the management of our Soil Survey Operations, Plant Materials Centers (PMCs), and Snowpack Telemetry (SNOTEL) weather stations to better manage discretionary funding. NRCS will be challenged to continue the technical services offered through these organizational units that provide resource information necessary for a thriving agriculture sector as well as other sectors of our rural economies. Our Soil Survey offices provide data for our National Soils Information System that provides practical applications and use of soils for many audiences, including farmers, ranchers, municipalities and developers. Our PMCs have generated extensive technical information on the selection, use, establishment, and management of conservation plants. This information forms the backbone of vegetative recommendations found in the NRCS Field Office Technical Guide, used by NRCS and partners for conservation planning. Our SNOTEL stations provide a reliable and cost effective means of collecting snowpack and other weather data needed to produce water supply forecasts used by water managers in the west from irrigators to municipalities.

We will continue to use the Conservation Effects Assessment Project (CEAP) to make decisions that maximize the efficiency of our program resources. CEAP was established nearly 10 years ago with a purpose to provide quantitative, science-based estimates of the effects of conservation practices on the condition of the Nation's natural resource base and environment, and to help guide future agency conservation investments for maximum environmental results.

CEAP provides data, information, and analytical capacity to better inform conservation policy, program design and implementation, conservation program performance estimates, and the development and transfer of conservation technology. CEAP's three overarching findings are first, the critical need for multi-resource planning at the landscape scale; second, the importance of adopting a conservation systems approach and targeting limited funding resources to high value locations; and third, farmers and ranchers have made great strides with conservation activities, but more work is needed.

My last example relates to NRCS improvement efforts with the Technical Service Provider (TSP) Certification Program through an accelerated training and certification effort. There has been an increase in the number of certified TSPs from 1,275 in FY 2010 to 2,079 thus far in FY 2013. More TSPs have enabled NRCS to reduce the administrative burden on our State offices. We are also ensuring nationwide consistency in the program as our national office now conducts TSP certification reviews.

Increased Leveraging
NRCS has a long history of partnering with private landowners, conservation groups, State and local governments, and others to leverage our financial and staff resources to better deliver conservation services. Private landowners generally provide half of the cost of conservation implementation. Those who utilize the CTA program, without contributions from Farm Bill programs, will generally provide 100 percent of the costs for implementing any recommended practices in CTA-funded conservation plan unless another organization or agency covers a portion of the cost.

Ultimately, these partnerships enable NRCS to stretch our dollars further and address our customers' needs more quickly. For example, NRCS and the National Fish and Wildlife Foundation (NFWF) initiated the collaborative Conservation Partners Program in FY 2011.

Since then, this partnership has leveraged an initial $10.3 million taxpayer investment in 2011 into $40.5 million for on-the-ground conservation efforts throughout the United States. Using a competitive grant-matching program that leverages private funds, the Conservation Partners Program will accelerate service to more than 4,200 farmers and ranchers to restore or protect 1.2 million acres in areas that have vulnerable species and habitat or other conservation concerns. NRCS has renewed the partnership for FY 2013. In March, 2013, NFWF made nearly $4.6 million available for leveraging through a competitive process.

In FY 2011, NRCS committed $20 million in Farm Bill program funding to Strategic Watershed Action Teams, leveraging an additional $12.6 million in partner funds. Strategic Watershed Action Teams consist of technical specialists delivering targeted assistance in support of NRCS Farm Bill programs to address specific identified needs in high-priority landscapes. NRCS and partner funding resulted in the development of 93 agreements and commitments for more than 450 staff years of non-federal support for NRCS conservation programs over a three-year period. This type of arrangement with supporting entities, a relatively recent innovation at NRCS, will be critical in the future as we look to continue providing quality service to our customers in a time of reduced budgets.

Leveraging opportunities are also found within our landscape conservation initiatives. These initiatives have enabled NRCS staff to work with producers and partners to accelerate implementation of conservation systems to address priority natural resource concerns such as water quality, wildlife habitat, and drought on a landscape scale while maintaining base level assistance through ongoing program efforts. Both the National Water Quality Initiative and the Illinois River Sub-Basin and Eucha-Spavinaw Lake Watershed Initiative have been associated with successful de-listings of impaired water bodies.

Through our Working Lands for Wildlife Initiative, we have collaborated with the U.S. Fish and Wildlife Service for producers to receive regulatory predictability under the Endangered Species Act to help species such as sage-grouse and lesser prairie-chicken. Producers install and maintain agreed upon conservation practices that benefit their lands and the species, and earn regulatory predictability for up to 30 years as they keep these measures in place. We have seen significant producer and partner support – our Initiatives build on and reinforce partnerships to increase the reach and effectiveness of conservation efforts. A recent review of projects in the Mississippi River Basin Healthy Watersheds Initiative (MRBI) found an average of over nine partners per project helping to deliver conservation. Based on our latest science-based modeling, when compared to non-targeted approaches, the targeted approach we use through MRBI enhanced the per acre benefits by 1.7 times in reducing sediment loss, 1.4 times in reducing phosphorus loss, and 1.3 times in reducing nitrogen loss. Our Migratory Bird Habitat Initiative (MBHI) enabled us to develop habitat following the Deepwater Horizon Oil Spill on 470,000 acres. Preliminary analysis from Mississippi State University indicates the initiative was a success. Research indicates nearly 2.8 times more waterfowl used the MBHI lands versus unmanaged wetlands and the initiative provided 36 percent of the total energy needed to support wintering duck populations in southern Louisiana during the initiative's first year.

Financial Audit

Since 2002, the conservation programs NRCS delivers have grown significantly. With this increased funding comes increased responsibility--we must ensure we have robust accounting and documentation procedures in place to protect taxpayers' investment in private lands conservation.

Over the past several years, NRCS has made significant improvements in the areas of information technology, purchase and fleet cards, and financial obligations. However, work continues on other audit remediation issues.

Audit findings for FY 2012 will be impacted by NRCS's May 1, 2012, conversion from the USDA Foundation Financial Information System (FFIS) to the Financial Management Modernization Initiative (FMMI) system. FMMI is an integrated real-time system providing improved functionality, accountability, internal controls, while streamlining financial processes. As a role-based application, access to the transactions and data provides for greater data integrity, reliability, and sharing across USDA. However, we have encountered new challenges in the system conversion. Our most recent audit results found that the conversion contributed to the reporting of a new material weakness in general accounting operations as well as modifying the finding for reimbursable agreements from a significant deficiency to a material weakness. NRCS is implementing an audit remediation plan that focuses on three key areas for improvement: investing in financial management staff, streamlining financial processes and technology, and improving management and oversight controls. In FY 2013, NRCS plans to build upon these improvements by:

- Addressing critical financial management staffing shortages;
- Enhancing existing and developing new financial training for headquarters and field staff;
- Utilizing workforce planning technology to ensure the agency staffs appropriately;
- Completing an internal analysis on consolidation activities;
- Centralizing certain control activities through improved technology;
- Developing key communications tools to improve financial guidance and ensure consistency; and
- Conducting a comprehensive real property inventory.

Fiscal Year 2014 Budget

The President's Budget proposes approximately $4 billion for NRCS conservation programs. The President's Budget is a reflection of the Administration's need to focus limited resources on critical conservation issues and to take responsible steps toward reducing the deficit. It reflects USDA's efforts to streamline, modernize, and better deliver conservation to our customers.

The budget proposes to re-title the existing "Conservation Operations" account as the "Private Lands Conservation Operations" account and includes language that would consolidate in this account the discretionary and mandatory technical assistance funding necessary to support all private lands conservation. The language provided in the budget allows for funding adjustments in this account if additional need for Farm Bill technical assistance funding is demonstrated, subject to statutory authority.

Mandatory Programs are funded at $3.0 billion, which represents a significant investment in conservation. Some of the mandatory programs were extended through 2014 by the 2012 Appropriations Act, while others were extended through 2013 by the American Taxpayer Relief

Act. Final action on the pending Farm Bill may affect the funding levels included in the budget request.

- The budget assumes decreased spending in the Wetlands Reserve Program (WRP), where the authority to enroll new acres only extends through 2013, and the Conservation Security Program, where authority to enroll new acres was terminated by the 2008 Farm Bill.
- No changes are proposed from the authorized level for the Agricultural Water Enhancement Program and the Chesapeake Bay Watershed Program.
- The budget does not change the authorized level for the Environmental Quality Incentives Program (EQIP), Wildlife Habitat Incentive Program (WHIP), Agricultural Management Assistance (AMA), or Farm and Ranch Lands Protection Program (FRPP), but proposes temporary reductions in funding as follows: EQIP ($400 million reduction); WHIP ($40 million reduction,); AMA ($5 million reduction); and FRPP ($50 million reduction).
- The budget does not propose funding for the Healthy Forest Reserve Program and Grassland Reserve Program.

The budget includes the following proposed legislative changes:

- User Fees for conservation planning technical assistance services. The proposal estimates the collection of $22 million in user fees.
- Easement Programs. The budget proposes to consolidate the functions of the WRP, Grassland Reserve Program and FRPP. This proposal results in a $47 million decrease in FY 2014, but provides a total 10 year cost of $2.4 billion.
- Conservation Stewardship Program. The proposal would limit new enrollments to 10,348,000 acres per year and result in total savings of $2 billion over 10 years.

Conclusion

Mr. Chairman, I believe that the President's FY 2014 Budget includes a thoughtful balance of deficit reduction measures and sound investments in private lands conservation. It reflects our commitment to focus limited resources on critical conservation issues and to take responsible steps to streamline and modernize our operations while maximizing opportunities to get more conservation on the ground. I thank Members of the Subcommittee for the opportunity to appear, and would be happy to respond to any questions.

Jason Weller, Acting Chief

Jason Weller has served as Acting Chief of NRCS since December 2012. As Acting Chief, he oversees programs that help protect the environment, preserve our natural resources and improve agricultural sustainability through voluntary, private-lands conservation. He leads a staff of 11,500 employees across the country and manages a budget of about $4 billion.

Before assuming this role, Jason served as NRCS's Acting Associate Chief for Conservation and as Chief of Staff where he worked alongside Chief Dave White and the agency's national and state leaders to plan and implement strategic conservation initiatives and conduct the annual business operations of the agency.

Prior to joining NRCS, Jason served as a staff member for the U.S. House Appropriations Subcommittee on Agriculture where he provided oversight and crafted bills to fund USDA programs and activities. He also served on the U.S. House Budget Committee where he helped construct the annual congressional budget for agriculture, environment and energy programs. Before that, Jason worked with the White House Office of Management and Budget where he assisted with the development and implementation of the budget for USDA conservation programs.

Before coming to Washington, DC, Jason worked for several years with the California State Legislature where he provided fiscal and policy recommendations on a variety of natural resource conservation and environmental protection issues.

Jason is a native of northern California. He earned his undergraduate degree from Carleton College in Northfield, Minnesota, and a graduate degree in public policy from the University of Michigan.

Jason and his wife have two young daughters and live in Maryland.

FY2014 PROPOSED SAVINGS

Mr. ADERHOLT. Thank you, Ms. Mills.

The President's budget request proposes nearly $38 billion in savings—it will be over 10 years—from changes to mandatory farm programs. That includes the elimination of direct farm payments, savings from the crop insurance program, and a reduction in the acreage cap for the Conservation Reserve Program, and the reduction in the cap for the Conservation Stewardship Program. Could you walk us through these proposals a little bit and tell us more about them?

Ms. MILLS. Sure. Actually, I would like to ask Chief Weller to get into the details of those, if I might, sir.

Mr. ADERHOLT. Okay. Speak into the microphone. It is sort of directional based.

Mr. WELLER. Good afternoon, Chairman Aderholt, Ranking Member Farr, members of the Committee. My name is Jason Weller. I am the Acting Chief of the Natural Resources Conservation Service.

With respect to your question, so the proposals to the farm bill programs under the purview and administration of this agency, NRCS, that would include the Conservation Stewardship Program, as well as the easement programs, which includes the Wetlands Reserve Program, the Farm and Ranch Lands Protection Program, the Grassland Reserve Program.

First, starting with the Conservation Stewardship Program, the President's budget proposes to reduce the overall annual enrollment into the program. So under current law through fiscal year 2014, that program is allowed to enroll upwards of 12.8 million acres, additional new acres every year into that program into 5-year stewardship contracts. And the President's budget proposes reducing that down to about 10.3 million acres a year. So that additional reduction in acreage enrollment then will provide savings over the 5- and 10-year budget picture, so reducing the baseline forecast for budget authority and outlays.

On the easement programs, right now we have the three core easement programs that we administer, the Wetlands Reserve Program, the Grasslands Reserve Program, the Farm and Ranch Lands Protection Program. The President's budget proposes an alignment with both the Senate and last year's version of its farm bill, but also in the House committee's version of the farm bill, proposed consolidating those three easement programs essentially into one conservation easement program. So the President concurs and agrees with that, thinks that is a good approach to go, and provides an annual funding amount of $500 million in total funding for the consolidated program.

Regarding the CRP, that is a program that is administered by the Farm Service Agency. I cannot speak directly to the proposals regarding CRP. I guess I would defer to Mike Young or the Department to the broader—but overall, under current law, the program is authorized to enroll up to a total ceiling of 32 million acres. And so the President's Budget is proposing to lower that acreage cap limit, again, to generate overall budget baseline savings into the future.

Mr. ADERHOLT. What about the Environmental Quality Incentive Program and the Wetlands Reserve Program, what does the USDA have in mind as far as programmatic changes to the farm bill's conservation programs that NRCS administers?

Mr. WELLER. So under the 2014 budget, setting aside WRP for a second and just focussing on the Environmental Quality Incentives Program, which is our main financial assistance program, it is where we enter into contracts with the producers to essentially share the cost of implementing conservation actions on our operations. The President's Budget proposes a total savings in fiscal year 2014 of $400 million. So the program is authorized next fiscal year for a total funding level of $1.75 billion, and the President's budget proposes a savings of $400 million, lowering that total authorized level down to $1.35 billion. But there are no policy changes in terms of how that program would operate. It is a 1-year budgetary savings.

Regarding the Wetlands Reserve Program, the authorization to enroll acres in that program actually expires this fiscal year, in fiscal year 2013. So the President is proposing to extend the authorization enrollment period in 2014 for the Wetlands Reserve Program, but it is that consolidated easement programs approach, so it is essentially one main easement program, and will have a wetlands conservation easement component to it and then a working lands easement component to it.

Mr. ADERHOLT. Mr. Farr.

WATER CONSERVATION

Mr. FARR. I have a couple of questions, but just a suggestion, more than anything else. The coastal area that I represent, both the Salinas Valley and Pajaro Valley, have big saltwater intrusion problems. They are getting all their water from the aquifers because we are not connected to the California water project and we live off our ground water. So when it stops raining, if we have do not stored it either in the ground or in some very limited coastal reservoirs, we do not have any water come August, September, October.

We want to keep the Pajaro Valley in agriculture, and so our growers have been very involved and we had some big Fortune 500 companies. Driscoll's berries, which are almost all the berries in the country, are grown there or grown by that company, and they want to be a good corporate leader and have created this thing called the water dialogue—the Pajaro Valley water dialogue. Kathleen Merrigan visited the project last year. The district conservationist has been great. You have Carlos Suarez there tomorrow visiting this project. But what I would love to see, and I think we have a model because the dialogue is really involving the community, it is also a community of a lot of, you know, low income farmworkers and farmworker families, but it has got all the matrix for just the perfect combination of best management practices.

So I would love to have you talk to Carlos after he has been there and talked to the group to see what more NRCS can do to help this. I think it could be a model for all over the country for water conservation and best management practices. They are involving the community stakeholders, defining community issues, developing social and economic community profiles, using census-building techniques, managing conflicts and understanding the nature of communities and considering all the diversity of the community of what kinds of tools can be brought to bear. I think their goals are to develop an irrigation management technology that can be expanded to additional farms, performance incentives for groundwater nutrient management, aquifer recharge with constructed ponds in higher recharge areas, environmental infrastructure projects benefitting water supply and water quality, monitoring programs to document change in conditions over time, permit coordination that assists in both project design and getting projects constructed, and education and outreach to industry and community about matrix of success. So I think it has got all the ingredients that you need, and I would hope that you might find ways in which NRCS can better help the community reach its goals.

Other than that, I just wanted to ask a question if I still—are we—is the clock working? Okay. You are keeping time there?

Mr. ADERHOLT. I will let you know.

SEQUESTRATION IMPACTS

Mr. FARR. I think in the bill that NRCS was the poster child for shrinking government, and I am really curious to understand how that shrinking government is going to affect the programs on the ground, both through sequestration and shrinking budgets, and particularly in the mandatory programs.

Are there any programs where payments went out prior to sequestration taking effect and then you will have to draw back? How are you going to handle that? And if payments have not gone out, how will you administer sequestration? And when will the program participants be notified about sequestration impacts?

Mr. WELLER. So, Mr. Farr, I would like to dig a little bit here, and excuse me if I get a little bit wonkish, into the sequestration numbers, but sometimes I cannot help it. As a former staff person of this Committee, I definitely appreciate your interest in understanding kind of the budget numbers behind sequestration.

But first let me talk a little bit bigger picture, first addressing your first point on the Pajaro Valley and the Salinas Valley. I grew up just a little bit further north, actually in San Mateo County, so I am familiar with the region and actually the water quality and water resource challenges producers face in that area. I will absolutely follow up with Carlos Suarez when I get back to the office after he has had a chance to visit with the community.

Mr. FARR. Where in San Mateo?

Mr. WELLER. Actually I grew up in San Mateo, just on the bay side. I spent a lot of time in Half Moon Bay and Santa Cruz and a little bit further south of there.

But also, as you know, we have taken a very collaborative approach with the community in the Monterey Bay region overall in helping producers better manage their water resources and also the whole food safety and conservation interface, the co-management challenges that community faces. We have been working. I am sure you have been a great spokesperson and a leader on that. So we are very aware of the importance of a community-led and really a collaborative approach to conservation, and I fully trust that Carlos and his team are going to continue in that.

Ed Burton, when he was State Conservationist, was a real advocate for that, and I think Carlos is going to be a fantastic State Con. So I think he is going serve you well. But I will definitely follow up with him after he has had his meeting.

Mr. FARR. All right.

Mr. WELLER. Overall, big picture on how NRCS has addressed its budget constraints, under the leadership of former Chief White when he was the chief of NRCS, I really credit him, and his leadership team saw the wind shift several years ago and realized that we are going to have to adjust to an era of more stringent budgets. And so there were some steps we started taking well in advance. It has not just been the last several months. It has actually been the last several years. We have been really focused on really some three core things, big picture.

Number one, ensuring that our employees are customer oriented. So instead of having technical folks in field offices, in area offices doing clerical work and administrative staff, we wanted to get those agronomists and conservationists back out in the field actually facing their customers and engaging and actually doing conservation work. So it is really streamlining our internal administrative work to get our professionals back in the field.

Number two, it is overall reducing our overhead costs, so really streamlining how we are spending money on equipment and IT investments. Vehicle fleet I know has been a historical question for you, and I sure look forward to talking a little bit further about that later on. So, overall, we have been taking a lot of proactive steps to try and address our overall budget constraints.

Mr. ADERHOLT. Mr. Nunnelee.

CERTAINTY PROGRAMS

Mr. NUNNELEE. Thank you, Mr. Chairman.

NRCS has been a very important part of working in my State. I want to thank you for what you have done over the years. I have learned quickly in my term here, but even before that in my time in the statehouse that you are important, not just for us in our State but for our neighbors in surrounding States, and not just for this generation but for successive generations.

I particularly appreciate your efforts to provide certainty to producers. Just like you, I have regularly heard from producers that the potential for shifting regulatory requirements makes it difficult for them to plan their business operations. In your testimony you highlight, quote, "Farmers, ranchers, and forest managers have regulatory predictability and confidence that their conservation investments that they make on their lands today will not result in regulatory penalties and that they can help sustain their operations over the long term."

So I would just like you to elaborate for this Subcommittee on some of your efforts in that area. What practices have you implemented to help provide that certainty?

Ms. MILLS. Certainly, Congressman, and I would like to speak to the agricultural water quality certainty and then we can have Mr. Weller speak to the wildlife certainty program. But we see this as a very promising new development that States are interested in putting together these certainty programs. We do recognize it as a State-led initiative, and it is critically important to have agricultural voices at the table as these programs are being developed. But we have seen certainty programs in Michigan for some time now, we have seen programs recently developed in Virginia, in Maryland just last month. And we would be very interested in working with the State leadership in your State, sir, to explore developing a certainty program there.

We think it is a win-win. It is a win for the farmers, it is a win for the resource, and it is a win for creating a new set of incentives for producers to invest in conservation at a time when, frankly, you know, we are seeing State and Federal budgets diminished. So we would be very interested in working with your office and with the leadership in your State, sir.

Mr. WELLER. Sir, regarding the species side of certainty, we really are very excited about this new approach, and we feel it is almost a new paradigm for species conservation. So there are two examples in the west, but actually we have tried to build this model out nationally, which also include Longleaf Pine Forest Habitat in your State.

And so the concept is simple. It's that where there is a species, whether it is listed today or it is at risk so it is a candidate for listing on the Endangered Species Act, the idea here is that we work collaboratively with either a forest landowner or farmer or rancher. We come on their operation—invited, it is a voluntary approach—we do a conservation plan. We actually then have an array of approved conservation practices: Here is the suite of practices that will address not only your agronomic production needs, so you can grow food and fiber, but also then enhance the habitat needs for the critical habitat for the species.

And what is really innovative here and very exciting is that for the first time you have the Federal Government, so the voluntary conservation agency is then working hand-in-hand with the regulatory entity. And what the Fish and Wildlife Service has said to those producers: As long as you are managing the operation according to that conservation plan that NRCS has helped you prepare, for the next 30 years you have certainty that you are not going to be regulated. You essentially get an incidental take permit for that species. So you can keep ranching. You can keep harvesting timber. As long as you are managing the operation according to that conservation plan, you can sleep well at night and not worry about ESA.

And that right there, you have unlocked a collaborative approach to species conservation. Now you give someone an incentive to participate and actually step up, and it is almost an insurance investment. So up front today you can make some investments in your operation, and over the long term you know it is not just this year and next year, but for several generations you are going to be okay. And that right there changes the whole paradigm in the approach for how we address species conservation. So we are very excited.

Mr. NUNNELEE. Thank you.

Mr. FARR. Shows you have to be a former staff member.

SEQUESTRATION IMPLEMENTATION

Mr. NUNNELEE. Yeah.

Let me shift gears a little bit. It is my understanding that NRCS has been able to manage sequestration without resorting to furloughs. Short of maybe hiring you as an consultant for the rest of the Federal Government, just explain to me how you have prioritized, how you have been able to accomplish implementation of sequestration without furloughs, and what do you look for when making those decisions?

Mr. WELLER. And I apologize, Mr. Farr, for not getting directly to your question, so I will try and address both questions here.

In terms of sequestration, actually there is only one real program that was impacted where payments have actually gone out, and that is actually a letter that I believe the Department has submitted to this Committee for your consideration on how to address sequestration, and that is the Conservation Security Program. But broadly speaking, across our other programs, yes, sequestration has hit all of our programs and accounts.

And so, by taking some proactive steps up front, so first and foremost at the beginning of this fiscal year, well ahead of this calendar year, we actually implemented a soft hiring freeze. So nationally we have 400 to 500 vacancies that we have not funded that we are holding off on, and that has generated savings of upwards of $33 million in staffing costs, personnel costs that we are now not having to figure out how to cover.

So when you have an 11,000-person organization, 500 FTEs, those positions will ultimately have an impact on service delivery, and that is why it is really critical for the remaining staff we have, you get them customer facing instead of just doing administrative clerical tasks, you streamline your business process and get people back to doing customer service as opposed to internal bureaucratic work.

But we have also installed some other technology several years ago. So, for example, video teleconferencing technology—it was actually in my written comments—where back in 2010 we invested in this to help reduce our travel costs. And so an upfront modest cost to install these VTC facilities around the country, we have now, over the last 3 fiscal years, we avoided upwards of $22 million in travel costs. Our travel spending has been reduced by $7 million just from last fiscal year, and we are looking to reduce another $7 million this fiscal year.

Our vehicle fleet. We have reduced our vehicle fleet already by 12 percent, so we have avoided our operating costs in our vehicle fleet by upwards of $2.5 million from where we were 2 years ago.

So you start adding these things up, and it is a proactive approach to better manage your business, that we actually have some room to be more efficient. So that is why at the end of the day we feel we will not have to furlough.

Mr. NUNNELEE. I cannot tell you how refreshing it is to hear an agency come in here and say: We started planning for sequestration at the beginning of the fiscal year. As opposed to the long line of people that have testified before subcommittees on which I serve that said: We did not start planning until 2 days before because we did not think sequestration was going to happen. So thank you for being good stewards of taxpayer dollars.

Mr. ADERHOLT. Thank you, Mr. Nunnelee, for that question. And I think the whole Subcommittee agrees with your comments there.

Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman. I would just say, if you have 400 positions vacant, that says to me that there are a whole bunch of things that are not getting done. And I would actually like to know what is not getting done before we all pat ourselves at the back for automatic indiscriminate cuts that affect various parts of the country and various people and what your mission is.

But before I get to my question, first of all, I want to welcome you, Ms. Mills, and glad to see you here, and you, Mr. Young, glad to have you back again. But if I can just be proprietary for the moment, Mr. Chairman. Seeing Jason Weller in this position and hearing him being called Chief warms my heart. Chief Weller, I was fortunate, really fortunate to work with him when I chaired this Subcommittee, and I think already he has demonstrated the wealth of knowledge that he has about not just the, you know, macro parts of this mission, but also the microparts of it. And as he said to Mr. Farr, he was going to get a little bit wonkish about this, he knows every detail of this bill.

And I also want to say we had the opportunity to work together on the farm bill in 2008, and magnificent, it charts, and I just have this one here, which we fought this battle comparing average annual payments of food stamp recipients and the commodity support recipients. Fantastic chart. I think I may have to take a look at it again this time around, and I may give you a call, Chief Weller, on this.

My last point is how is your—I think it was your daughter who was born during our time together. Doing well?

Mr. WELLER. Ellie is doing very well. She is now 5.

Ms. DELAURO. Oh, my God, all right. Thank you. Thanks very much. And let me get to the questions, because it does have to do with sequestration, because I made my point about 400 vacant positions.

SEQUESTRATION IMPACTS

But you talked about being prepared, you talked about the staffing. What is of interest to me, because I think, unknown to most of my colleagues—and if you can, I would like you to be very specific. You have got programs and regions of the country that are going to be affected by sequestration. I think it is important for this Committee to know, to know what programs and what regions of the country are going to be affected. And I would be happy to have you both answer that now, and as well if there is further information, I would like to see a list. And you can get that to my office. Happy to sit down with you. I want to know what is going to happen.

[The information from USDA follows:]

Impacts of Sequestration on NRCS Activities

The NRCS-administered Farm Bill conservation programs include an array of financial assistance, stewardship, and easement programs. Collectively, these programs provide an array of assistance to farmers, ranchers and forest landowners to plan and install conservation measures on their operations to achieve their natural resource management goals and generate environmental benefits for the public. NRCS estimates that approximately 4,400 conservation program contracts will be foregone because of the funding reductions. Assuming an average of 2.5 participants and 729 acres per conservation contract, an estimated 11,000 participants and 3.2 million acres will be affected in FY 2013.

The sequestration will reduce the budget authority for Farm Bill Conservation programs by $171.2 million. In terms of environmental outcomes, the funding reduction will result in lost conservation opportunities and reduced natural resource benefits. NRCS estimates the sequestration from the NRCS-administered farm bill conservation programs will result in the following lost benefits on a national scale from the agency's landscape conservation initiatives:

Benefits Lost	**National**	**Chesapeake Bay Initiative**	**Mississippi River Basin Initiative**	**Great Lakes Basin Initiative**
Sediment loss prevention (tons)	4,000,000	93,000	122,000	18,000
Nitrogen loss prevention (pounds)	70,000,000	14,000,000	2,300,000	335,000
Phosphorus loss prevention (pounds)	12,000,000	204,800	379,000	55,700
Carbon sequestration (tons)	137,500	2,000	3,900	575

* The estimates above do not reflect actual monitored data, but have been imputed based on the expected reduction in conservation activities as a result of the decrease in financial and technical assistance available because of sequestration.

Regional List Impacted by Sequester

This table reflects the reduction from FY 2012 to FY 2013 in financial assistance allocated to States, which helps show the effects of sequester reductions by State/Region.The change is not completely attributa to the sequester reduction, however, since this also encompasses changes in the overall authorized level. Approximately $142.9 million of the change is attributable to the sequester reduction.

Natural Resources Conservation Service
Finanancial Assistance Allocations

State	FY 2013 FA Allocation (Net of Sequester)	FY 2012 FA Allocation	FA Change	Percent Change
Alabama	28,612,547	36,873,813	(8,261,266)	-22.40%
Alaska	7,455,222	9,962,409	(2,507,187)	-25.17%
Arizona	18,065,563	25,094,897	(7,029,334)	-28.01%
Arkansas	132,673,011	128,339,213	4,333,798	3.38%
California	122,175,390	170,430,783	(48,255,393)	-28.31%
Colorado	81,868,072	70,000,164	11,867,908	16.95%
Connecticut	10,485,364	13,286,071	(2,800,707)	-21.08%
Delaware	13,530,455	13,390,476	139,979	1.05%
Florida	85,196,257	110,975,792	(25,779,535)	-23.23%
Georgia	62,029,493	76,594,542	(14,565,049)	-19.02%
Pacific Island Area	11,527,976	11,426,830	101,146	0.89%
Idaho	42,157,284	44,060,640	(1,903,356)	-4.32%
Illinois	41,243,824	46,054,144	(4,810,320)	-10.44%
Indiana	45,450,416	45,034,835	415,581	0.92%
Iowa	103,889,203	116,959,800	(13,070,597)	-11.18%
Kansas	76,213,843	83,769,729	(7,555,886)	-9.02%
Kentucky	28,407,965	33,803,541	(5,395,576)	-15.96%
Louisiana	65,977,441	81,132,236	(15,154,795)	-18.68%
Maine	12,876,700	19,072,000	(6,195,300)	-32.48%
Maryland	26,943,000	27,299,824	(356,824)	-1.31%
Massachusetts	11,726,428	18,446,891	(6,720,463)	-36.43%
Michigan	29,778,889	40,280,876	(10,501,987)	-26.07%
Minnesota	111,759,520	124,007,061	(12,247,541)	-9.88%
Mississippi	67,245,773	71,436,311	(4,190,538)	-5.87%
Missouri	83,569,365	95,626,604	(12,057,239)	-12.61%
Montana	61,626,033	65,137,823	(3,511,790)	-5.39%
Nebraska	85,432,972	92,169,124	(6,736,152)	-7.31%
Nevada	29,392,291	21,770,186	7,622,105	35.01%
New Hampshire	8,399,351	20,180,555	(11,781,204)	-58.38%
New Jersey	13,849,706	16,852,072	(3,002,366)	-17.82%
New Mexico	44,395,997	42,605,711	1,790,286	4.20%
New York	25,992,532	30,139,210	(4,146,678)	-13.76%
North Carolina	34,967,085	36,256,439	(1,289,354)	-3.56%
North Dakota	92,484,417	88,591,260	3,893,157	4.39%
Ohio	40,056,888	48,639,911	(8,583,023)	-17.65%
Oklahoma	63,888,707	72,799,132	(8,910,425)	-12.24%
Oregon	57,690,546	69,616,798	(11,926,252)	-17.13%
Pennsylvania	47,634,242	58,975,873	(11,341,631)	-19.23%
Rhode Island	6,496,281	10,206,304	(3,710,023)	-36.35%
South Carolina	25,854,469	21,848,042	4,006,427	18.34%
South Dakota	72,837,715	82,814,365	(9,976,650)	-12.05%
Tennessee	41,575,713	40,781,223	794,490	1.95%
Texas	133,391,677	139,102,066	(5,710,389)	-4.11%
Utah	30,797,700	27,438,196	3,359,504	12.24%
Vermont	7,988,378	11,284,607	(3,296,229)	-29.21%
Virginia	32,444,424	34,968,456	(2,524,032)	-7.22%
Washington	46,534,775	44,444,832	2,089,943	4.70%
West Virginia	17,496,513	16,844,331	652,182	3.87%
Wisconsin	53,097,171	48,042,249	5,054,922	10.52%
Wyoming	43,114,934	44,334,066	(1,219,132)	-2.75%
Puerto Rico	4,303,037	5,170,895	(867,858)	-16.78%
Total	**2,442,602,560**	**2,704,373,208**	**(261,770,648)**	**-9.68%**

Ms. DELAURO. This is not a free pass. You all know that and I know that. And where is it going to take its effect? So, please.

Mr. WELLER. So, overall, between the sequestration——

Ms. DELAURO. If I can just say this to you. Secretary Vilsack, when he was here, he expected that there would be 15,000 producers who would get conservation assistance as a result of sequestration.

Mr. FARR. Fewer, fewer.

Ms. DELAURO. Fewer, fewer, I am sorry. Fewer producers would get the conservation. Thank you, Sam.

Mr. WELLER. Absolutely, Ms. DeLauro. So overall sequestration and also the rescissions that were included in this year's appropriations act, you know, if you compare to where we were for a full year CR, reduced this agency's budget by almost $250 million, $248 million. So irrespective of, you know, the steps we tried to be proactive and to anticipate that and to ensure continuity of operations, it does not matter who you are, if you get cut $0.25 billion there will be an impact on service and on the mission.

So as the Secretary has said, approximately 15,000 participants will not be able to participate this year. So looking at, for example, just the main Environmental Quality Incentives Program, our main financial assistance program, we already, last year, ended the year with a backlog. That means people who had applied because there just was not enough money nationally of $1.4 billion.

So when you cut the Environmental Quality Incentives Program by an additional 70-plus million dollars, you know, that is just exacerbating the competitiveness of that program, but also the reduction in conservation assistance we can provide, irrespective, you know, from Maine to Guam and from Alaska to Puerto Rico. It is just less assistance who can go out in the landscape.

Ms. DELAURO. You have anything to add, Ms. Mills?

Ms. MILLS. Yes. I would also say, you know, as these cuts are made it is also affecting the staffing, and it has an impact on our ability to bring in new biologists, new engineers and the kind of experts that we need to continue to provide these robust services that generations of farmers have relied on. That is part of the heart and soul of what NRCS provides.

I also just wanted to note that in terms of the savings, NRCS has done a fabulous job of finding savings. The Secretary noted that as part of his Blueprint for Stronger Service, overall the Department has saved over $700 million, and I can assure you we are going to continue as a Department to look for additional savings so that we can buffet some of these cuts with additional streamlining that makes sense for the taxpayer and makes sense for not only the Department, but for NRCS so that going forward we continue to be resilient.

Ms. DELAURO. I would just add that the EQIP program is one that I think is so well regarded around the country, and so many of the regions of the country and my community, et cetera, really take advantage of. And so much of the work that is done by NRCS is really bedrock for our farmers and ranchers, et cetera, and it is historical in so many instances, but necessary, including the project that Congressman Farr was talking about of how to try to deal with these issues in terms of the biologists, the technical people that you are talking about, that that gets shortchanged.

I would just repeat what I said because I am sure my time is almost up, that I would like a list, very much so want a list of the programs and the regions and of how much each of them are going to be cut back.

Thank you very much. Thank you, Mr. Chairman.

Mr. ADERHOLT. With that, as you can tell by the bells, and I know Chief Weller is familiar with those bells quite from his experience here, we do have a series of votes on. We have three votes. So we will do a recess for the votes. And when we come back, Mr. Rooney will be next up. Thank you.

FY 2014 BUDGET REQUEST

Mr. ADERHOLT. Okay, we are back. So thank you for your patience with that. As I mentioned, those that are familiar with the way of the Hill, that is not unusual, especially when we are in votes. So that was certainly the case.

As I mentioned in my opening remarks, the science-based, locally-led and voluntary approach to conservation on private farm-, ranch- and forestland is an incredible legacy to have arisen out of the terrible Dust Bowl years. All Americans have benefited from it. This legacy is one that is worth defending against the tendency of government to regulate and apply one-size-fits-all national solutions.

Would you discuss with us, Under Secretary, the budget requests and how they are envisioned to maintain this legacy?

Ms. MILLS. Yes, Mr. Chairman. Well, as I mentioned in my oral remarks, we are making strategic investments to ensure that we can continue to maintain the level of service to producers, and that we can continue to build on the tools that we have developed like the Conservation Effects Assessment Project to help us determine where our investments are best made.

Needless to say, the cuts that we have experienced over the last several years have had an impact on our capacity to deliver the level of services and to meet the demand. As Chief Weller noted, we have a backlog. We are unable to meet the complete demand that producers would like to see from NRCS. And I think at the end of the day, we are making the best decisions we can to target our resources the most efficient way we can, to use tools like CEAP, to use additional tools that are helping us quantify and measure the effectiveness of these practices so that we can stretch our dollars further.

But it continues to be a challenge to be able to reach all producers around the country, and I cannot say that it is not difficult to be able to address the resource challenges, whether it is protecting wildlife habitat and threatened species or improving water quality. But we are making significant gains, and we are putting an increasing emphasis, sir, on measuring the effectiveness of our results. Landowners, producers want to see what the results are so they can manage their operations more efficiently, and we want to be able to help them do that. It makes them better able to stay ahead of regulation as well.

I would invite Chief Weller to make any other additional comments, if that is appropriate.

Mr. WELLER. So stepping back a little bit, and as you have articulated really this agency's history from since it's dawning 75-plus years ago, its greatest strength is that locally led approach where you have the professionals, the men and women, 11,000 of us, who work out of our field offices across the countryside working in virtually every county in the country, all across the 50 States and Puerto Rico. And it is that locally led process that the budget actually is maintaining and supporting.

So we are trying at the top level to streamline and ensure. We are pushing out all of our financial resources we can, but also our staff resources, those conservation professionals, to maintain that high level of service and that locally led approach, working out of those field offices, to help ensure that we are getting this conservation assistance, both the planning that the conservation budget supports, but then also the farm bill delivery. This conservation program is funded by the farm bill. So the budget supports that integral historic approach to how we approach private lands conservation.

CHALLENGES

Mr. ADERHOLT. What do you see as the biggest threat to the legacy?

Mr. WELLER. Well, it is maintaining the flexibility. And so as we are trying to maintain that outward approach and that collaborative approach in a very complex environment where you have regulatory challenges that producers are having to face, but also dynamic challenges, changes in agriculture, it is helping producers, giving them the best available, most up-to-date scientific and technical advice with their very dynamic and rapidly changing agronomic industry. So whether you are in the organic industry, livestock production, dairy industry, row crop, it is just keeping up to date on the agronomics is very challenging.

But also then with the multitude of programs that we are delivering, it is a very complex overall suite of programs. In part that is what this Congress has proposed streamlining, just the number of programs we are administering. So reducing, I guess, the complexity in the service we are providing are two of the primary challenges we are facing.

COLLABORATION WITH OTHER AGENCIES

Mr. ADERHOLT. In your work you have contact with numerous Federal agencies on land and conservation issues. Talk a little bit about how you defend NRCS and voluntary conservation.

Mr. WELLER. With the other Federal agencies? We work very closely, obviously, with partners, such as the Fish and Wildlife Service, Bureau of Land Management, U.S. Forest Service, Environmental Protection Agency, a lot of it from the field all the way up to Deputy Under Secretary Ann Mills' level. Actually a lot of it is education and really helping them understand the value of the collaborative approach. So a lot of these other entities have a very strong regulatory approach and more sort of a national perspective on how to approach, whether it is water quality or air quality.

So it is a lot of time and energy invested in just trying to educate the other Federal agencies on both the value and the efficacy of a voluntary, collaborative approach to achieving a shared goal, that being more productive agriculture, but then also cleaner water, and cleaner air and more abundant wildlife.

Mr. ADERHOLT. My time has expired.

Mr. Farr.

Ms. Pingree.

Ms. PINGREE. Thank you, Mr. Chair.

Thank you both very much for being here today. It has been very interesting to hear your testimony and how you are handling some of the challenges.

SEASONAL HIGH TUNNEL PROGRAM

I want to start by talking about something very specific. I am very interested in seasonal high tunnels. When you launched the Seasonal High Tunnel program in 2009, it was immediately popular in my home State of Maine. I think in the first year we had 19 contracts from almost every county in Maine that were signed up to build high tunnels. It has been a great thing for us. Being a cool-weather State, obviously it extends the growing season. It makes it possible for people to both have a longer season to grow in and enhance the amount of produce they are able to produce.

I do not have NRCS high tunnels, but on my own farm we have high tunnels, and we already have had things growing in there for a long time and are able to keep things going all winter. So I know firsthand how important they are.

But I just want to ask a little bit of specific background about this. As I said, it offers great economic opportunities for small farmers, and we would like to see more about it. So I am interested in hearing some more about some of the success that you have had in the few years, what else could we be doing to support the program more. In the budget request you mention that the demand is outpacing the funding. Is there a backlog? How long are farmers waiting for this? By how much is the demand outpacing the funding? And I have got one side question, if those are not enough for you.

The one thing I do occasionally hear from farmers, because nobody is ever happy with a program that they do not have a few concerns about the program, usually it is just that there is not enough of it, but I also understand that there is a distinction that says farmers are prohibited from using any heating or ventilation elements in the high tunnels. So I am just curious about where that regulation came from, why, what that specific prohibition is. But, anyway, I generally am, as you can see, very interested in the program.

Mr. WELLER. So we initially launched the high tunnels, Seasonal High Tunnels, as a pilot approach, and it was at the time—it is now a permanent conservation practice standard, but initially it was an experimental standard. We just really test what are the actual conservation benefits from high tunnels.

So what we found is that they actually—beyond extending the growing season and helping small, locally grown, organic producers extend their growing season, but also be able to get produce to market, it also has water conservation benefits. So you can install micro-irrigation systems in there, so you are actually reducing the irrigation needs for those crops. Because you are using a lot of soil radiation, you are also then reducing energy, so it has energy conservation benefits. You have better pest management, so you are reducing your pesticide and herbicide uses. It has soil health benefits and nutrient management benefits. So it really cuts across an array of resource concerns.

So nationally over the last 3 years, I believe we have installed well over 7,000 high tunnels nationally. It is now virtually all 50 States have high tunnels. So it is more than just now an experimental practice standard; it really has exploded in all respects. And I think upwards of $40 million over the last several years have been invested into high tunnels across the countryside.

And there are producers and examples of this. For example, in Alabama, one of the producers who has been very successful with this, his name is Al Hooker—or Al Hooks. And Mr. Hooks, we have been working with him for a long time, and this is a small, locally grown produce. We helped him install some high tunnels on his operation, and he has been in collaboration—it is a small co-op—with three other farmers, and together, with improved irrigation systems in the high tunnels, they are now able to produce fresh, locally grown produce greens to local restaurants and to local grocers, but also now he is selling directly to Walmart. So he is now able to, because he has an expanded growing season and also now the production is just so excellent, that now Wal-Mart is buying directly from this produce.

So here is an example. It is not just locally grown; you have large multinational corporations in some instances actually now starting to work with producers. So we think it has been a really big success.

In terms of the backlog, it is not just the high tunnels, it is actually nationally, and we have a backlog. This is in part, due to the dialogue we had a little earlier before the votes, on just the oversubscription on EQIP, the Environmental Quality Incentives Program, which is the program that funds this practice.

And so when we are looking at a national level, at the end of the last year, we had a backlog of $1.4 billion. You know, we are having demands for high tunnels. We have demands for organic assistance. We have demands from dairymen to help with waste management. We have requests from livestock producers to help them do prescribed grazing practices. Energy conservation, you name it, there is not a practice where there is not more demand than we actually have capacity to deliver that help.

What may help in the future is currently what we are doing with high tunnels, we actually say up front we budget for it. We say, here we are going to invest X amount this fiscal year for high tunnels. I think next year what we are going to do is actually no longer do that. It is more of just open up the governor, so to speak, on practices and allow for folks that if demand—a lot of them basically compete, and if the demand at that local level, and again, in the case of Maine, Maine decides through their public process, the State technical committee, that this is going to be a high priority for Maine, then NRCS, the State Conservationist, can work with his partners and set aside an appropriate budget in his State for high tunnels. Again, instead of it being a top-down national mandate or direction, it is going to be more of a locally led approach.

Ms. PINGREE. I think I am out of time. If I have any more questions, I will save them.

Mr. ADERHOLT. Mr. Farr.

Mr. FARR. For the record, I praised Mr. Weller for being a former staffer, and I forgot to praise Ms. Mills for being a former staffer, too. She was a staffer in California when I was a State legislator. She was a staffer to the lieutenant governor, and I was chair of the Economic Development and New Technologies Committee. And the lieutenant governor was doing a lot of really interesting economic development projects.

We also have a common background of having lived in Colombia.

So thank you for your former staff work, too, and present-day work.

VEHICLE FLEET

Mr. Weller, I understand that NRCS is involved in a pilot project to track the vehicles that the Department owns, and that you are going to complete that pilot program and evaluate it at the end of this month. My question is what have you learned from the data so far, is the information that you are gleaning from this pilot program useful, and can it prove to be cost-effective for you and for other Federal agencies as well?

Mr. WELLER. So, yes, we have had a year-long pilot, and this is on our vehicle fleet. And so the initial pilot over the past year, starting from this April going back to April of 2012, we installed around 1,700 of these GPS devices on our vehicle fleet in 7 different States. So California was one of the pilot States, but this includes six other States. We tried to get a wide diversity of different climates, size of the fleet, size of the State, so all across the countryside.

We actually still have not completely finished the pilot yet, it is through the end of this month, and so we are still working and doing the analysis on the data. To deploy this, at the end of the day, what we have done, though, to deploy the vehicle tracking system across our whole fleet of around now 9,000 cars and trucks, it would cost upwards of $9 million. So we are trying to weigh this out, the pros and the cons, in terms of what does this help us do in terms of better manage our fleet versus what the upfront—just the investment will take. And then there is an ongoing operating license requirement, which will be multimillion dollars a year.

So we are just trying to weigh out the pros and the cons. So we have not firmly landed on where we are going to go yet on the overall implementation, but what we have learned is that, frankly, we can do a better job of managing the fleet. And this is why we are moving to a different approach on our administrative operations side, starting to ask, instead of managing our business as 50 different independent business units—so California manages its cars and trucks, and its accounts, and its HR operations, and its contracting operations just as a separate entity—we are starting to think, well, can we do this a little more strategically and have better management of our staff resources, in this case of our vehicle fleet?

And so what we learned through the pilot is that there is periods of the year, the seasonality of the work, that we can maybe perhaps look and work with GSA, and when we lease our vehicles from them, instead of leasing a whole vehicle for a full 12 months, maybe—GSA is actually putting out a new leasing instrument where you can only—you lease a vehicle for a short-term lease. So maybe we need only lease cars and trucks during the spring and summer seasons when we are actually out in the field. We do not need to have cars and trucks sitting idle in the wintertime. That would save us a lot of money.

So then you start thinking about vehicles as FTEs. Instead of having three cars and trucks for a full year, maybe you only need three cars and trucks for the summer for a few months, and that ends up being, in terms of a vehicle, only one vehicle. So it is about, again, stretching the dollar further.

Mr. FARR. So the lessons learned here, I mean, could have incredible application for the entire Federal fleet, not just USDA's fleet.

Mr. WELLER. I can only speak to our fleet, and to us, yes. What we are learning from that is we need to think about how do we utilize that equipment and that vehicle fleet better so we can get—actually when we need the cars and trucks, they are available, but when we do not need them, perhaps look for other ways.

Mr. FARR. And you can make a decision that would not necessarily require that you have to go all the way to 9,000 total vehicles, because you own the equipment now and those vehicles. Could you continue the pilot?

Mr. WELLER. That would be an option just on the existing fleet, on the existing pilots, yes. So those devices are installed.

Mr. FARR. So there is no cost to that. It is just the——

Mr. WELLER. It is the ongoing, it is the license then. From the private company that we work with, it is the payment of the data. We need to pay them to access the data they collect.

Mr. FARR. Well, it seems to me you doing a lot of innovative things in the Department, and I think we are going to have lessons learned there that the Secretary brought to us that could have application for other departments in the Federal Government. And I hope that this is one that you will continue, at least the pilot, to see if we could use it.

Mr. WELLER. Yes, we are absolutely committed to improving, again, ongoing management from a national perspective.

Mr. FARR. So when will you know what you are going to do with it?

Mr. WELLER. We are going to decide early May how to proceed with the pilot, whether to go with full implementation or not.

Mr. FARR. But you have choices less than full implementation, too.

Mr. WELLER. Right. One, as you suggested, would be to continue with the current deployment just in the experimental vehicles.

Mr. FARR. Well, I just think it is an interesting applied technology. I would be interested. Keep me posted.

Mr. WELLER. Absolutely. Will do.

Mr. FARR. Thank you, Mr. Chairman.

FINANCIAL AUDIT

Mr. ADERHOLT. In November of 2012, the inspector general reported on NRCS's financial statements, noting that there continues to be a number of problems. NRCS's outside auditor identified seven deficiencies.

This Subcommittee has been concerned about NRCS's financial management for several years. This is the fifth year that NRCS has received a disclaimer of opinion.

Chief Weller, could you talk to us about the status of the NRCS's work on its financial and accounting systems?

Mr. WELLER. This absolutely has been a singular focus of my predecessor Chief White. It certainly is with Secretary Vilsack. I have had several direct conversations with him, and he has been abundantly clear with me, but also with my leadership staff, on the importance of this. They are taking it absolutely seriously, as do I.

This has been an ongoing question when I was both here within NRCS and outside of NRCS for many years in ensuring we make very solid progress and, at the end of the day, in the very near future, we actually start to actually get qualified or even unqualified opinions on our budget and overall financial management.

Mr. WELLER. So as you indicated, there are seven weaknesses. Five are material weaknesses and two of them are what they call significant deficiencies. All of that is a lot of accounting speak for we could do better, and we are taking this absolutely dead serious.

So there are three main approaches—big picture—we are taking on improving our financial management. And number one is focusing on the people. So first and foremost, I will be straight, I have talked to you about a hiring freeze or soft hiring freeze. We do not have enough financial management experts. We do not have enough accountants on staff to actually manage the complexity of our operations and our programs and our accounts as we should.

So over the last 6 months we have actually brought on upwards of 13 or 14 additional accountants to our national accounting team to improve the accounting management from a national perspective. This is an instance, given the size of our budget and overall complexity of our operations, in the current distributed approach on how we manage our business. That needs to change. And so we need to just strengthen and bulwark the staffing.

But also then it is ensuring very strong both training and accountability on the management.

And so as I mentioned with Mr. Farr, right now the way we are managed is we essentially have 52 different business units, so each State has the ability to write into our general ledger, and we have national headquarters and the Caribbean. So we have 52 different business units all with the ability to enter into our general ledger, which if you talk to our CFO is not good because he cannot at the end of the day control what goes in or off his general ledger.

So the second main approach is that we are going to be standardizing our business. We are moving to a new business model. So first of all we moved to a new financial management system under the leadership of the Department and Acting Chief Financial Officer Jon Holladay for USDA. We moved to the Federal Financial Management Modernization Initiative, FMMI is the acronym. This is a state-of-the-art new financial management system that improves better accountability and internal controls so that we will have better oversight from a national perspective of where the dollars are and how they are being used, but also then improve on overall accountability and reporting on our financial management.

The longer term, and this is not something we can do immediately, but we are moving towards a new business model, too, on our financial management. So at the end of the day we are going to align our budget and financial management staff, instead of having 52 units, we are going to have one financial management unit. So this is not about taking away power, control absolutely from the States, because this is at the end of the day ensuring that when we allocate dollars to a State, that the State Conservationist can focus on the conservation and the program and the mission, but leave the accounting work and the contract work to the professionals, and that everything being from a standardized national approach as opposed to every State kind of doing it the best way they know how, but not always necessarily the way it should be done.

And the third main approach is then to enhance our internal controls and internal compliance. So instead of relying on OIG or external auditors, through KPMG is right now our external auditor that is doing the financial management audit, we need to have our own first and foremost Federal professionals who do internal controls and compliance reviews and are working on OMB Circular A–123, which is the standard for ensuring internal compliance.

So we have actually stood up our own internal compliance staff underneath our CFO and it is focusing on A–123 compliance. And we have actually gone a step further and actually now we have contracted with outside accounting firms who have the expertise to first of all review our current internal control environment, but then also help train our staff and to basically raise our game so that going forward we can take this responsibility on for ourselves.

Mr. ADERHOLT. When do you anticipate a clean audit?

Mr. WELLER. If you look historically, and my understanding with, like, the Forest Service, yeah, it took them 7 to 10 years from when they first had their first standalone audit to when they actually had a qualified opinion. We are now year 5 into that audit. I cannot promise you it is going to be this year. What my CFO tells me is that within the next 1 to 2 fiscal years we are actually within striking distance of getting a qualified opinion.

So with this year's audit we actually made very good forward progress, the biggest being on our financial obligations. That was actually reduced from a material weakness and it was downgraded. Basically we had demonstrated significant controls and improvement on our ending balances that the auditors felt comfortable in actually downgrading that, saying we are on the right track. That is huge, because if we can maintain that, hopefully either this fiscal year or next fiscal year we could end the year with a balance that we can tie to which then sets us up for a qualified opinion the next fiscal year. So we are close.

Mr. ADERHOLT. Mr. Farr.

Ms. Pingree.

ENVIRONMENTAL QUALITY INCENTIVES PROGRAM (EQIP)

Ms. PINGREE. I think that most of what I wanted to hear about today has been covered, but let me just go back to my favorite topic. So, A, I just want to say that again everything under the EQIP program, and you mentioned that, so to the extent we can enhance that, make it more available to people, I actually thought that your suggestion that there will be less restrictions on exactly what categories things go in could be very helpful in States where trends change.

I wanted to put in a plug for the Organic Initiative Program. A lot of that has been already allocated to Maine where we have a very strong organic farming community that has been active and engaged and continues to grow. So anything else you want to say about the success of that program and what else we can do to enhance it I am interested to hear.

And I just wanted to clarify before, you said the backlog on EQIP was $1.4 billion, is that correct?

Mr. WELLER. Yes.

SEASONAL HIGH TUNNEL PROGRAM

Ms. PINGREE. And the only other little technically nerdy question was, do you know why hoop tunnels cannot have ventilation or heating?

Mr. WELLER. Okay. In reverse order. So on that, these are supposed to be temporarily structures and not permanent structures. And our view as an agency is once you start running electricity to it or you install ventilation equipment, it is now we are installing greenhouses. You are actually installing physical infrastructure that is permanent. And that is just, it is beyond then just a conservation practice, it is now shading into actually a production practice, into greenhouses.

Ms. PINGREE. Got it.

Mr. WELLER. That is not really the intent of EQIP.

Ms. PINGREE. Okay. So anything else?

ORGANIC INITIATIVE

Mr. WELLER. So on organics, we are again trying to provide services to as diverse array of agriculture as possible. And, frankly, it is a little bit self-serving in the sense we are actually trying to expand our constituency. We want to have the maximum number of people benefiting from our service, but also requesting our service and demanding for assistance.

And so we have made great inroads in the last several years with the organic industry, particularly as it has taken off, and we are focused both on folks who are already in organic production, how can we help them be even more efficient with their nutrient management, but also address their soil erosion concerns and water quality/water supply concerns. So we are helping them even be better stewards of the resources. And then folks who are transitioning to organics, how can we then help them in that transition into an organic system.

So over the last 3 years we have actually invested just through the organic initiative, which is a statutory requirement of EQIP,

$60 million into organic agriculture nationally. And actually some States, you look at the top 10 States in this, actually Alabama and Maine are two of the top 10 States for organic investments. And you have States where it is a little counterintuitive, like even Oklahoma now we are getting a lot of demand for organic assistance in Oklahoma, and it is organic poultry production.

So it is beyond just the mom-and-pop organic producers and it is now expanding both in size and scale, but also in terms of region. And so we are trying to innovate. And so we are partnering, we have innovation grants where we try and push ourselves, but also encourage innovation. So, for example, we have contracted with an external group to come in and review all 160-plus of our conservation standards and see across everything we do—how can we tailor it to make sure it works for organic agriculture.

And so that has been a 3-year agreement. We are now approaching the end of it and they are coming back with some excellent recommendations so that when an organic producer comes in the door we actually make sure that our practices, basically our tool chest will work for organic production. And they have had great recommendations we have been able to incorporate.

We actually then have hired and worked with an NGO called Oregon Tilth, who is an organic production group, NGO in Oregon, and they are providing us an organic expert who is going out and actually doing training so that our field forces, our field folks in our field offices do not have to figure this out on their own. So actually she is conducting Statewide training around the country so that at the State level and at the local level, again when an organic producer walks in the door, we have people who are comfortable and trained and actually can speak organic.

Ms. PINGREE. Great. Well, thank you for your work.

Thank you, Mr. Chair.

Mr. ADERHOLT. Mr. Farr.

SEQUESTRATION IMPACTS

Mr. FARR. Just one last question. Following up on my earlier questions on the farm bill conservation programs, are you looking at issuing demand letters or offsetting the fiscal year 2013 reductions against the potential fiscal year 2014 payments? Would you be allowed to offset the sequestration cuts against future payments? In case of the programs or authorities where the payments have not yet gone out in fiscal year 2013, are you looking at making sequestration cuts/reductions on a program-by-program basis or will you look at making the cuts to each individual contract or easement holder payment? And if there are sequestration impacts, how will you be notifying participants of the actions that may need to be taken under the fiscal year 2013 sequestration order?

Mr. WELLER. So I apologize, Mr. Farr, for not getting to your sequestration questions earlier. So first and foremost demand letters. The one program that on sequestration got its—I guess the best analogy I can come up with, sort of—got its tail caught in the machinery here was the Conservation Security Program. And the reason that is, is because those are 5- to 10-year contracts. This is the old CSP from the 2002 farm bill. So these are long-existing contracts.

Under law, as soon as practicable after the new fiscal year, so October 1, we have to make payments. So we made payments in early October to those long-term contract holders. We did not hold a new sign-up. These are folks who have been in for long term. We have paid out upwards of 95 percent of those contracts, and there are still a few left that the checks have not been cut yet and disbursed.

So then when sequestration was triggered we had the Hobson's choice: Do we go back out, and there are now 12,400 producers across the country we have to demand money back? Or for those folks that the payments have not gone out, do we take their money and leave everyone else whole? That is inequitable and it would have created a lot of administrative pain, a lot of confusion, and just, frankly a lot of rancor.

And so what we actually have provided to the Subcommittee, I understand the Department submitted a request for your consideration yesterday, is a proposal to use the Secretary's interchange authority where it would move $5.4 million from the Farm and Ranch Lands Protection Program, the easement program, to cover the gaps. There is still money we would sequester from the security program, but it is the money that we just cannot cover or else we are going to have to go out and basically demand money back.

So it is $5 million from the Farm and Ranch Lands Protection Program to cover the balance out of the Security Program that we cannot currently pay for. We feel that is a more equitable approach. It will not impact Farm and Ranch Lands Protection owners or current contract holders. This is budget authority. These are new dollars from new contracts.

So in essence there is this choice. Well, it was a very difficult choice for us to make, but we think on balance it is basically a few fewer contracts, easements we will enter into, but it is a lot less pain and confusion and rancor, both for our customers, but also internally on just for our field staffs at the worst time of the year as we are trying to roll out into sign-ups and do field work.

Across all the other programs, for example on the Stewardship Program, we intentionally did not hold a national sign-up for the Conservation Stewardship Program, in part anticipating sequestration. So now that sequestration has occurred we are going to proceed with a national sign-up. And no one's payments are going to be reduced, it just means we are going to have a few fewer contracts that we are going to be able to enroll.

EQIP, Wildlife Habitat Incentives, Agricultural Management Assistance, you go down the list of our programs, we are not having to reduce anyone's payments. Current contract holders will not be impacted. It just means we will have less money to enroll new people in the program.

Mr. FARR. Or they may not get re-enrolled.

Mr. WELLER. Or they may not be re-enrolled, right.

Mr. FARR. I have no further questions.

PIGWEED

Mr. ADERHOLT. Anecdotally, there is more dirt being turned in the Cotton Belt than in the past 25 years. This is because of herbicide-resistant pigweed. It was found in Alabama in 2006 and has spread to 26 of our 67 counties in the State of Alabama.

Three years ago NRCS began a pilot program with the assistance of land-grant universities to test a new conservation tillage system that would allow some tillage, combined with a heavy cover crop to control the pigweed. I believe NRCS has been working on a new conservation practice standard since that time. Of course, it would be a shame to lose 25 years of conservation tillage because of the weed.

What is the status of this new practice and when it will it be released?

Mr. WELLER. My understanding is actually the standard has been released. It is an interim standard akin to my conversation with Ms. Pingree earlier about the interim standard on the high tunnels.

An interim standard for us is essentially a pilot on a new approach. And we go out for 3 years and do field trials and tests, and then we bring it back into the garage, so to speak, put it on blocks, lift the hood, see how it worked, fine tune it and then roll it out as a permanent final standard. So that is what we are doing right now.

And it is really an integrated pest management, an IPM approach to pigweed, so to herbicide-resistant weeds, specifically to the pigweed in the southeast part of the country, Georgia and Alabama and Mississippi. And so it is both the IPM side, which is looking at crop rotation and the diversity of crops, cover crops, selective use of herbicides in cases where it can be helpful and beneficial, conservation tillage. We do not want to lose 25 years of investments in good tillage practices, and that would therefore exacerbate soil erosion and soil loss. We do not want to lose that.

So we are looking basically at an array of tools and practices to try and address the pigweed issue and still allow for good production of cotton and other crops, but not lose ground on soil conservation.

Mr. ADERHOLT. So the pilot program you talked about was a success?

Mr. WELLER. Yes. And so we have moved out now with this new interim standard, and that is now available to a field, and folks are starting to use that. But, yes, to my knowledge and my understanding it has been successful.

Mr. ADERHOLT. Okay. That is all I have. You do not have anything else?

Okay. Well, thank you all for being here and for joining us this afternoon, and we look forward to following with you as we proceed with these requests. And thank you for your service at the USDA. Thank you.

UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES AND ENVIRONMENT
QUESTIONS FOR THE RECORD
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE HEARING
APRIL 24, 2013

QUESTIONS SUBMITTED BY CHAIRMAN ROBERT ADERHOLT

ALLOCATIONS

Mr. Aderholt: Please provide a chart showing the final allocation for fiscal year 2012 and the estimated allocation for fiscal 2013 for conservation technical assistance and financial assistance for all discretionary and mandatory conservation programs managed by NRCS.

Response: The information is submitted for the record.

[The information follows:]

CONSERVATION PROGRAMS ALLOCATIONS - TECHNICAL/FINANCIAL ASSISTANCE
Fiscal Year 2012 Actual (as of September 30, 2012)
Source: Financial Management Modernization Initiative (FMMI)

Discretionary Program	Financial Assistance	Technical Assistance	Total
Conservation Technical Assistance	-	$719,677,812	$719,677,812
Soil Survey	-	79,930,135	79,930,135
Snow Survey	-	9,300,000	9,300,000
Plant Materials Center	-	9,400,000	9,400,000
Emergency Watershed Protection, EWP (15)	$31,165,501	7,957,859	39,123,360
Emergency Watershed Protection, EWP (16)	6,267,159	1,303,765	7,570,924
Emergency Watershed Protection, EWP (17) Hurricanes	20,960,721	4,167,738	25,128,459
Emergency Watershed Protection, EWP (62)	148,928,260	27,648,259	176,576,519
Watershed Operations, WF-03 (Flood)	10,739,000	1,133,844	11,872,844
Watershed Operations, WF-08 (Ops)	11,182,886	2,663,237	13,846,123
Watershed Rehab, WR-84 (Rehab)	10,958,343	7,207,121	18,165,464
SUBTOTAL	240,201,870	870,389,770	1,110,591,640

Mandatory Program	Financial Assistance	Technical Assistance	Total
Agricultural Management Assistance Program	1,983,000	517,000	2,500,000
Agricultural Water Enhancement Program	47,990,339	11,862,539	59,852,878
Chesapeake Bay Watershed Program	43,736,669	9,017,444	52,754,113
Conservation Reserve Program	-	102,114,405	102,114,405
Conservation Security Program	176,662,710	20,400,000	197,062,710
Conservation Stewardship Program	695,144,878	72,592,956	767,737,834
Environmental Quality Incentives Program	1,016,791,418	381,412,906	1,398,204,324
Farm & Ranch Lands Protection Program	140,603,494	6,862,472	147,465,966
Grassland Reserve Program	59,963,327	6,625,883	66,589,210
Healthy Forest Reserve Program, HFRP	9,632,851	1,683,884	11,316,735
Wildlife Habitat Incentives Program	34,640,942	13,745,451	48,386,393
Wetlands Reserve Program	561,203,667	74,200,124	635,403,791
SUBTOTAL	2,788,353,295	701,035,770	3,489,388,359
GRAND TOTAL	3,028,555,165	1,571,424,834	4,599,979,999

CONSERVATION PROGRAMS ALLOCATIONS - TECHNICAL/FINANCIAL ASSISTANCE
Fiscal Year 2013 Estimate (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

Discretionary Program	Financial Assistance	Technical Assistance	Total
Conservation Technical Assistance	-	$454,296,878	$454,296,878
Soil Survey	-	14,001,497	14,001,497
Snow Survey	-	1,927,591	1,927,591
Plant Materials Center	-	8,254,500	8,254,500
Emergency Watershed Protection, EWP(15)	-	-	-
Emergency Watershed Protection, EWP(16)	-	-	-
Emergency Watershed Protection, EWP(17) - Hurricanes	-	-	-
Emergency Watershed Protection, EWP(62)	-	-	-
Watershed Operations, WF-03 (Flood)	-	-	-
Watershed Operations, WF-08 (Ops)	-	-	-
Watershed Rehab, WR-84 (Rehab)	-	-	-
SUBTOTAL	-	478,480,466	478,480,466

Note: Allocations for the Emergency Watershed Protection Program are pending complete review of damage estimates from the States and their requested support.

Mandatory Program	Financial Assistance	Technical Assistance	Total
Agricultural Management Assistance Program	$1,983,000	$490,633	$2,473,633
Agricultural Water Enhancement Program	45,566,000	7,949,802	53,515,802
Chesapeake Bay Watershed Program	37,980,333	5,818,016	43,798,349
Conservation Reserve Program	-	62,525,098	62,525,098
Conservation Security Program	147,511,030	9,973,583	157,484,613
Conservation Stewardship Program	671,799,534	57,798,066	729,597,600
Environmental Quality Incentives Program	888,162,897	287,358,921	1,175,521,818
Farm & Ranch Lands Protection Program	140,628,077	6,758,723	147,386,800
Grassland Reserve Program	41,739,066	4,549,120	46,288,186
Healthy Forest Reserve Program, HFRP	7,808,780	1,404,493	9,213,273
Wildlife Habitat Incentive Program	40,257,355	15,666,872	55,924,227
Wetlands Reserve Program	426,975,268	58,737,124	485,712,392
SUBTOTAL	2,450,411,340	519,030,451	2,969,441,791
GRAND TOTAL	2,450,441,340	997,510,917	3,447,922,257

STATE BY STATE ALLOCATIONS

Mr. Aderholt: Please provide a State-by-State summary of the final allocation for fiscal year 2012 and estimated allocation for fiscal year 2013 of conservation technical assistance and financial assistance for all discretionary and mandatory conservation programs managed by NRCS.

Response: The information is submitted for the record.

[The information follows:]

Conservation Technical Assistance (CTA) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	-	$9,516,025	$9,516,025	-	$7,723,931	$7,723,931
Alaska	-	2,850,770	2,850,770	-	2,988,324	2,988,324
Arizona	-	6,371,005	6,371,005	-	5,804,035	5,804,035
Arkansas	-	9,850,891	9,850,891	-	8,964,657	8,964,657
California	-	15,952,770	15,952,770	-	16,255,358	16,255,358
Colorado	-	11,882,716	11,882,716	-	10,589,888	10,589,888
Connecticut	-	2,555,414	2,555,414	-	2,670,754	2,670,754
Delaware	-	1,622,388	1,622,388	-	1,477,749	1,477,749
Florida	-	8,591,443	8,591,443	-	7,791,879	7,791,879
Georgia	-	11,397,657	11,397,657	-	5,983,037	5,983,037
Pacific Islands Area	-	6,248,648	6,248,648	-	5,667,680	5,667,680
Idaho	-	8,302,276	8,302,276	-	7,506,147	7,506,147
Illinois	-	13,949,266	13,949,266	-	15,749,285	15,749,285
Indiana	-	10,984,053	10,984,053	-	10,222,741	10,222,741
Iowa	-	20,553,534	20,553,534	-	22,526,954	22,526,954
Kansas	-	17,609,153	17,609,153	-	17,029,313	17,029,313
Kentucky	-	11,405,587	11,405,587	-	10,956,783	10,956,783
Louisiana	-	8,043,730	8,043,730	-	9,362,499	9,362,499
Maine	-	4,259,171	4,259,171	-	3,647,241	3,647,241
Maryland	-	4,329,961	4,329,961	-	3,788,055	3,788,055
Massachusetts	-	3,173,932	3,173,932	-	2,473,808	2,473,808

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Michigan	-	9,814,076	9,814,076	-	9,448,738	9,448,738
Minnesota	-	12,350,672	12,350,672	-	11,385,857	11,385,857
Mississippi	-	12,770,997	12,770,997	-	12,937,176	12,937,176
Missouri	-	19,305,436	19,305,436	-	16,961,894	16,961,894
Montana	-	13,611,770	13,611,770	-	11,517,104	11,517,104
Nebraska	-	15,517,120	15,517,120	-	15,320,284	15,320,284
Nevada	-	2,750,378	2,750,378	-	2,662,245	2,662,245
New Hampshire	-	2,310,516	2,310,516	-	2,603,829	2,603,829
New Jersey	-	3,497,389	3,497,389	-	3,306,556	3,306,556
New Mexico	-	8,477,366	8,477,366	-	7,087,459	7,087,459
New York	-	8,012,199	8,012,199	-	8,078,720	8,078,720
North Carolina	-	8,739,299	8,739,299	-	7,749,452	7,749,452
North Dakota	-	11,629,164	11,629,164	-	11,725,276	11,725,276
Ohio	-	11,144,912	11,144,912	-	10,174,526	10,174,526
Oklahoma	-	14,734,454	14,734,454	-	14,460,795	14,460,795
Oregon	-	8,377,696	8,377,696	-	7,783,795	7,783,795
Pennsylvania	-	8,965,343	8,965,343	-	9,365,342	9,365,342
Rhode Island	-	1,661,912	1,661,912	-	1,761,181	1,761,181
South Carolina	-	7,226,726	7,226,726	-	6,262,839	6,262,839
South Dakota	-	11,471,669	11,471,669	-	10,443,485	10,443,485
Tennessee	-	11,272,244	11,272,244	-	11,557,148	11,557,148
Texas	-	35,537,158	35,537,158	-	33,427,199	33,427,199
Utah	-	4,854,752	4,854,752	-	5,114,720	5,114,720
Vermont	-	3,186,550	3,186,550	-	2,826,165	2,826,165
Virginia	-	7,943,139	7,943,139	-	5,633,320	5,633,320
Washington	-	9,721,198	9,721,198	-	9,805,377	9,805,377
West Virginia	-	6,523,357	6,523,357	-	5,897,955	5,897,955
Wisconsin	-	12,105,928	12,105,928	-	11,079,676	11,079,676
Wyoming	-	6,820,151	6,820,151	-	5,906,764	5,906,764

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Puerto Rico	-	3,000,324	3,000,324	-	2,831,883	2,831,883
NHQ and Centers	-	236,893,527	236,893,527	-	-	-
TOTAL	-	719,677,812	719,677,812	-	454,296,878	454,296,878

Soil Survey (CO-02) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	-	$1,403,300	$1,403,300	-	$297,927	$297,927
Alaska	-	1,308,934	1,308,934	-	393,873	393,873
Arizona	-	1,735,976	1,735,976	-	334,224	334,224
Arkansas	-	1,038,978	1,038,978	-	268,778	268,778
California	-	2,540,285	2,540,285	-	473,509	473,509
Colorado	-	1,471,138	1,471,138	-	307,517	307,517
Connecticut	-	514,100	514,100	-	211,260	211,260
Delaware	-	140,100	140,100	-	143,283	143,283
Florida	-	1,145,400	1,145,400	-	352,331	352,331
Georgia	-	1,164,400	1,164,400	-	271,697	271,697
Pacific Islands Area	-	450,668	450,668	-	281,538	281,538
Idaho	-	768,200	768,200	-	239,916	239,916
Illinois	-	993,600	993,600	-	307,126	307,126
Indiana	-	1,076,600	1,076,600	-	275,770	275,770
Iowa	-	919,800	919,800	-	262,473	262,473
Kansas	-	1,258,100	1,258,100	-	318,636	318,636
Kentucky	-	1,187,400	1,187,400	-	244,962	244,962
Louisiana	-	700,956	700,956	-	286,165	286,165
Maine	-	886,300	886,300	-	264,097	264,097
Maryland	-	506,055	506,055	-	239,830	239,830
Massachusetts	-	568,390	568,390	-	241,973	241,973
Michigan	-	825,100	825,100	-	249,034	249,034

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Minnesota	-	1,928,500	1,928,500	-	355,979	355,979
Mississippi	-	914,301	914,301	-	250,326	250,326
Missouri	-	1,638,674	1,638,674	-	275,967	275,967
Montana	-	1,980,800	1,980,800	-	358,307	358,307
Nebraska	-	1,604,613	1,604,613	-	289,092	289,092
Nevada	-	1,025,923	1,025,923	-	215,854	215,854
New Hampshire	-	142,669	142,669	-	178,341	178,341
New Jersey	-	484,668	484,668	-	200,977	200,977
New Mexico	-	1,097,500	1,097,500	-	258,284	258,284
New York	-	1,147,988	1,147,988	-	232,914	232,914
North Carolina	-	1,257,100	1,257,100	-	304,557	304,557
North Dakota	-	1,753,700	1,753,700	-	302,152	302,152
Ohio	-	782,900	782,900	-	239,244	239,244
Oklahoma	-	1,124,800	1,124,800	-	272,474	272,474
Oregon	-	1,596,213	1,596,213	-	313,464	313,464
Pennsylvania	-	648,900	648,900	-	231,382	231,382
Rhode Island	-	114,687	114,687	-	164,449	164,449
South Carolina	-	688,300	688,300	-	204,268	204,268
South Dakota	-	960,700	960,700	-	285,920	285,920
Tennessee	-	921,048	921,048	-	281,268	281,268
Texas	-	3,532,000	3,532,000	-	558,487	558,487
Utah	-	856,600	856,600	-	258,968	258,968
Vermont	-	500,000	500,000	-	197,118	197,118
Virginia	-	899,857	899,857	-	249,975	249,975
Washington	-	1,010,000	1,010,000	-	274,403	274,403
West Virginia	-	918,900	918,900	-	258,095	258,095
Wisconsin	-	1,049,770	1,049,770	-	289,879	289,879
Wyoming	-	959,118	959,118	-	247,414	247,414
Puerto Rico	-	262,300	262,300	-	186,020	186,020

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
NHQ and Centers		25,523,826	25,523,826	-	-	-
TOTAL	-	79,930,135	79,930,135	-	14,001,497	14,001,497

Snow Survey (CO-45) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	-	$506,087	$506,087	-	$163,675	$163,675
Arizona	-	146,160	146,160	-	21,212	21,212
California	-	61,213	61,213	-	4,300	4,300
Colorado	-	1,050,072	1,050,072	-	371,395	371,395
Idaho	-	865,004	865,004	-	242,560	242,560
Montana	-	999,421	999,421	-	368,698	368,698
Nevada	-	207,929	207,929	-	35,000	35,000
New Mexico	-	141,553	141,553	-	37,937	37,937
Oregon	-	1,250,264	1,250,264	-	279,767	279,767
Utah	-	1,023,568	1,023,568	-	328,825	328,825
Washington	-	208,734	208,734	-	40,300	40,300
Wyoming	-	202,666	202,666	-	33,922	33,922
NHQ and Centers	-	2,637,329	2,637,329	-	-	-
TOTAL	-	9,300,000	9,300,000	-	1,927,591	1,927,591

Plants Material Center (CO-46) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	-	$50,000	$50,000	-	-	-
Arizona	-	399,800	399,800	-	$369,000	$369,000
Arkansas	-	353,000	353,000	-	357,000	357,000
California	-	418,600	418,600	-	349,200	349,200
Colorado	-	170,000	170,000	-	64,500	64,500

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Florida	-	386,974	386,974	-	347,000	347,000
Georgia	-	295,000	295,000	-	199,000	199,000
Pacific Islands Area	-	406,000	406,000	-	317,100	317,100
Idaho	-	390,000	390,000	-	395,200	395,200
Kansas	-	360,000	360,000	-	327,400	327,400
Louisiana	-	310,000	310,000	-	310,000	310,000
Maryland	-	521,346	521,346	-	413,000	413,000
Michigan	-	320,000	320,000	-	334,800	334,800
Mississippi	-	265,000	265,000	-	185,900	185,900
Missouri	-	339,700	339,700	-	326,500	326,500
Montana	-	360,000	360,000	-	350,000	350,000
Nevada	-	165,114	165,114	-	184,800	184,800
New Jersey	-	365,000	365,000	-	393,900	393,900
New Mexico	-	361,000	361,000	-	386,000	386,000
New York	-	324,654	324,654	-	320,000	320,000
North Dakota	-	424,000	424,000	-	426,000	426,000
Oregon	-	355,000	355,000	-	312,000	312,000
Texas	-	940,000	940,000	-	945,000	945,000
Washington	-	323,200	323,200	-	333,300	333,300
West Virginia	-	280,000	280,000	-	279,900	279,900
Puerto Rico	-	-	-	-	28,000	28,000
NHQ and Centers	-	516,612	516,612	-	-	-
TOTAL	-	9,400,000	9,400,000	-	8,254,500	8,254,500

Emergency Watershed Protection (EWP-15) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$118,857	$28,771	$147,628	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	150,000	70,827	220,827	-	-	-
Arizona	273,340	48,246	321,585	-	-	-
Arkansas	18,800	5,679	24,479	-	-	-
California	14,144	6,516	20,660	-	-	-
Colorado	726,840	130,368	857,208	-	-	-
Connecticut	345,300	102,994	448,294	-	-	-
Delaware	-	5,000	5,000	-	-	-
Florida	41,250	28,250	69,500	-	-	-
Georgia	-	5,000	5,000	-	-	-
Hawaii	158,442	11,790	170,232	-	-	-
Idaho	736,200	115,000	851,200	-	-	-
Illinois	400,000	85,000	485,000	-	-	-
Indiana	1,292,486	201,580	1,494,066	-	-	-
Iowa	112,000	15,000	127,000	-	-	-
Kansas	-	5,000	5,000	-	-	-
Kentucky	2,965,768	835,286	3,801,054	-	-	-
Louisiana	400,000	85,000	485,000	-	-	-
Maine	45,000	14,000	59,000	-	-	-
Maryland	400,000	85,000	485,000	-	-	-
Massachusetts	2,768,225	599,880	3,368,105	-	-	-
Michigan	-	5,000	5,000	-	-	-
Minnesota	-	5,000	5,000	-	-	-
Mississippi	1,551,859	300,140	1,851,999	-	-	-
Missouri	372,734	341,872	714,606	-	-	-
Montana	2,032,339	444,183	2,476,522	-	-	-
Nebraska	-	5,000	5,000	-	-	-
Nevada	-	5,000	5,000	-	-	-
New Hampshire	480,255	101,371	581,626	-	-	-
New Jersey	-	5,000	5,000	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New Mexico	426,338	77,341	503,679	-	-	-
New York	-	8,000	8,000	-	-	-
North Carolina	-	5,000	5,000	-	-	-
North Dakota	477,951	31,458	509,409	-	-	-
Ohio	18,500	5,000	23,500	-	-	-
Oklahoma	-	5,000	5,000	-	-	-
Oregon	46	5,000	5,046	-	-	-
Pennsylvania	706,245	129,500	835,745	-	-	-
Rhode Island	346,616	41,896	388,512	-	-	-
South Carolina	400,000	85,000	485,000	-	-	-
South Dakota	-	5,000	5,000	-	-	-
Tennessee	4,091,402	699,316	4,790,719	-	-	-
Texas	-	91,203	91,203	-	-	-
Utah	4,937,211	2,312,412	7,249,623	-	-	-
Vermont	807,617	204,180	1,011,797	-	-	-
Virginia	-	5,000	5,000	-	-	-
Washington	1,000,000	205,000	1,205,000	-	-	-
West Virginia	2,107,476	245,000	2,352,476	-	-	-
Wisconsin	6,100	5,000	11,100	-	-	-
Wyoming	436,160	90,800	526,960	-	-	-
Puerto Rico	-	5,000	5,000	-	-	-
TOTAL	31,165,501	7,957,859	39,123,360	-	-	-

Emergency Watershed Protection (EWP-16) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	-	$283,561	$283,561	-	-	-
Arizona	$74,961	14,668	89,629	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
California	675,830	152,466	828,296	-	-	-
Colorado	-	10,792	10,792	-	-	-
Hawaii	214	7,136	7,350	-	-	-
Iowa	400,000	80,000	480,000	-	-	-
Kentucky	3,501,749	412,304	3,914,053	-	-	-
Michigan	400,000	80,000	480,000	-	-	-
Minnesota	400,000	80,000	480,000	-	-	-
Missouri	400,000	80,000	480,000	-	-	-
North Dakota	400,000	80,000	480,000	-	-	-
South Dakota	1,110	-	1,110	-	-	-
Texas	13,295	22,838	36,133	-	-	-
TOTAL	6,267,159	1,303,765	7,570,924	-	-	-

Emergency Watershed Protection (EWP-17) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Arizona	$986,971	$175,394	$1,162,365	-	-	-
Connecticut	292,500	78,000	370,500	-	-	-
Florida	6,167,500	1,104,031	7,271,529	-	-	-
Indiana	371,040	72,361	443,401	-	-	-
Kansas	39,260	86,565	125,825	-	-	-
Louisiana	25,282	5,056	30,338	-	-	-
Mississippi	2,072,715	486,845	2,559,560	-	-	-
Missouri	551,608	116,753	668,362	-	-	-
Nebraska	750,000	75,000	825,000	-	-	-
Nevada	784,350	156,870	941,220	-	-	-
New Hampshire	588,175	152,170	740,345	-	-	-
New Jersey	555,000	73,500	628,500	-	-	-
New York	833,269	150,915	984,184	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Ohio	60,000	12,000	72,000	-	-	-
South Dakota	151,827	4,430	156,258	-	-	-
Tennessee	586,952	102,848	689,800	-	-	-
Texas	1,500,000	375,000	1,875,000	-	-	-
Utah	4,644,272	940,000	5,584,272	-	-	-
TOTAL	20,960,721	4,167,738	25,128,459	-	-	-

Emergency Watershed Protection (EWP-62) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$3,969,394	$793,878	$4,763,272	-	-	-
Alaska	4,111,953	688,500	4,800,453	-	-	-
Arizona	-	863,950	863,950	-	-	-
Arkansas	1,618,978	319,882	1,938,860	-	-	-
California	131,597	38,177	169,774	-	-	-
Colorado	2,452,318	490,464	2,942,782	-	-	-
Florida	1,451,963	295,716	1,747,679	-	-	-
Georgia	369,523	41,625	411,148	-	-	-
Indiana	121,649	20,293	141,942	-	-	-
Kentucky	996,752	285,100	1,281,852	-	-	-
Louisiana	739,500	200,000	939,500	-	-	-
Maine	-	20,000	20,000	-	-	-
Massachusetts	611,772	200,000	811,772	-	-	-
Minnesota	534,360	110,273	644,634	-	-	-
Mississippi	1,906,373	552,288	2,458,661	-	-	-
Missouri	30,422,617	3,342,782	33,765,399	-	-	-
Nebraska	43,559	22,169	65,727	-	-	-
New Hampshire	6,150	15,328	21,478	-	-	-
New Jersey	994,339	198,900	1,193,239	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New York	31,171,338	6,381,830	37,553,168	-	-	-
Ohio	1,517,772	252,924	1,770,696	-	-	-
Oklahoma	2,446,451	559,609	3,006,060	-	-	-
Pennsylvania	6,052,312	953,500	7,005,812	-	-	-
Rhode Island	3,604,409	1,075,000	4,679,409	-	-	-
Tennessee	831,137	148,229	979,366	-	-	-
Texas	4,174,347	881,340	5,055,687	-	-	-
Utah	43,640,667	7,789,065	51,429,732	-	-	-
Vermont	3,543,556	732,437	4,275,993	-	-	-
Washington	-	75,000	75,000	-	-	-
Puerto Rico	1,463,474	300,000	1,763,474	-	-	-
TOTAL	148,928,260	27,648,259	176,576,519	-	-	-

Note: Allocations for the Emergency Watershed Protection Program are pending complete review of damage estimates from the States and their requested support.

Watershed & Flood Prevention (WF-03) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Iowa	-	$100,000	$100,000	-	-	-
Texas	-	2,000	2,000	-	-	-
West Virginia	$10,739,000	1,031,844	11,770,844	-	-	-
TOTAL	10,739,000	1,133,844	11,872,844	-	-	-

Watershed & Flood Prevention (WF-08) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	$10,324	$35,000	$45,324	-	-	-
Arizona	-	160,000	160,000	-	-	-
California	1,492,000	581,489	2,073,489	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Hawaii	-	293,767	293,767	-	-	-
Iowa	-	174,000	174,000	-	-	-
Kansas	11,600	2,300	13,900	-	-	-
Kentucky	87,000	27,908	114,908	-	-	-
Massachusetts	-	162,000	162,000	-	-	-
Minnesota	470,000	47,000	517,000	-	-	-
Missouri	5,084,271	50,000	5,134,271	-	-	-
Nebraska	-	105,672	105,672	-	-	-
Oklahoma	25,800	3,000	28,800	-	-	-
Pennsylvania	167,991	86,000	253,991	-	-	-
Tennessee	790,000	94,000	884,000	-	-	-
Texas	20,000	427,524	447,524	-	-	-
Washington	50,000	22,500	72,500	-	-	-
West Virginia	2,999,700	67,417	3,067,117	-	-	-
NHQ and Centers	-25,800	323,660	297,860	-	-	-
TOTAL	11,182,886	2,663,237	13,846,123	-	-	-

Watershed Rehabilitation (WR-84) Allocations
FY 2012 and FY 2013 (none reported)
Source: Status Report - Program Manager Report (April 30, 2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	-	$10,000	$10,000	-	-	-
Arizona	-	146,320	146,320	-	-	-
Arkansas	-	10,000	10,000	-	-	-
California	-	5,000	5,000	-	-	-
Colorado	-	10,000	10,000	-	-	-
Connecticut	-	5,000	5,000	-	-	-
Florida	-	5,000	5,000	-	-	-
Georgia	-	10,000	10,000	-	-	-
Hawaii	-	5,000	5,000	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Idaho	-	5,000	5,000	-	-	-
Illinois	-	5,000	5,000	-	-	-
Indiana	-	10,000	10,000	-	-	-
Iowa	-	15,000	15,000	-	-	-
Kansas	161,894	221,598	383,492	-	-	-
Kentucky	-	10,000	10,000	-	-	-
Louisiana	-	5,000	5,000	-	-	-
Maine	-	5,000	5,000	-	-	-
Maryland	-	5,000	5,000	-	-	-
Massachusetts	825,650	377,210	1,202,860	-	-	-
Michigan	-	5,000	5,000	-	-	-
Minnesota	-	5,000	5,000	-	-	-
Mississippi	-	15,000	15,000	-	-	-
Missouri	-	15,000	15,000	-	-	-
Montana	-	5,000	5,000	-	-	-
Nebraska	-	523,832	523,832	-	-	-
Nevada	-	5,000	5,000	-	-	-
New Hampshire	-	5,000	5,000	-	-	-
New Jersey	-	5,000	5,000	-	-	-
New Mexico	-	5,756	5,756	-	-	-
New York	-	5,119	5,119	-	-	-
North Carolina	-	10,000	10,000	-	-	-
North Dakota	890,592	300,870	1,191,462	-	-	-
Ohio	-	5,000	5,000	-	-	-
Oklahoma	1,386,018	891,144	2,277,162	-	-	-
Oregon	-	5,000	5,000	-	-	-
Pennsylvania	-	248,697	248,697	-	-	-
South Carolina	-	10,000	10,000	-	-	-
South Dakota	-	5,000	5,000	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Tennessee	-	80,763	80,763	-	-	-
Texas	42,735	280,483	323,218	-	-	-
Utah	-	392,065	392,065	-	-	-
Vermont	-	5,000	5,000	-	-	-
Virginia	53,950	413,241	467,191	-	-	-
Washington	-	14,470	14,470	-	-	-
West Virginia	-	466,779	466,779	-	-	-
Wisconsin	-	5,000	5,000	-	-	-
Wyoming	-	138,500	138,500	-	-	-
Puerto Rico	-	5,000	5,000	-	-	-
NHQ and Centers	7,597,504	2,470,274	10,067,778	-	-	-
TOTAL	10,958,343	7,207,121	18,165,464	-	-	-

Agricultural Management Assistance (AMA) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Connecticut	$96,217	$17,394	$113,611	$100,000	$9,385	$109,385
Delaware	70,833	13,187	84,020	71,000	5,840	76,840
Pacific Islands Area	106,436	14,909	121,345	110,000	45,056	155,056
Maine	294,323	35,610	329,933	294,000	17,968	311,968
Maryland	79,338	23,869	103,207	83,000	38,135	121,135
Massachusetts	129,561	21,833	151,394	131,000	17,929	148,929
Nevada	63,522	16,040	79,562	67,000	5,167	72,167
New Hampshire	32,407	10,269	42,676	104,000	5,890	109,890
New Jersey	257,090	34,238	291,328	140,000	62,120	202,120
New York	128,091	60,480	188,571	157,000	28,908	185,908
Pennsylvania	168,051	61,049	229,100	168,000	52,535	220,535
Rhode Island	44,307	6,234	50,541	21,000	1,303	22,303

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Utah	175,565	36,416	211,981	167,000	17,385	184,385
Vermont	81,088	33,480	114,568	98,000	20,726	118,726
West Virginia	128,090	36,089	164,179	136,000	17,946	153,946
Wyoming	128,081	50,404	178,485	136,000	144,340	280,340
NHQ and Centers	45,499	45,499	-	-	-	-
TOTAL	1,983,000	517,000	2,500,000	1,983,000	490,633	2,473,633

Agricultural Water Enhancement Program (AWEP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$987,007	$174,625	$1,161,632	$1,025,217	$223,010	$1,248,227
Arkansas	818,519	226,962	1,045,481	855,014	351,315	1,206,329
California	12,254,981	2,139,727	14,394,708	11,216,345	1,641,962	12,858,307
Colorado	739,268	159,887	899,155	664,705	92,881	757,586
Florida	-	112,575	112,575	-	114,765	114,765
Georgia	1,336,289	468,217	1,804,506	1,282,521	751,101	2,033,622
Idaho	5,621,115	696,919	6,318,034	4,877,158	511,891	5,389,049
Illinois	-	35,898	35,898	76,314	63,476	139,790
Indiana	1,531,687	256,182	1,787,869	837,882	142,956	980,838
Iowa	99,030	67,420	166,450	101,412	58,807	160,219
Kansas	3,820,598	495,229	4,315,827	2,777,431	363,176	3,140,607
Michigan	2,634,615	103,755	2,738,370	1,795,141	185,042	1,980,183
Minnesota	1,133,801	207,425	1,341,226	2,556,869	259,591	2,816,460
Mississippi	2,498,292	393,102	2,891,394	2,179,585	415,801	2,595,386
Montana	411,513	90,263	501,776	857,251	158,631	1,015,882
Nebraska	1,596,054	495,883	2,091,937	3,708,103	412,809	4,120,912
New Jersey	61,143	33,294	94,437	256,304	58,948	315,252
New Mexico	53,305	81,889	135,194	63,576	119,821	183,397
New York	380,388	69,255	449,643	-	81,319	81,319

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
North Carolina	28,208	39,516	67,724	-	8,627	8,627
North Dakota	886,973	336,409	1,223,382	2,711,537	240,585	2,952,122
Oklahoma	528,599	127,399	655,998	465,602	231,107	696,709
Oregon	2,050,947	336,357	2,387,304	1,693,618	319,236	2,012,854
South Dakota	-	57,331	57,331	502,374	73,308	575,682
Texas	6,837,426	783,729	7,621,155	4,617,475	845,575	5,463,050
Washington	830,309	126,031	956,340	102,122	90,639	192,761
Wyoming	850,272	104,665	954,937	342,444	133,423	475,867
NHQ and Centers	-	3,642,595	3,642,595	-	-	-
TOTAL	47,990,339	11,862,539	59,852,878	45,566,000	7,949,802	53,515,802

Chesapeake Bay Watershed Initiative (CBWI) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Delaware	1,653,036	416,813	2,069,849	1,053,333	143,018	1,196,351
Maryland	7,638,196	1,179,692	8,817,888	10,700,000	1,577,076	12,277,076
Massachusetts	-	420	420	-	-	-
New York	2,370,882	209,613	2,580,495	3,260,000	585,916	3,845,916
Pennsylvania	15,917,022	2,797,495	18,714,517	8,400,000	1,157,127	9,557,127
Virginia	12,505,088	1,723,693	14,228,781	8,967,000	1,364,305	10,331,305
West Virginia	3,652,445	383,222	4,035,667	5,600,000	990,574	6,590,574
NHQ and Centers	-	2,306,496	2,306,496	-	-	-
TOTAL	43,736,669	9,017,444	52,754,113	37,980,333	5,818,016	43,798,349

Conservation Reserve Program (CRP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	-	$705,832	$705,832	-	$1,275,098	$1,275,098

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	-	2,487	2,487	-	21,147	21,147
Arkansas	-	560,302	560,302	-	550,674	550,674
California	-	354,923	354,923	-	69,926	69,926
Colorado	-	1,882,114	1,882,114	-	1,993,765	1,993,765
Connecticut	-	15,900	15,900	-	6,004	6,004
Delaware	-	75,690	75,690	-	38,946	38,946
Florida	-	296,705	296,705	-	123,218	123,218
Georgia	-	652,181	652,181	-	700,792	700,792
Pacific Islands Area	-	189,483	189,483	-	34,339	34,339
Idaho	-	676,685	676,685	-	760,081	760,081
Illinois	-	10,925,948	10,925,948	-	4,887,194	4,887,194
Indiana	-	5,792,095	5,792,095	-	4,601,168	4,601,168
Iowa	-	5,688,168	5,688,168	-	5,255,205	5,255,205
Kansas	-	4,179,180	4,179,180	-	4,667,301	4,667,301
Kentucky	-	2,061,913	2,061,913	-	1,831,986	1,831,986
Louisiana	-	377,674	377,674	-	387,406	387,406
Maine	-	121,557	121,557	-	82,758	82,758
Maryland	-	844,369	844,369	-	653,711	653,711
Massachusetts	-	10,081	10,081	-	-	-
Michigan	-	642,885	642,885	-	623,118	623,118
Minnesota	-	8,498,922	8,498,922	-	5,466,066	5,466,066
Mississippi	-	1,765,065	1,765,065	-	1,553,019	1,553,019
Missouri	-	3,743,964	3,743,964	-	4,736,896	4,736,896
Montana	-	779,463	779,463	-	768,730	768,730
Nebraska	-	2,474,372	2,474,372	-	1,880,772	1,880,772
Nevada	-	160	160	-	100	100
New Hampshire	-	141	141	-	-	-
New Jersey	-	119,298	119,298	-	99,303	99,303

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New Mexico	-	332,247	332,247	-	520,397	520,397
New York	-	348,611	348,611	-	149,186	149,186
North Carolina	-	596,069	596,069	-	571,763	571,763
North Dakota	-	2,388,972	2,388,972	-	2,192,091	2,192,091
Ohio	-	5,038,406	5,038,406	-	3,034,890	3,034,890
Oklahoma	-	1,004,605	1,004,605	-	1,359,733	1,359,733
Oregon	-	555,302	555,302	-	575,809	575,809
Pennsylvania	-	2,563,566	2,563,566	-	922,036	922,036
South Carolina	-	1,024,526	1,024,526	-	427,535	427,535
South Dakota	-	2,937,172	2,937,172	-	2,025,777	2,025,777
Tennessee	-	954,416	954,416	-	722,039	722,039
Texas	-	2,260,319	2,260,319	-	2,953,684	2,953,684
Utah	-	173,550	173,550	-	113,469	113,469
Vermont	-	99,201	99,201	-	58,635	58,635
Virginia	-	626,531	626,531	-	821,352	821,352
Washington	-	1,308,693	1,308,693	-	840,498	840,498
West Virginia	-	153,108	153,108	-	40,866	40,866
Wisconsin	-	1,689,162	1,689,162	-	1,603,047	1,603,047
Wyoming	-	348,146	348,146	-	523,161	523,161
Puerto Rico	-	7,235	7,235	-	407	407
NHQ and Centers	-	24,267,011	24,267,011	-	-	-
TOTAL	-	102,114,405	102,114,405	-	62,525,098	62,525,098

Conservation Security Program (CSP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$1,130,433	$120,025	$1,250,458	$999,540	$152,400	$1,151,940

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	15,878	3,149	19,027	15,445	33,859	49,304
Arizona	163,683	12,862	176,545	146,056	13,991	160,047
Arkansas	5,536,695	529,682	6,066,377	3,581,695	366,194	3,947,889
California	3,311,368	365,019	3,676,387	2,416,280	226,126	2,642,406
Colorado	2,541,972	203,776	2,745,748	2,018,840	250,014	2,268,854
Connecticut	30,547	9,269	39,816	15,338	8,717	24,055
Delaware	367,683	38,880	406,563	232,026	21,630	253,656
Georgia	2,225,079	198,339	2,423,418	1,733,342	372,508	2,105,850
Pacific Islands Area	302,569	77,289	379,858	135,871	28,639	164,510
Idaho	10,652,787	594,676	11,247,463	9,228,523	376,045	9,604,568
Illinois	6,725,515	445,460	7,170,975	6,200,467	548,955	6,749,422
Indiana	5,663,800	287,484	5,951,284	5,362,761	148,053	5,510,814
Iowa	17,424,183	901,021	18,325,204	15,862,143	559,362	16,421,505
Kansas	6,174,340	441,551	6,615,891	5,362,996	336,554	5,699,550
Kentucky	249,799	77,514	327,313	76,925	55,394	132,319
Louisiana	156,845	62,165	219,010	104,216	36,862	141,078
Maine	537,018	62,565	599,583	82,452	18,284	100,736
Maryland	1,899,627	267,098	2,166,725	1,124,399	163,832	1,288,231
Massachusetts	24,064	7,925	31,989	2,498	7,523	10,021
Michigan	4,860,328	198,274	5,058,602	3,654,589	118,033	3,772,622
Minnesota	4,632,415	377,448	5,009,863	4,296,104	297,386	4,593,490
Mississippi	182,659	100,198	282,857	163,632	64,663	228,295
Missouri	21,663,864	1,232,653	22,896,517	20,423,614	1,163,490	21,587,104
Montana	8,125,111	451,937	8,577,048	7,190,877	404,223	7,595,100
Nebraska	7,956,914	703,652	8,660,566	5,255,495	465,977	5,721,472
Nevada	190,819	35,437	226,256	145,224	8,866	154,090
New Hampshire	1,920	1,360	3,280	-	1,467	1,467
New Jersey	85,854	28,840	114,694	84,147	8,943	93,090

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New Mexico	964,583	106,371	1,070,954	844,117	100,706	944,823
New York	635,597	142,091	777,688	381,633	77,347	458,980
North Carolina	648,403	104,124	752,527	600,034	38,575	638,609
North Dakota	6,493,973	457,657	6,951,630	4,320,561	340,156	4,660,717
Ohio	11,920,255	801,901	12,722,156	10,291,927	762,170	11,054,097
Oklahoma	3,244,359	438,308	3,682,667	1,861,158	277,352	2,138,510
Oregon	19,487,708	998,137	20,485,845	18,739,049	773,244	19,512,293
Pennsylvania	1,105,598	139,785	1,245,383	375,768	141,368	517,136
Rhode Island	13,744	4,365	18,109	4,627	2,634	7,261
South Carolina	1,704,848	345,160	2,050,008	1,167,452	137,142	1,304,594
South Dakota	2,207,320	144,257	2,351,577	576,520	91,695	668,215
Tennessee	732,908	145,252	878,160	199,798	45,963	245,761
Texas	990,609	150,877	1,141,486	930,531	106,703	1,037,234
Utah	2,161,114	143,735	2,304,849	1,949,674	57,076	2,006,750
Vermont	46,285	5,955	52,240	9,813	6,113	15,926
Virginia	662,871	125,276	788,147	167,034	49,511	216,545
Washington	5,081,525	309,320	5,390,845	4,681,726	152,648	4,834,374
West Virginia	200,622	93,047	293,669	149,972	37,993	187,965
Wisconsin	3,748,694	397,313	4,146,007	3,169,181	365,171	3,534,352
Wyoming	1,721,860	149,184	1,871,044	1,171,014	152,026	1,323,040
Puerto Rico	56,065	9,355	65,420	3,946	-	3,946
NHQ and Centers	-	7,352,982	7,352,982	-	-	-
TOTAL	176,662,710	20,400,000	197,062,710	147,511,030	9,973,585	157,484,613

Conservation Stewardship Program (CStP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$6,220,474	$742,591	$6,963,065	$5,821,333	$962,812	$6,784,145

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alaska	1,456,706	203,355	1,660,061	1,404,593	192,657	1,597,250
Arizona	7,827,849	443,729	8,271,578	6,879,993	422,862	7,302,855
Arkansas	41,725,446	2,056,879	43,782,325	41,186,233	3,216,856	44,403,089
California	8,116,245	900,684	9,016,929	7,260,573	833,355	8,093,928
Colorado	22,987,738	1,709,591	24,697,329	22,678,209	2,277,122	24,955,331
Connecticut	253,467	39,783	293,250	186,561	97,877	284,438
Delaware	891,738	88,771	980,509	810,135	48,282	858,417
Florida	2,454,701	510,610	2,965,311	2,231,943	485,149	2,717,092
Georgia	27,578,161	1,539,188	29,117,349	26,879,197	3,444,029	30,323,226
Pacific Islands Area	133,422	109,872	243,294	126,163	218,859	345,022
Idaho	6,405,525	507,535	6,913,060	6,243,339	387,465	6,630,804
Illinois	18,309,981	1,315,309	19,625,290	16,915,344	1,610,102	18,525,446
Indiana	6,933,468	700,603	7,634,071	6,911,349	518,028	7,429,377
Iowa	39,521,177	3,377,085	42,898,262	37,245,361	2,600,800	39,846,161
Kansas	43,189,495	2,703,180	45,892,675	41,432,124	1,751,252	43,183,376
Kentucky	2,698,733	557,738	3,256,471	2,445,769	484,385	2,930,154
Louisiana	19,023,380	1,172,103	20,195,483	18,776,782	1,395,940	20,172,722
Maine	689,860	158,942	848,802	618,946	139,954	758,900
Maryland	1,164,770	147,912	1,312,682	1,051,211	131,792	1,183,003
Massachusetts	79,010	96,159	175,169	70,917	113,567	184,484
Michigan	7,480,861	925,936	8,406,797	7,313,969	1,490,615	8,804,584
Minnesota	57,405,291	3,217,324	60,622,615	56,333,829	4,405,254	60,739,083
Mississippi	18,273,140	820,075	19,093,215	18,027,942	714,824	18,742,766
Missouri	27,306,079	2,587,220	29,893,299	25,676,033	3,073,443	28,749,476
Montana	30,438,895	2,513,630	32,952,525	29,294,035	2,329,040	31,623,075
Nebraska	42,570,006	3,564,245	46,134,251	42,193,852	2,572,868	44,766,720
Nevada	958,692	121,694	1,080,386	860,191	94,748	954,939
New Hampshire	489,248	138,459	627,707	110,026	88,520	198,546

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New Jersey	272,984	68,310	341,294	196,935	81,169	278,104
New Mexico	16,765,505	2,653,270	19,418,775	14,948,073	1,928,110	16,876,183
New York	4,791,282	403,359	5,194,641	4,703,411	479,282	5,182,693
North Carolina	2,917,004	378,936	3,295,940	2,662,736	459,932	3,122,668
North Dakota	48,591,858	2,894,048	51,485,906	48,139,148	1,580,267	49,719,415
Ohio	4,078,781	514,765	4,593,546	3,976,365	656,648	4,633,013
Oklahoma	36,285,372	2,806,285	39,091,657	35,857,912	1,816,157	37,674,069
Oregon	13,606,096	1,270,091	14,876,187	13,464,475	897,523	14,361,998
Pennsylvania	5,753,971	686,454	6,440,425	5,672,460	681,850	6,354,310
Rhode Island	77,303	78,435	155,738	61,286	109,833	171,119
South Carolina	5,142,588	727,348	5,869,936	4,774,067	491,719	5,265,786
South Dakota	36,529,408	2,738,311	39,267,719	35,801,527	2,913,493	38,715,020
Tennessee	3,657,954	543,537	4,201,491	3,461,147	532,727	3,993,874
Texas	27,021,438	3,408,868	30,430,306	26,171,029	4,874,208	31,045,237
Utah	3,471,246	438,444	3,909,690	2,613,184	306,083	2,919,267
Vermont	37,413	65,704	103,117	34,941	77,012	111,953
Virginia	5,679,254	536,089	6,215,343	5,632,295	813,742	6,446,037
Washington	14,274,082	823,655	15,097,737	13,688,418	432,061	14,120,479
West Virginia	1,753,211	526,847	2,280,058	1,705,250	261,876	1,967,126
Wisconsin	14,123,483	1,700,888	15,824,371	13,699,644	1,329,826	15,029,470
Wyoming	7,712,409	920,598	8,633,007	7,532,689	894,295	8,426,984
Puerto Rico	18,678	63,679	82,357	16,590	77,796	94,386
NHQ and Centers	-	15,374,833	15,374,833	-	-	-
TOTAL	695,144,878	72,592,956	767,737,834	671,799,534	57,798,066	729,597,600

Environmental Quality Incentive Program (EQIP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$14,523,020	$4,652,711	$19,175,731	$11,668,958	$5,834,490	$17,503,448
Alaska	8,003,889	3,100,876	11,104,765	3,032,952	2,431,606	5,464,558
Arizona	16,140,800	6,224,525	22,365,325	10,495,817	5,490,671	15,986,488
Arkansas	50,080,644	7,919,503	58,000,147	60,874,451	7,093,544	67,967,995
California	100,519,717	16,388,088	116,907,805	72,015,972	13,941,216	85,957,187
Colorado	33,679,374	11,907,755	45,587,129	38,981,176	10,931,726	49,912,902
Connecticut	5,177,115	2,379,828	7,556,943	3,536,344	2,304,036	5,840,380
Delaware	4,937,889	1,688,147	6,626,036	5,777,246	1,595,614	7,372,860
Florida	22,688,320	5,973,992	28,662,312	13,825,850	5,945,966	19,771,817
Georgia	25,762,818	7,407,615	33,170,433	20,073,823	5,944,418	26,018,241
Pacific Islands Area	8,301,163	3,926,163	12,227,326	6,560,000	3,684,527	10,244,527
Idaho	16,620,134	5,065,370	21,685,504	13,877,171	4,740,935	18,618,107
Illinois	14,435,585	4,528,702	18,964,287	11,294,113	4,494,852	15,788,965
Indiana	17,083,597	4,568,664	21,652,261	26,460,924	4,574,778	31,035,702
Iowa	25,863,870	8,009,195	33,873,065	25,222,087	7,168,376	32,390,463
Kansas	25,102,184	7,352,781	32,454,965	17,800,673	7,049,145	24,849,818
Kentucky	13,160,380	4,989,101	18,149,481	12,370,177	5,010,309	17,380,486
Louisiana	23,284,986	5,776,705	29,061,691	17,203,466	5,813,356	23,016,822
Maine	15,127,611	3,327,828	18,455,439	10,150,210	3,393,445	13,543,655
Maryland	8,204,740	2,492,312	10,697,052	7,547,826	2,403,773	9,951,599
Massachusetts	6,111,169	2,075,992	8,187,161	2,270,998	1,815,662	4,086,659
Michigan	17,726,150	4,513,834	22,239,984	11,178,019	4,619,476	15,797,495
Minnesota	22,742,469	8,294,118	31,036,587	23,697,852	9,655,114	33,352,966
Mississippi	26,972,132	6,015,683	32,987,815	30,003,514	5,343,016	35,346,531
Missouri	29,095,440	9,707,341	38,802,781	25,596,085	10,047,837	35,643,922
Montana	18,226,734	8,119,746	26,346,480	12,993,843	8,354,007	21,347,850
Nebraska	25,162,998	8,123,830	33,286,828	25,175,251	7,737,815	32,913,066
Nevada	10,622,041	3,043,040	13,665,081	7,909,064	2,295,591	10,204,656

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New Hampshire	5,336,267	2,235,741	7,572,008	2,998,070	1,831,399	4,829,469
New Jersey	4,756,428	2,085,496	6,841,924	4,148,746	2,007,944	6,156,690
New Mexico	22,236,385	6,188,207	28,424,592	25,793,837	6,521,599	32,315,436
New York	9,682,521	4,163,360	13,845,881	6,708,178	4,774,693	11,482,871
North Carolina	21,324,254	5,538,369	26,862,623	21,714,740	5,752,064	27,466,804
North Dakota	16,795,927	4,808,314	21,604,241	13,371,171	4,734,822	18,105,993
Ohio	18,613,193	4,076,589	22,689,782	13,363,849	4,367,408	17,731,257
Oklahoma	24,466,292	9,103,540	33,569,832	15,645,404	7,508,397	23,153,801
Oregon	15,791,468	4,002,943	19,794,411	12,580,448	3,711,239	16,291,687
Pennsylvania	18,766,752	6,090,537	24,857,289	19,449,980	7,260,802	26,710,782
Rhode Island	3,000,673	1,342,989	4,343,662	1,388,368	1,227,758	2,616,126
South Carolina	10,957,040	3,359,480	14,316,520	14,172,247	2,660,658	16,832,905
South Dakota	17,645,385	5,479,973	23,125,358	12,031,519	4,920,534	16,952,053
Tennessee	19,536,804	5,684,659	25,221,463	16,379,785	5,250,727	21,630,511
Texas	75,999,713	27,241,594	103,241,307	75,413,431	26,022,415	101,435,843
Utah	18,124,443	8,381,278	26,505,721	16,025,021	8,313,778	24,338,799
Vermont	6,476,974	2,620,578	9,097,552	3,925,986	2,612,767	6,538,753
Virginia	10,655,068	5,780,458	16,435,526	13,338,119	5,664,912	19,003,031
Washington	16,955,046	5,026,920	21,981,966	16,296,727	4,475,799	20,772,526
West Virginia	7,113,692	4,563,289	11,676,981	6,259,133	4,991,461	11,250,594
Wisconsin	21,614,090	6,373,504	27,987,594	28,950,321	5,713,592	34,663,914
Wyoming	14,568,392	4,382,013	18,950,405	16,418,569	5,126,878	21,545,447
Puerto Rico	4,956,152	2,545,997	7,502,149	4,195,386	2,191,974	6,387,361
NHQ and Centers	26,061,490	82,763,633	108,825,123	-	-	-
TOTAL	1,016,791,418	381,412,906	1,398,204,324	888,162,897	287,358,921	1,175,521,818

Farm and Ranchland Protection Program (FRPP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$2,000	$56,918	$58,918	-	$90,434	$90,434
Alaska	475,648	40,439	516,087	-	94,051	94,051
Arizona	230,350	18,201	248,551	$343,698	36,292	379,989
Arkansas	-	9,137	9,137	-	-	-
California	3,778,252	277,089	4,055,341	4,296,221	226,733	4,522,954
Colorado	7,134,713	200,249	7,334,962	12,459,039	446,617	12,905,656
Connecticut	6,791,194	350,164	7,141,358	4,796,221	360,439	5,156,659
Delaware	4,762,275	130,286	4,892,561	5,155,465	107,886	5,263,350
Florida	4,905,250	175,969	5,081,219	4,296,221	69,076	4,365,296
Georgia	361,492	9,902	371,394	310,610	75,668	386,278
Pacific Islands Area	2,506,200	71,792	2,577,992	3,885,442	126,701	4,012,142
Idaho	1,105,000	57,865	1,162,865	1,576,093	79,411	1,655,504
Illinois	444,730	39,592	484,322	386,660	48,992	435,651
Kansas	1,702,712	46,699	1,749,411	3,106,167	75,239	3,181,406
Kentucky	339,358	108,988	448,346	1,007,773	152,784	1,160,557
Maine	1,401,295	82,316	1,483,611	1,031,093	12,235	1,043,328
Maryland	1,525,072	164,743	1,689,815	1,632,564	110,190	1,742,754
Massachusetts	9,151,654	481,049	9,632,703	7,225,843	369,675	7,595,517
Michigan	3,257,946	114,339	3,372,285	2,601,982	123,852	2,725,834
Minnesota	1,125,150	169,561	1,294,711	1,288,866	182,601	1,471,467
Missouri	4,580	-	4,580	-	-	-
Montana	4,158,988	131,450	4,290,438	5,049,196	202,352	5,251,548
Nebraska	1,097,000	45,699	1,142,699	1,323,920	64,842	1,388,762
Nevada	5,408,400	28,128	5,436,528	5,329,976	117,308	5,447,285
New Hampshire	1,856,987	96,098	1,953,085	2,028,488	99,514	2,128,002
New Jersey	9,681,655	430,512	10,112,167	7,733,197	229,785	7,962,982

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
New Mexico	856,890	23,697	880,587	859,244	32,299	891,543
New York	5,180,262	249,551	5,429,813	4,866,598	291,294	5,157,893
North Carolina	2,311,191	219,588	2,530,779	2,329,575	187,937	2,517,512
Ohio	8,243,007	441,711	8,684,718	6,873,953	403,844	7,277,796
Oklahoma	278	18,850	19,128	859,244	106,425	965,669
Pennsylvania	4,394,123	193,348	4,587,471	3,522,901	299,269	3,822,170
Rhode Island	6,312,718	172,119	6,484,837	4,446,000	195,115	4,641,116
South Carolina	1,500,000	86,605	1,586,605	1,718,488	70,402	1,788,890
Tennessee	-	5,000	5,000	1,718,488	61,470	1,779,958
Texas	5,591,709	112,096	5,703,805	4,036,976	194,944	4,231,920
Utah	1,863,500	55,723	1,919,223	2,822,617	70,853	2,893,470
Vermont	3,339,592	309,756	3,649,348	3,007,354	265,072	3,272,427
Virginia	4,142,393	141,860	4,284,253	3,436,976	147,479	3,584,456
Washington	3,826,180	218,511	4,044,691	4,725,843	116,834	4,842,677
West Virginia	3,274,150	161,557	3,435,707	2,148,110	83,553	2,231,663
Wisconsin	850,500	127,881	978,381	1,010,244	106,603	1,116,847
Wyoming	15,606,700	412,915	16,019,615	15,380,731	622,653	16,003,387
NHQ and Centers	102,400	574,519	676,919	-	-	-
TOTAL	140,603,494	6,862,472	147,465,966	140,628,077	6,758,723	147,386,800

Grassland Reserve Program (GRP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$121,400	$31,166	$152,566	$625,000	$41,777	$666,777
Alaska	-	7,168	7,168	526,000	40,662	566,662
Arizona	31,250	19,236	50,486	-	19,482	19,482
Arkansas	83,000	39,262	122,262	-	53,112	53,112

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
California	175,290	113,618	288,908	650,000	92,028	742,028
Colorado	43,750	69,287	113,037	4,248,531	158,521	4,407,052
Connecticut	95,000	38,222	133,222	900	32,588	33,488
Delaware	-	13,838	13,838	-	13,314	13,314
Florida	79,090	89,531	168,621	1,222,500	84,960	1,307,460
Georgia	-	823	823	-	4,173	4,173
Pacific Islands Area	21,794	182,555	204,349	-	116,272	116,272
Idaho	1,022,100	236,706	1,258,806	3,285,000	265,553	3,550,553
Illinois	11,939	27,210	39,149	30,000	90,263	120,263
Indiana	18,487	46,192	64,679	-	43,889	43,889
Iowa	109,299	53,673	162,972	225,000	51,709	276,709
Kansas	252,000	304,963	556,963	-	125,877	125,877
Kentucky	70,000	72,773	142,773	-	29,726	29,726
Louisiana	55,000	4,746	59,746	-	-	-
Maryland	-	-	-	-	5,866	5,866
Massachusetts	-	2,720	2,720	-	43,297	43,297
Michigan	8,700	14,552	23,252	-	19,194	19,194
Minnesota	46,290	20,573	66,863	216,000	94,410	310,410
Mississippi	1,000	58,935	59,935	150,000	41,163	191,163
Missouri	50,008	104,065	154,073	50,000	37,277	87,277
Montana	56,604	125,465	182,069	2,938,560	123,406	3,061,966
Nebraska	11,000	63,474	74,474	-	24,728	24,728
Nevada	67,000	101,452	168,452	8,174,575	263,687	8,438,262
New Hampshire	-	19,566	19,566	-	5,376	5,376
New Jersey	3,525	5,230	8,755	50,000	7,063	57,063
New Mexico	36,806	47,980	84,786	1,200,000	53,797	1,253,797
New York	44,967	24,886	69,853	350,000	24,808	374,808
North Carolina	-	21,504	21,504	-	21,214	21,214

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
North Dakota	-	67,935	67,935	462,000	88,218	550,218
Ohio	20,000	13,631	33,631	1,000,000	12,576	1,012,576
Oklahoma	23,200	84,252	107,452	1,500,000	71,528	1,571,528
Oregon	-	16,133	16,133	430,000	51,600	481,600
Pennsylvania	13,800	59,531	73,331	-	28,198	28,198
Rhode Island	-	30,963	30,963	-	27,917	27,917
South Carolina	50,000	31,260	81,260	-	298,998	298,998
South Dakota	205,613	187,305	392,918	4,257,000	129,247	4,386,247
Tennessee	10,151	35,751	45,902	500,000	75,770	575,770
Texas	623,500	798,576	1,422,076	2,400,000	699,568	3,099,568
Utah	54,500	125,519	180,019	5,380,000	232,445	5,612,445
Vermont	101,397	20,287	121,684	-	13,817	13,817
Virginia	28,499	49,531	78,030	8,000	53,039	61,039
Washington	32,190	24,124	56,314	1,560,000	23,489	1,583,489
West Virginia	32,400	42,077	74,477	300,000	43,144	343,144
Wisconsin	91,081	146,804	237,885	-	91,589	91,589
Wyoming	210,000	341,445	551,445	-	578,785	578,785
NHQ and Centers	55,951,697	2,589,388	58,541,085	-	-	-
TOTAL	59,963,327	6,625,883	66,589,210	41,739,066	4,549,120	46,288,186

Healthy Forest Reserve Program (HFRP-99) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
California	$352,227	$62,158	$414,385	$107,100	$19,263	$126,363
Georgia	273,016	17,215	290,231	312,970	56,291	369,261
Indiana	2,725	50,237	52,962	357,000	64,210	421,210
Kentucky	2,041,429	253,111	2,294,540	1,368,500	246,139	1,614,639
Maine	238,000	25,000	263,000	-	-	-

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Michigan	293,522	51,798	345,320	694,960	124,996	819,956
Mississippi	554,889	93,237	648,126	714,000	128,421	842,421
Ohio	187,208	33,725	220,933	238,000	42,807	280,807
Oklahoma	634,254	119,065	753,319	892,500	160,526	1,053,026
Oregon	3,721,816	497,262	4,219,078	981,750	176,578	1,158,328
Pennsylvania	1,281,765	207,192	1,488,957	1,874,250	337,104	2,211,354
South Carolina	50,000	17,023	67,023	267,750	48,158	315,908
NHQ and Centers	2,000	256,861	258,861	-	-	-
TOTAL	9,632,851	1,683,884	11,316,735	7,808,780	1,404,493	9,213,273

Wildlife Habitat Incentives Program (WHIP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$3,114,000	$503,396	$3,617,396	$4,000,000	$712,170	$4,712,170
Alaska	-	302,661	302,661	2,476,232	664,171	3,140,403
Arizona	459,445	156,005	615,450	200,000	123,297	323,297
Arkansas	2,642,051	454,190	3,096,241	1,675,618	483,600	2,159,218
California	345,000	318,352	663,352	800,000	547,854	1,347,854
Colorado	824,741	200,380	1,025,121	200,000	226,287	426,287
Connecticut	660,000	307,432	967,432	650,000	263,669	913,669
Delaware	10,000	52,458	62,458	15,000	51,384	66,384
Florida	895,278	239,323	1,134,601	1,200,000	271,053	1,471,053
Georgia	5,756,343	713,782	6,470,125	4,500,000	2,136,105	6,636,105
Pacific Islands Area	-	182,064	182,064	-	119,455	119,455
Idaho	83,940	126,113	210,053	1,400,000	318,585	1,718,585
Illinois	50,000	88,472	138,472	-	160,326	160,326
Indiana	5,509,264	627,338	6,136,602	80,000	202,900	282,900
Iowa	163,091	130,610	293,701	-	145,515	145,515
Kansas	800,000	236,132	1,036,132	3,200,000	335,300	3,535,300

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Kentucky	3,277	123,618	126,895	100,000	159,458	259,458
Louisiana	805,000	259,438	1,064,438	600,000	443,951	1,043,951
Maine	194,607	208,022	402,629	200,000	226,495	426,495
Maryland	56,553	71,211	127,764	295,000	91,210	386,210
Massachusetts	194,420	248,416	442,836	150,000	197,498	347,498
Michigan	156,000	168,588	324,588	-	270,682	270,682
Minnesota	-	165,331	165,331	-	199,867	199,867
Mississippi	1,338,064	317,574	1,655,638	500,000	266,521	766,521
Missouri	140,000	260,854	400,854	140,000	233,092	373,092
Montana	265,000	145,168	410,168	465,000	125,705	590,705
Nebraska	250,000	160,015	410,015	30,000	260,673	290,673
Nevada	475,618	124,964	600,582	400,000	61,165	461,165
New Hampshire	466,500	354,163	820,663	400,000	208,867	608,867
New Jersey	238,000	169,299	407,299	200,000	306,344	506,344
New Mexico	766,021	191,451	957,472	598,150	173,124	771,274
New York	103,672	147,699	251,371	410,355	113,767	524,122
North Carolina	25,550	111,837	137,387	40,000	124,773	164,773
North Dakota	175,700	115,886	291,586	300,000	195,694	495,694
Ohio	-	49,998	49,998	-	95,639	95,639
Oklahoma	592,154	286,487	878,641	-	267,277	267,277
Oregon	1,045,749	313,122	1,358,871	1,000,000	235,340	1,235,340
Pennsylvania	990,000	181,803	1,171,803	2,300,000	444,467	2,744,467
Rhode Island	140,000	252,579	392,579	200,000	217,300	417,300
South Carolina	239,374	241,257	480,631	300,000	450,755	750,755
South Dakota	2,039,763	306,607	2,346,370	1,942,000	396,270	2,338,270
Tennessee	250,000	126,535	376,535	1,275,000	300,602	1,575,602
Texas	220,017	441,272	661,289	5,500,000	1,151,836	6,651,836
Utah	170,645	104,088	274,733	350,000	99,011	449,011

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Vermont	-	220,140	220,140	-	212,797	212,797
Virginia	196,148	128,400	324,548	45,000	341,493	386,493
Washington	802,000	232,295	1,034,295	320,000	270,382	590,382
West Virginia	105,550	201,899	307,449	950,000	331,967	1,281,967
Wisconsin	27,200	131,805	159,005	50,000	108,307	158,307
Wyoming	855,207	194,067	1,049,274	800,000	322,872	1,122,872
NHQ and Centers	-	2,350,855	2,350,855	-	-	-
TOTAL	34,640,942	13,745,451	48,386,393	40,257,355	15,666,872	55,924,227

Wetland Reserve Program (WRP) Allocations
FY 2012 (as of September 30, 2012) and FY 2013 (as of May 7, 2013)
Source: Financial Management Modernization Initiative (FMMI)

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Alabama	$10,775,479	$1,175,552	$11,951,031	$4,472,499	$1,000,111	$5,472,610
Alaska	10,288	5,078	15,366	-	43,666	43,666
Arizona	241,520	128,119	369,639	-	87,610	87,610
Arkansas	27,452,858	3,739,071	31,191,929	24,500,000	2,927,723	27,427,723
California	41,577,703	2,442,743	44,020,446	23,520,000	2,367,307	25,887,307
Colorado	2,048,608	349,440	2,398,048	617,571	304,082	921,653
Connecticut	182,531	35,781	218,312	1,200,000	35,405	1,235,405
Delaware	697,022	107,702	804,724	416,250	69,224	485,474
Florida	79,953,153	4,450,518	84,403,671	62,419,742	6,283,706	68,703,446
Georgia	13,301,344	1,042,475	14,343,819	7,250,000	963,706	8,213,706
Pacific Islands Area	55,246	161,515	216,761	710,500	156,407	866,907
Idaho	2,550,039	269,259	2,819,298	1,670,000	240,876	1,910,876
Illinois	6,076,394	1,184,615	7,261,009	6,340,926	1,239,787	7,580,714
Indiana	8,291,807	1,246,650	9,538,457	5,797,500	1,347,111	7,144,611
Iowa	33,779,150	2,318,227	36,097,377	25,233,200	1,812,017	27,045,218
Kansas	2,728,400	741,197	3,469,597	2,534,452	694,448	3,228,900

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Kentucky	15,240,565	906,495	16,147,060	12,407,321	927,526	13,334,847
Louisiana	37,807,025	6,949,176	44,756,201	29,292,977	6,716,413	36,009,389
Maine	589,286	108,232	697,518	500,000	59,867	559,867
Maryland	6,731,528	768,171	7,499,699	4,509,000	645,350	5,154,350
Massachusetts	2,757,013	199,824	2,956,837	1,875,173	123,562	1,998,735
Michigan	3,862,754	692,993	4,555,747	3,235,189	796,856	4,032,044
Minnesota	36,921,645	3,418,437	40,340,082	23,370,000	2,969,092	26,339,092
Mississippi	21,616,135	2,033,758	23,649,893	16,221,100	2,267,078	18,488,178
Missouri	17,366,633	1,983,610	19,350,243	11,683,632	2,320,594	14,004,226
Montana	3,454,978	586,113	4,041,091	2,837,270	685,957	3,523,227
Nebraska	13,525,152	1,395,208	14,920,360	7,746,351	1,233,966	8,980,317
Nevada	3,984,094	143,841	4,127,935	6,506,261	127,507	6,633,768
New Hampshire	11,997,226	599,775	12,597,001	2,758,766	456,065	3,214,832
New Jersey	1,495,393	161,663	1,657,056	1,040,377	162,866	1,203,243
New Mexico	926,216	106,473	1,032,689	88,999	83,589	172,589
New York	6,821,548	1,841,665	8,663,213	5,155,357	1,008,198	6,163,555
North Carolina	9,001,829	1,617,080	10,618,909	7,620,000	1,121,456	8,741,456
North Dakota	15,646,829	3,049,326	18,696,155	23,180,000	2,773,522	25,953,522
Ohio	5,577,467	648,028	6,225,495	4,550,794	797,159	5,347,954
Oklahoma	7,024,624	1,325,318	8,349,942	7,699,388	1,077,438	8,776,826
Oregon	13,913,014	1,958,754	15,871,768	9,782,957	1,831,346	11,614,303
Pennsylvania	10,584,791	1,011,528	11,596,319	7,745,134	736,649	8,481,783
Rhode Island	617,559	38,242	655,801	375,000	42,097	417,097
South Carolina	2,204,192	506,940	2,711,132	3,722,215	883,639	4,605,854
South Dakota	24,186,876	1,794,141	25,981,017	17,726,775	2,406,405	20,133,180
Tennessee	16,593,406	1,506,578	18,099,984	18,041,495	1,643,279	19,684,774
Texas	21,817,654	3,247,811	25,065,465	14,322,237	3,169,700	17,491,937
Utah	1,417,183	213,129	1,630,312	1,490,204	132,674	1,622,878

State	Financial Assistance (2012)	Technical Assistance (2012)	Total (2012)	Financial Assistance (2013)	Technical Assistance (2013)	Total (2013)
Vermont	1,201,858	114,315	1,316,173	912,284	212,282	1,124,566
Virginia	1,099,135	257,929	1,357,064	850,000	143,973	993,973
Washington	2,643,500	357,000	3,000,500	5,159,940	412,855	5,572,795
West Virginia	584,171	113,460	697,631	248,048	90,089	338,137
Wisconsin	7,587,201	812,737	8,399,938	6,217,781	729,660	6,947,440
Wyoming	2,681,145	472,102	3,153,247	1,333,488	333,493	1,666,981
Puerto Rico	140,000	45,865	185,865	87,115	41,736	128,851
NHQ and Centers	1,862,500	13,816,465	15,678,965	-	-	-
TOTAL	561,203,667	74,200,124	635,403,791	426,975,268	58,737,124	485,712,392

ENVIRONMENTAL QUALITY INCENTIVE PROGRAM SUBPROGRAM ALLOCATIONS

Mr. Aderholt: Please provide a chart showing the subprograms within the Environmental Quality Incentives Program and the technical assistance and financial assistance allocated to each. Please provide the final allocations for fiscal year 2012 and estimated allocation for fiscal year 2013.

Response: The table below shows the final Environmental Quality Incentives Program (EQIP) subprograms financial and technical assistance funds allocated for fiscal year 2012, and funds allocated as of May 7, 2013.

[The information follows:]

EQIP SUBPROGRAM ALLOCATED FINANCIAL AND TECHNICAL ASSISTANCE				
	Final FY 2012 Allocations		FY 2013 Allocations Estimate	
EQIP Sub Program	FA	TA	FA	TA
Agricultural Water Enhancement Program (AWEP)	$47,753,595	$11,004,819	$45,566,000	$7,949,802
Conservation Innovation Grants (CIG)	26,061,490	-	30,000,000	-
Air Quality - CIG(b)	35,315,364	2,184,636	33,825,000	1,800,000

APPORTIONMENT SCHEDULE FOR MANDATORY FARM BILL CONSERVATION PROGRAMS

Mr. Aderholt: Please provide the apportionment schedule for mandatory farm bill conservation programs for fiscal year 2014.

Response: The information is submitted for the record, which includes two apportionment schedules: one for the no-year account and one for the annual account. The apportionment for the annual account, dated April 15, 2013, and the apportionment for the no-year account, dated May 10, 2013, are re-apportionments that incorporate: (1) additional funding authorized under the American Taxpayer Relief Act of 2012 (P.L. 112-240), which extended the authority to enroll new program participants in the Wetlands Reserve Program (annual), the Grasslands Reserve Program (annual), the Chesapeake Bay Watershed Program (no-year), and the Healthy Forests Reserve Program (no-year) through FY 2013; (2) the reductions required under Section 251A of BBEDCA; and (3) the full-year appropriations enacted in the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).

[The information follows:]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

FY 2013 Apportionment
Funds provided by Public Law 110-246 and 112-240

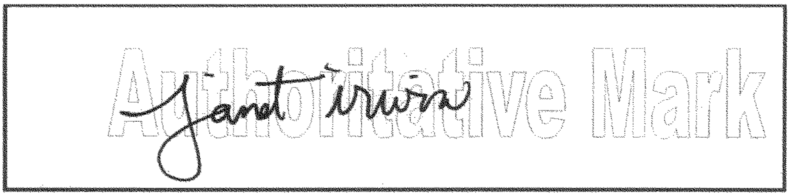
13-AP-NRCS-5

Line No	Line Split	Bureau Account Title / Cat B Stub / Line Split	Previous Approved	Prev. Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		Department of Agriculture							
		Bureau: Natural Resources Conservation Service							
		Account: Farm Security and Rural Investment Programs (005-53-1004)							
		TAFS: 12-1004 /2013							
IterNo	2	Last Approved Apportionment: 2012-09-28							
RptCat	NO	Reporting Categories							
AdjAut	YES	Adjustment Authority provided							
		Budgetary resources							
1251		BA: Mand: Appropriations:Antic nonexpend trans net	3,583,623,000		3,974,222,000		3,490,745,000		
1840		BA: Mand: Spending auth:Antic colls, reimbs, other	35,000,000		96,300,000		73,259,661		
1230		BA: Mand: Spending Permanently Reduced					-162,572,048		
1722		BA: Mand: Spending auth from Offsett. Colls Permanently Reduced					-5,508,000		
1920		**Total budgetary resources avail (disc. and mand.)**	**3,618,623,000**	**B1**	**4,070,522,000**	**B1**	**3,395,824,613**	**B1**	
		Application of Budgetary Resources							
		Category B Projects							
6011		Fourth Quarter	725,598,000		530,974,000		0		
6012		FY 2013 Wetland Reserve Program (Financial Assistance)	182,905,000		505,749,000	A1	439,931,343	A1	
6013		FY 2013 Farmland Protection Program (Financial Assistance)	142,909,000		142,909,000		183,256,974		
6014		FY 2013 Environmental Quality Incentives Program (Financial Assistance	1,018,075,000		1,018,075,000		966,153,175		
6015		FY 2013 Wildlife Habitat Incentives Program (Financial Assistance)	36,122,000		36,122,000		50,995,898		
6016		FY 2013 Conservation Security Program (Financial Assistance)	147,547,000		147,547,000		144,000,000		
6017		FY 2013 Grasslands Reserve Program (Financial Assistance)	500,000		60,055,000	A1	56,932,195	A1	
6018		FY 2013 Agricultural Water Enhancement Program (Financial Assistance	48,324,000		48,024,000		45,574,801		
6019		FY 2013 Agricultural Mgmt. Assistance (Financial Assistance)	1,983,000		1,983,000		1,981,867		
6020		FY 2013 Conservation Stewardship Program (Financial Assistance)	695,741,000		595,741,000		847,335,516		
6031		FY 2013 Farm Security and Rural Investment Programs (Technical Assis	615,219,000	A1	682,718,000	A1	659,149,719	A1	
6032		FY 2013 Administrative Expenses. Office of General Counsel Costs			625,000	A2	593,125	A2	
6190		**Total budgetary resources available**	**3,618,623,000**	**A1**	**4,070,522,000**		**3,395,824,613**	**A3**	

Submitted: David Lippold, Director, Budget Control and Analysis Division Date: February 7, 2013

See Approval Info tab for OMB approval information

OMB Approved this apportionment request using the web-based apportionment system



Mark Affixed By: Janet Irwin
Deputy Associate Director for Natural Resources

Signed On: 2013-04-15 17:15
File Name: 13-AP-NRCS-5.xlsx
Sent By: Darlene Fleming
Sent On: 2013-04-16 7:1
TAF(s) Included: 12-1004 \2013

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

FY 2013 Apportionment
Funds provided by Public Law 110-246 and 112-240

13-AP-NRCS-5

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		Department of Agriculture							
		Bureau: Natural Resources Conservation Service							
		Account: Farm Security and Rural Investment Programs (005-53-1004)							
		TAFS: 12-1004 /X							
IterNo	3	Last Approved Apportionment: 2013-02-13							
RptCat	NO	Reporting Categories							
AdjAut	YES	Adjustment Authority provided							
		Budgetary resources							
1000		Unob Bal: Brought forward, October 1	13,890,000		13,890,000		13,890,000		
1230	SEQ	BA: Mand: New/Unob bal of approps perm reduced	0		-3,047,250		-3,047,250		
1251		BA: Mand: Appropriations:Antic nonexpend trans net	59,750,000		59,750,000		59,750,000		
1920		Total budgetary resources avail (disc. and mand.)	73,640,000	B1	70,592,750	B1	70,592,750	B1, B2	
		Application of Budgetary Resources							
		Category B Projects							
6011		FY 2013 Chesapeake Bay Watershed Program (Financial Assistance)	51,141,000	A1	48,999,000	A1	48,999,000	A1	
6012		FY 2013 Healthy Forests Reserve Program (Financial Assistance)	11,351,000	A1	10,930,250	A1	10,930,250	A1	
6016		FY 2013 Farm Security and Rural Investment Programs (No-year Techni	11,131,000	A1	10,647,367	A1	10,647,367	A1	
6017		FY 2013 Administrative Expenses: Office of General Counsel Costs	17,000	A2	16,133	A2	16,133	A2	
6190		Total budgetary resources available	73,640,000		70,592,750		70,592,750		

Submitted: David Lippold, Director, Budget Control & Analysis Division Date: May 8, 2013

See Approval Info tab for OMB approval information

EQIP LIVESTOCK FUNDING

Mr. Aderholt: How much funding was allocated to livestock concerns through the Environmental Quality Incentives Program for fiscal years 2012 (actual) and 2013 (estimated)?

Response: NRCS allocated $600,729,374 in fiscal year 2012 to livestock concerns, 60.6 percent of the Environmental Quality Incentives Program funding, and estimates that $617,500,000, or 62.5 percent, will be allocated to livestock concerns in fiscal year 2013. Please see chart below.

[The information follows:]

EQIP Livestock Related Contract Obligations

Fiscal Year	Financial Assistance Allocated for Livestock Concerns	Percent Allocated to Livestock
2012 Actual	$600,729,374	60.6
2013 Estimated	617,500,000	62.5

COMPREHENSIVE NUTRIENT MANAGEMENT PLANS

Mr. Aderholt: How many comprehensive nutrient management plans has NRCS completed since 2002? How many will be completed in fiscal year 2013 and are estimated to be completed in fiscal year 2014?

Response: NRCS has completed approximately 51,056 comprehensive nutrient management plans (CNMPs) since 2002. The target number of CNMPs to be completed in fiscal year 2013 is 2,400. The estimated number of CNMPs to be completed in fiscal year 2014 is 2,500.

EQIP CONSERVATION PRACTICES

Mr. Aderholt: How many new conservation practices were installed or implemented through the Environmental Quality Incentives Program in fiscal years 2008 through 2012?

Response: NRCS provided technical assistance and financial assistance to producers to install or implement 868,791 new conservation practices through the Environmental Quality Incentives Program in fiscal years 2008 through 2012.

CONSERVATION INNOVATION GRANTS

Mr. Aderholt: Please provide a list of the Conservation Innovation Grants awarded in fiscal year 2012. Please include information on the recipient, State where the recipient is located, amount of the award, purpose, and whether any nonfederal funding was provided.

Response: In fiscal year 2012, NRCS awarded $26.1 million in Conservation Innovation Grants (CIG) for 59 projects in 47 States. Grant recipients must provide matching funds, bringing the total value of the approved projects to more than $52.2 million. In the 2012 CIG application process, projects targeting nutrient management, energy, soil health, wildlife and water quality credit trading were funded as priorities for CIG.

- National: The 37 projects funded (approximately $14.6 million) will demonstrate the use of innovative technologies or approaches to address specific natural resource concerns nationwide. In addition, seven projects funded (approximately $4.7 million) will support water quality credit trading nationally.
- Chesapeake Bay Watershed: The five projects funded (approximately $2.6 million) will demonstrate the use of innovative technologies or approaches to address water quality credit trading within the Chesapeake Bay Watershed. These projects will address market analysis of supply and demand for water quality credits, market rules and infrastructure.
- Mississippi River Basin: The ten projects funded (approximately $4.2 million) will demonstrate the use of innovative technologies or approaches to address specific natural resource concerns within the Mississippi River Basin and address the Mississippi River Basin Healthy Watersheds Initiative objectives to manage and optimize nutrient management, reduce downstream nutrient loads, maintain agricultural productivity, and enhance wildlife and other ecosystem services.

A list of funded projects is below, followed by project descriptions:

[The information follows:]

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Alliance for the Chesapeake Bay, Inc	Facilitating forest-based offsets in water quality trading	$437,756	$437,756	MD	PA, MD, VA	This project proposes to harmonize State and local agency forest mitigation and trading requirements to ease adoption by agricultural producers, aggregators and credit buyers like developers. The project will test and refine market infrastructure, so it is immediately useful for landowners, public programs and credit buyers. It will also complete 8-10 forest-based practice pilot projects with Environmental Quality Incentives Program-eligible producers in southern Maryland to test forest protocols and market infrastructure. The project will also assist local governments in meeting the nutrient and sediment goals in their Watershed Implementation Plans by simplifying the implementation of forest based offsets and credits and easing their workload by establishing the Chesapeake Forests Offset Bank.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
American Farmland Trust	Coupling precision agriculture with water quality credit trading	221,364	221,364	DC	IL, IN, KY, OH, PA, WV	This project proposes to develop, test and refine the first-ever quantification protocol for crediting precision agriculture variable rate technology practices in water quality credit trading programs. The project will use data from universities, John Deere and Trimble to compare crop uptake budgets with the amount of nutrients applied and use modeling at the farm-field level and some edge-of-field monitors to account for the fate of excess nutrients. The resulting quantification protocol will be tested and refined with farmers during one-and-one-half growing seasons and also vetted with State permitting agencies in Ohio, Indiana and Kentucky.
American Society of Agronomy	Assessment of CIG Nutrient Management Projects and Recommendations for Future Adoption and Incorporation into Practice Standards	20,000	20,000	WI	US	The project goal is to evaluate 36 projects, resulting in recommendations and practice standards to be incorporated in NRCS policy.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Board of Regents of the University of Wisconsin System	P Index and Snowmelt Runoff Risk Assessment: Demonstration and Refinement	134,850	134,850	WI	WI	This project proposes to demonstrate the ability of a process-based Phosphorous Index formulation to assess management effects on runoff phosphorous losses from fields under frozen soil conditions. The project will test and refine the method used in a process-based Phosphorous Index to determine the effect of field management practices on frozen soil runoff volume and adapt the refined frozen soil runoff risk assessment method (within the process-based Phosphorous Index) to identify field conditions and management practices capable of minimizing runoff when animal manure is applied to frozen soils. This project will promote NRCS Conservation Practice Standard Code 799 Monitoring and Evaluation by demonstrating the prototype flow measurement gauge on farm fields under winter conditions observed in Dane County, Wisconsin. It will also improve the functionality of the prototype flow gauge by adding a user-friendly interface that will allow landowners to easily access gauge data.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Board of Regents, University of Nebraska-Lincoln	Impact of rotational cover crops on soil quality parameters, soil water holding capacity, soil-water retention curves, and field-scale water balance dynamics	490,340	490,340	NE	NE	The main goal of our project is to provide data, information and collaborations for the integration of water balance, energy balance and microclimate parameters in cover crop recommendations and management practices. Under this purpose, the objective of this project is to develop the relationship of cover crop effects on soil quality and water availability for field crop production to atmospheric and environmental parameters.
Borough of Chambersburg	Local Utilization of Agricultural Credits Program	336,150	336,150	PA	PA	The purpose of the program is to provide credit aggregation, inter-basin trading and baseline and threshold compliance barrier solutions relating to the Pennsylvania Nutrient Trading Program by creating an aggregation program for credits generated by cover crop and conservation tillage best management practices (BMPs) and with education and outreach targeted to the Commonwealth's Plain Sect agricultural operators. The Program will develop and implement a three-year local program to aggregate credits generated through agricultural BMPs, cover crop and no-till/conservation tillage practices on farms in three counties covering two watersheds.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Cascade Conservation District	Agricultural application of an innovative mid-scale wind turbine design.	1,000,000	1,786,822	MT	MT	The goal of the project is to demonstrate the viability of an appropriately scaled, reliable, cost-effective and visually acceptable wind turbine. This will fill a largely vacant mid-size niche in the turbine market. This project is intended to demonstrate that an innovative, silo-shaped, reliable, and easily-maintained 100kW wind turbine, the Zilo®, can be installed, owned and operated on site while decreasing long-term costs, displacing the use of fossil fuels, blending into the landscape and giving operators a significant degree of control over their energy futures.
Chesapeake Bay Foundation	Operationalizing Water Quality Trading in the Chesapeake Bay	700,880	700,880	MD	VA, PA	This project proposes to conduct outreach to roughly 200 Environmental Quality Incentives Program-eligible farmers in Virginia and Pennsylvania to determine eligibility for participation in trading and Agricultural Certainty programs, if applicable. The project will assess the potential for the supply of credits from agricultural producers using in-place State policies for establishing the agricultural baseline. It will also compare policies for setting the trading baseline in Pennsylvania and Virginia and the practice-based resource management plan approach

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						in Virginia with performance-based approaches using the multi-state trading tool. The results can be used to inform State policies on these issues, to link these policies with compliance with the total maximum daily load requirements, and to facilitate multi-state trading opportunities. The project will seek feedback from producers as and State policymakers on the multi-state trading tool to help improve the tool and add features that are consistent with ongoing and future developments in State trading policies and user needs.
City Roots, LLC	Converting to No-Till on a functioning for-profit urban vegetable farm	51,942	51,942	SC	SC	This project proposes to convert one third of our workable acreage to no-till in each successive year, allowing the organization to completely use no-till after three years. The project will maintain/increase farm production during the conversion to no-till, allowing a comparison of production between no-till and tilled section. This project will improve soil function, including its ability to hold and infiltrate water and to recycle nutrients. The project also includes the organization of outreach programs at City Roots for at least 100 people per year on no-till farming.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Clark Fork Coalition	Evaluation of Watson Horizontal flat-rate fish screen in Montana	54,066	54,066	MT	MT	The overall goal of the project is to evaluate, improve and promote a promising fish screen technology for small-scale irrigation diversions that is locally fabricated in Montana.
Clemson University	Demonstration of Innovative Interseeding Technology for Crop Rotations to Enhance Soil Properties and Reduce Energy Consumption and Pest Occurrence While Optimizing Farm Profits.	351,585	351,585	SC	SC	This project proposes to modify planting equipment of 20 Environmental Quality Incentives Program - eligible farmers to allow for interseeding and establish six "Prototype Fields" per year to directly train producers of soybean, cotton, peanut and wheat in the use, benefits and effectiveness of interseeding technology. The project will also demonstrate and evaluate the effects of interseeding technology combined with crop rotations on soil chemical, physical. and biological properties, fuel consumption, pest management and farm profits. The project also aims to implement an aggressive training program for crop consultants, technology providers, and county Extension agents to become the primary providers of interseeding technology for growers beyond the geographic and time limitations of this project.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Colorado State University	Learning from the land: Extending state-and-transition models for adaptive management of western rangelands	428,102	428,102	CO	CO	The purpose of this project is to streamline, test and evaluate the participatory development of State-and-Transition Models (STMs) that incorporate Sage-Grouse habitat conditions. This project will demonstrate their utility for adaptive management of Sage-Grouse habitat and livestock production, and thereby to increase awareness and adoption of STMs by ranchers while contributing to NRCS objectives of revising ecological site descriptions and promoting adaptive management and monitoring of Sage-Grouse habitat through the Sage-Grouse Initiative.
Commonwealth of Virginia, Department of Conservation & Recreation	Building the infrastructure for expanded use of nutrient credits in Virginia	600,000	600,000	VA	VA	This project proposes to establish the administrative framework and infrastructure for an expanded use of nutrient credits in Virginia.
Electric Power Research Institute, Inc (EPRI)	A Credit Trading Registry for the Ohio River Basin Water Quality Trading Project	1,000,000	1,000,000	CA	OH, KY, IN	The project objectives are to provide proven, innovative, financial grade market infrastructure and services configured for the Ohio River Basin and its stakeholders. The infrastructure required to establish an effective water market trading program will be tailored to the requirements of the relevant market programs and its jurisdictions. The infrastructure component in the Ohio River Basin

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						will represent a forward move in the evolution in each State's water quality credit tracking and trading capabilities.
Illinois River Watershed Partnership	Improving Dissolved Phosphorous in Runoff with Water Quality Improvement Structures	132,823	132,823	AR	OK, AR	This project proposes to construct a phosphorus removal structure on a poultry farm located in the Illinois River watershed, which will be strategically placed to intercept runoff occurring immediately around a poultry production house. Awardee will monitor the effectiveness of the structure by sampling inflow and treated water through the use of automatic samplers and flow meters, tracking the reduction of phosphorous load. The goal is to remove 50 percent of the phosphorous load.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Indiana Association of Soil and Water Conservation Districts (IASWCD)	Conservation cropping systems for soil health and productivity	834,088	834,088	IN	IN	The overall goal of this project is to integrate long-term continuous no-till/strip-till, cover crops, precision technology, nutrient management and pest management practices into productive, profitable and sustainable systems. The innovative approach to achieving this goal is through the regionally located training/demonstration site hubs, utilizing the inter-professional expertise of farmer-peer mentors, crop advisors, and Indiana Conservation Partnership staff. This innovative approach has the ability to be replicated in the Midwest while allowing for flexibility based on the needs and resources in other States and/or regions. The secondary goal is to measure and quantify the impacts of these conservation systems on soil health at regionally located agricultural production sites.
Kansas State University	Development and adoption of no-till and minimum tillage vegetable production systems in the Midwest	221,282	221,282	KS	KS, MO	This project proposes to demonstrate the effectiveness of no-till production systems for pumpkin, sweet corn and snap bean through a series of demonstration sites at university and NRCS locations. The project will provide vegetable growers with "hands-on" experience growing no-till crops by initiating a mini-grant incentive program for vegetable growers to

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						conduct demonstration trials in Kansas and Missouri. It will also assess the impact of different cover crop species and no-till systems on soil health, yield and profitability of pumpkin, sweet corn, and snap bean. The project will engage growers and others in university/extension with current knowledge of minimum tillage systems and disseminate the results of this project through established and novel extension networks and outlets.
Kosciusko County Soil and Water Conservation District	Cover Crops: Planting the Way to Nitrogen Management at the Watershed Scale in a Combined Conservation Approach	184,347	184,347	IN	IN	This project proposes to implement cover crops across 50 percent of a sub-watershed in a tile-drained agricultural landscape in order to quantify and seek additional funding to implement another 25 percent of the watershed, too. Goals include monitoring the effect of cover crop planting on tile drain nutrient and sediment export and how that is reflected in stream nutrient and sediment export. It also aims to determine whether there is improved efficacy of an in-stream management practice (Two-Stage Ditch) when combined with a landscape management practice. Lastly, the project aims to provide a regional demonstration area for farmers to highlight the benefits of combining multiple Management Practices at the watershed scale.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Maryland Department of Agriculture	Fostering a sustainable marketplace for agricultural water quality credits and offsets for intra and interstate trading	500,000	500,000	MD	MD	This project proposes to conduct an analysis of credit demand. The funds will also provide tools and guidelines to assist county planning and permitting entities to work with developers in assessing offset requirements.
Maryland Department of Agriculture	Creating a Certainty Program for Producers by Utilizing an On-Farm Nutrient Assessment and BMP Credit Tool Consistent with the Maryland Watershed Implementation Plan	623,175	623,175	MD	MD	This project proposes to increase producer and landowner adoption of conservation practices by creating a Certainty Program that rewards operators that have exceeded water quality goals and that utilizes the on-farm Nutrient Assessment Tool consistent with the total maximum daily load goals and to provide fanners with a clear understanding of the benefits of conservation to nutrient reductions.
Michigan State University	Building soil quality with strategic integration of low-impact tillage, cover crops and organic inputs	321,667	323,079	MI	MI	The specific objectives of this project include the measurement and evaluation of the effects to alternative cropping practices on soil microbial respiration and of the soil organic carbon accumulation as an indicator of advances in soil health. The project also aims to answer grower's questions about cover crop nutrient cycling by monitoring such performance indicators as biomass yield, nitrogen uptake and release, and subsequent crop yields. It also aims to demonstrate and evaluate

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						strategic selection and use of cover crop mixtures on crop growth and soil quality in row crops and develop and deliver educational materials to guide farmers in a systems approach to protecting and building soil health and natural productivity. The project also aims to increase farmer involvement in the development of practical, efficient and cost effective guidelines for improving soil health. Finally, it aims to develop and incorporate alternative management options for soil health in the NRCS Nutrient Management (590), Cover Crop (340), Waste Utilization (633), Residue Management (329A) and other relevant standards.
Michigan State University	A Hybrid Biodiesel/Biogas Energy Production System	117,476	117,797	MI	MI	The purpose of this project is to demonstrate an effective bioenergy production system. The project's goal is to show that, by maximizing efficiency of the overall production process, cost-competitiveness of biodiesel for on-farm uses can be ultimately achieved. This approach is innovative in the sense that it takes advantage of the synergy between biodiesel and biogas production to maximize the overall production efficiency of biofuels. The project plan is designed to provide the USDA sponsor with a

FISCAL YEAR 2012 CIG REPORT

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						number of project metrics. The plan includes pilot-scale construction and operation, farm based demonstrations and outreach to the user and technical community via written and web-based media.
Moody County Conservation District	Central Big Sioux River water quality trading program development	403,000	500,550	SD	SD, MN	The purpose of the project is to develop a water-quality trading program for the Central Big Sioux River Watershed (CBSRW) project area that would facilitate implementation of Best Management Practices for sediment and bacteria. The methods developed will then be used to develop water-quality trading programs in other parts of the Big Sioux River Basin and other river basins throughout the region.
Morgan Soil & Water Conservation District	The Wind Works	78,000	82,614	OH	OH	This project proposes to demonstrate the successful and economical use of windmill-powered water pumping plants to supply and distribute water to higher elevation pasture fields to enable livestock producers to increase the productivity, profitability and sustainability of their overall grazing system and livestock operation.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
National Association of State Conservation Agencies	Developing National Assessment Standards for Agricultural Certainty to Operate	79,000	79,000	DE	US	This project proposes to develop a comprehensive boilerplate template that will aid States in developing agricultural certainty programs. The template will be derived from the best features of existing certainty programs as well as improvements suggested by a wide array of stakeholder groups. The project will provide training sessions to State agencies that will include an overview of existing programs, steps to take in developing a certainty program, and how to use the template.
National Fish and Wildlife Foundation	Creating a toolkit for assessment and mitigation of agricultural operations to benefit coral reefs	230,000	230,000	DC	GU, AS, MP, PR, VI, HI, FL	This project seeks to fill two critical gaps in understanding that prevent managers from prioritizing and evaluating the success of Environmental Quality Incentives Program investments to coral reefs in real time. The first gap is providing a standardized methodology toolkit across island jurisdictions to evaluate the source of sediments and nutrients that are impacting reefs downstream and the relative inputs coming from agricultural operations to other land-based sources of pollution. The second gap is using new available technologies in genetic markers in corals to test the impact of reducing stressors from agricultural operations to coral reefs in real time.

587

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Nature Serve	Nature Serve and NRCS regional collaboration: Data and technology transfer to enhance & Support Ecological Site Habitat and Wildlife Management	68,000	68,000	VA	MN, WI, IA, IL	The goals of this project are to increase ecological and wildlife knowledge and data accessibility on a local and regional basis to support, enhance and accelerate the development of Ecological Site Descriptions (ESDs). The project will also enhance Wildlife Interpretation sections of ESDs by linking classification information to wildlife species of concern.
North Carolina State University	Refine and Regionalize Southern Phosphorous Assessment Tools Based on Validation and State Priorities	472,962	477,370	NC	AR, FL, GA, KY, MS, NC, OK, SC, TN, TX	The major objective of the project is to coordinate and advance phosphorous management in the South by ensuring that most southern phosphorous assessment tools have been tested based on guidance in the 2011 NRCS 590 standard and compared to water quality data. The project will also use these tools to produce more consistent results across physiographic regions in order to promote greater similarity between regional Phosphorous Index ratings and recommendations.

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North Carolina State University	Ammonia recovery from swine urine liquid with selective membrane technology	293,151	296,634	NC	NC	The overall goal of the project is to demonstrate the operation and feasibility of a permeable membrane system to recover and concentrate ammonia from three waste treatment and collection systems. This technology, which can also be applied to lagoon systems, has the potential to not only prevent significant ammonia volatilization, but to also recover ammonia in a useful and transportable form.
North Carolina State University	Development, evaluation, and demonstration of simple tools for nitrogen credit trading system involving drainage water management	169,792	169,858	NC	NC, OH, MN, IL, IA, IN	The overall goal of this project is to develop, evaluate and demonstrate the use of simple tools to quantify the impacts of drainage water management on the reduction of nitrogen losses from subsurface drained cropland. These tools are essential for any water quality credit trading system that involves the use of drainage water management. The success of this system hinges upon a credible estimate of the nitrogen credit from this Best Management Practice.
North Dakota State University	Drainage, Plant type, Cover Crops Mixtures, Soil Amendments, and Residue Cover Impacts on Soil Health, Crop Nutrient Uptake, Water Quality, and Productivity	915,785	915,785	ND	ND, SD	The project goal is to determine the impact of using controlled drainage to reduce soil sodification, downstream flooding and water quality risks and compare with "free-drainage" systems. The project will develop management and soil amendment guidelines that optimize production on saline- and sodium-affected soils in the

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
	in the Northern Great Plains					Northern Great Plains region. It will also develop non-drainage options that reduce salinization and sodification in high risk soils, maintain wildlife habitat and reduce flooding risks along the Red, Missouri, and Mississippi rivers.
Oklahoma State University	Systems-based cropping 2.0: leveraging soil health demonstrations through Web-based tools	300,690	300,697	OK	OK	This project aims to demonstrate, quantify and communicate the impact of biologically diverse crop rotations on soil chemical, biological and physical properties conducive to soil health. The project will demonstrate and communicate the adaptability and benefits of cover crops and "cover crop cocktails" to farmers, ranchers, Extension personnel and NRCS personnel and develop a web-based plant available water estimator that will provide stakeholder utility beyond the life of the project and increase visibility of Extension and NRCS services.
Purdue University	Systems to Manage Swine Manure After Wheat: Fallow, Soybean, or Cover Crops	177,646	177,698	IN	IN	The overall goal of the project is to demonstrate field management systems (fallow, double-crop soybean, cover crops) for swine and crop producers that capture nutrients from swine manure applications and release these nutrients for the subsequent growing season. Various cover crop systems will be demonstrated for

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						hands-on training and showcases. The project aims to demonstrate the effectiveness of field management systems to maximize the uptake of swine manure after wheat, to optimize the release of nutrients for the subsequent corn crop and to reduce environmental implications of swine manure applications. It also aims to show the establishment rates of field management systems and cover crop strategies with and without swine manure. Finally, the project aims to train producers, Extension educators, NRCS staff, crop professionals and nutrient managers through field days, workshops and winter presentations.
Rocky Mountain Bird Observatory	Informing habitat enhancement and fence-marking projects to increase Greater Sage-grouse and other sagebrush obligate bird populations	256,611	258,526	CO	CO, WY, UT, MT, NV, ID, OR, ND, SD	The project goal is to develop a Decision Support Tool. Decision support systems are important tools in the adaptive management process due to the uncertain nature of managing natural resources. The tool will raise awareness for sagebrush obligate birds and determine most cost-effective fence markers.
Rocky Mountain Front Weed Roundtable	Implementation of a Cost-effective, Broad-scale, Integrated Weed Management Model	220,000	248,139	MT	MT	The project's goal is to change weed management from less effective treatment of established weed patches to cost-effective, integrated weed management using all appropriate techniques. This will be carried out while maintaining or enhancing the

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						ecological and economic health of the Rocky Mountain Front. This project will differ from traditional approaches by focusing on strategies that will maintain agricultural economic values by preventing expansion of weed populations, based on coordinated, strategic focus on the set of highest priority actions with positive economic returns. The project will employ integrated pest management (e.g., prevention, locally successful biological controls, spraying and pulling) to focus on the priority actions necessary to achieve broad-scale success across watersheds and provide a framework for long-term sustainability.
Sotoyome Resource Conservation District	Developing a Water Quality Credit Trading Framework for California Agriculture in a Market with Demand	567,777	567,850	CA	CA	This project proposes to establish crediting rates using the Nutrient Tracking Tool (NTT) and other accepted credit calculation methods (if not currently available in NTT) and integrate other credit calculators used into NTT where possible and appropriate. The project will also define administrative, regulatory and eligibility requirements of credit sellers and establish and refine infrastructure for certification and monitoring for traded credits. It will also assess future supply and demand for the Laguna water

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						quality credit trading market and verify and track certified nutrient load reductions using project-established protocols and a simple, on-line marketplace registry developed for and maintained by the Sotoyome Resource Conservation District (SRCD). These actions will optimize ease of market participation for sellers and future buyers.
Sustainable Conservation	Demonstrate and quantify the effectiveness and economics of a Reciprocating biofilter (ReCip) for removal of lagoon water nitrogen on a commercial dairy in California's san Joaquin Valley	483,950	484,200	CA	CA	The purpose of the proposed CIG project is to demonstrate a simple, low-tech and effective biological wastewater treatment system on a commercial dairy. This demonstration will take place in a region with limited available cropland, highly permeable soils and a shallow groundwater table.
The Curators of the University of Missouri	Multipurpose Cover Crop and Conservation Practices for a Sustainable Agricultural System to Improve Soil Health, Environmental Quality and Farm Productivity	501,850	599,809	MO	MO	This project will demonstrate the environmental benefits of adopting a production system focused on soil health and conservation practices. The project aims to measure in detail reductions in soil erosion, nitrogen, phosphorous, and herbicide losses and some measure of pesticide losses to surface water. It also aims to enhance wildlife richness and diversity by demonstrating increased richness

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						and diversity of wildlife as a result of field edge buffers and cover crops. It also aims to demonstrate the economic benefits of adopting a production system of soil health and conservation practices with the goals of exhibiting increased productivity, decreasing input costs and increasing farm profitability.
The Curators of the University of Missouri	Validate, improve and regionalize phosphorus (P) indices to reduce P loss across the Heartland region	531,622	536,293	MO	IA, KS, MO, NE	This project will advance phosphorous management in the U.S. by developing and demonstrating procedures that ensure Phosphorous Indices are appropriately tested in accordance with the 2012 NRCS 590 Standard by meeting the following objectives: Identifying the most effective strategies for using the Agricultural Policy Environmental Extender, an existing fate-and-transport model, to evaluate Phosphorous iIndices using data from existing watershed and large-plot studies; Evaluating and improve current Phosphorous Index formulations in Iowa, Kansas, Missouri and Nebraska; evaluate and compare potential P Index formulations for use as a regional P Index in the humid regions of Iowa, Kansas, Missouri and Nebraska; Engaging farmers, technical service providers, stakeholder groups, State and regional regulators and State NRCS

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						staff to facilitate acceptance of recommendations in each State, facilitate more consistency across State borders, and demonstrate the utility of validated, calibrated P-indices for reducing P loss and protecting water quality; and Collaborating with similar projects in Chesapeake Bay, the South, and the national overarching CIG project to facilitate application of results to humid regions of the U.S.
The Nature Conservancy	Bundling in-field and off-field nutrient practices to reduce nutrient export, improve drinking water quality, and address hypoxia in the Gulf of Mexico	536,173	536,175	IL	IL	This project will provide landowner outreach and education to increase understanding and stimulate enrollment in innovative conservation practices and programs and implement an adaptive nutrient management program and quantify its environmental performance. The project will also develop and refine replicable and transferable methods for producing watershed maps of tile-drained areas and apply watershed tile maps to guide locations for strategic outreach, wetland placement and monitoring. It will also construct wetlands and quantify their environmental performance. Additionally, the project will quantify the environmental performance of a nutrient management program that bundles in-field and off-field practices for increased nutrient

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						use efficiency and reduced nutrient export and develop and evaluate a watershed-scale management program for sustainable nutrient reduction that integrates ecosystem services (i.e., payment for services) with the nutrient management program developed during this project, previous research, existing watershed plans and current NRCS conservation programs.
The Ohio State University	Evaluating/Updating the Ohio Phosphorus Risk Index Using Field-Scale, Edge-of-Field Monitoring Data	999,987	999,987	OH	OH	This project proposes to evaluate and as necessary revise and update the current Ohio Phosphorous Risk Index through use of field-scale, edge-of-field monitoring data. It will quantitatively, integrate additional Best Management Practice (BMP) options into the Ohio Phosphorous Index and develop a web-based, easy to use, Interactive Geographic Information System (GIS) tool (web-based tool) that allows producers to easily calculate their Ohio Phosphorous Index scores. The project will also choose from a suite of additional BMP options to aid with management decisions to reduce their risk of phosphorous transport (Ohio Phosphorous Index scores). This web-based tool will also be used for education purposes and to actively promote increased implementation of the revised/enhanced Ohio Phosphorous Index. Significant statistical

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						analyses will be required to evaluate/revise the Ohio Phosphorous Index, integrate additional BMP options and to develop the on-line web-based interface.
The Pennsylvania State University	Refining and Harmonizing Phosphorus Indices in the Chesapeake Bay Region to Improve Critical Source Area Identification and to Address Nutrient Management Priorities	801,535	836,728	PA	PA	This regional project will coordinate the testing and revision of phosphorous management tools within the States encompassing the Chesapeake Bay Watershed, with general objectives to harmonize site assessment and nutrient management recommendations with the NRCS 590 standard and to promote consistency within each of the Bay's four major physiographic provinces. This regional project is one of four (three regional, one national) proposed under coordination of SERA-17, with goals to support the refinement of State Phosphorous Indices and to demonstrate their accuracy in identifying the magnitude and extent of phosphorous loss risk and their utility to improve water quality. The proposed project will promote innovations in phosphorous management at State (harmonizing Phosphorous Indices) and local (changes in behavior of farmers and/or technical service providers developing and implementing Phosphorous Indices) levels to enhance the health of the

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						Chesapeake Bay. The project involves six objectives designed to ensure that refinement of Phosphorous Indices is grounded in the best available science, reflects local conditions and concerns and anticipates impacts to water quality and farm management.
The Pennsylvania State University	Maximizing conservation in the Chesapeake Bay watershed with an innovative new 3-way interseeder to early establishment of cover crops in no-till corn and soybean	688,684	694,193	PA	NY, PA, MD	This project proposes to establish on-farm winter cover crop interseeding demonstration trials across the Chesapeake Bay Watershed and document performance of the three-way interseeder. The project will also demonstrate the nutrient management benefits of coupling cover crop interseeding strategies with an online nutrient management tool (Adapt-N) and create case studies of farmers It will also develop region-specific cover crop interseeding recommendations for the Chesapeake Bay Watershed and provide this information to producers through innovative content delivery.
The Regents of the University of California	Optimizing water and nitrogen use efficient tillage and legume cover crop systems for California tomato and cotton production	333,074	333,074	CA	CA	The goals of this project are to demonstrate soil quality improving practices, extend quantitative information on the impacts of different soil management practices that aim to optimize resource use efficiency, increase understanding of the extent to which these practices may improve soil quality, and create greater awareness of the

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						importance of soil quality that will eventually lead to increased adoption of improved precision tillage and cover crop practices. Adoption of these techniques would result in cheaper crop production systems, increased carbon in the soil, reduced fertilizer use and nitrogen losses, and reduce dust.
The Regents of the University of California	Farming for native bees	116,656	120,182	CA	CA	This project proposes to provide a stable, cost-effective and sustainable supplement to honeybee pollination through the establishment of new habitats that will conserve and protect California's native bees. The project will also educate Californians about native bees and their critical importance to agriculture.
The University of Tennessee	Energy Conservation for Organic High Tunnel Production through Rain Water Utilization, Ventilation Management, Soil Mulches and Cover Crops	257,130	257,601	TN	TN	This project proposes to collect, store and irrigate with rainwater captured from high tunnels using gravity pressure or solar power to avoid power consumption from pumping ground water and surface water supplies. This project will manage the passive ventilation systems in high tunnels to create more optimum air temperatures for plant growth without the need for power consuming fans. It will use soil mulches and a row cover inside high tunnels to create more optimum soil and crop canopy temperatures by increasing absorption of solar

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						radiation and reducing night time heat loss without using power consuming heaters. The project will also establish and incorporate winter and summer cover crops in high tunnels to improve soil quality and increase biologically-fixed nitrogen reducing the energy required to produce and transport organic or conventional fertilizer. It will also demonstrate the benefits of energy conserving practices in high tunnel production to promote adoption of these sustainable methods through on-farm demonstrations, field days, workshop presentations and Extension fact-sheets.
The University of Tennessee	On-Farm Production and Utilization of Energy to Meet Wintertime Heating Needs at Broiler Chicken Grow-out Farms	502,916	525,255	TN	TN	This project will demonstrate the affordability, effectiveness, and usability of a hydronic heating system for broiler production houses and utilize readily available biofuel and byproducts as a heating fuel. It also will demonstrate and verify the environmental impact of the heating system and transfer the knowledge gained from the demonstration project.
The University of Vermont and State Agricultural College	Energy savings through holistic planned grazing and management	66,365	66,365	VT	WV, PA, NY, NH, NJ, VT, ME, CT, RI, MA, OH, MD,	The project is designed to assess and demonstrate energy utilization in both environmental and economic terms in order to help farmers adopt appropriate grazing practices to reduce reliance on energy

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
					DE, VA	inputs. It will measure and analyze energy inputs from 200 farms using a range of grazing management practices of which a minimum of 20 will include farms using the holistic planned grazing approach. Included in the analysis will be energy savings from feed or forage production, manure management and use of soil building techniques as compared to synthetic fertilizers.
The Xerces Society, Inc.	Next steps in pollinator conservation: Operations and maintenance, organic habitat restoration, expanding seed mix choices, and assessing conservation effectiveness	997,815	998,751	OR	CA, OR, MN, MI, WI, NJ, PA, MA, NH, FL, WY, MT, IN, TX	This project proposes to develop a Long-Term Operations and Maintenance Guidance for Established Habitats. This will advance the Science of Habitat Restoration Using Organic Technique, will increase the Availability of High Value Plant Materials and will assess the Effectiveness of Restoration for Pollinator Communities.
Tolani Lake Enterprises, Inc	Navajo/Hopi Solar-Powered Irrigation Pumping Systems -- Pilot Demonstration Projects	485,703	487,260	AZ	AZ	The project goal is to demonstrate the environmental, economic and socio-cultural effectiveness and sustainability of solar energy systems for pumping irrigation-quantities of water. The project will also encourage and facilitate the adoption of such systems among Navajo, Hopi and other Tribal Conservation Districts as well as farmers and ranchers in the arid and semi-arid Southwest.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Trout Unlimited	Methow Basin Water Exchange	195,766	424,242	WA	WA	This project builds on the investments of NRCS and other funders in irrigation efficiency through the development of the Methow Basin Water Exchange Cooperative Project (WEC), an innovative approach to enhance instream flows in the Methow River and its two largest tributaries. This will be done while facilitating a formalized water exchange to other agricultural water users. The WEC, inspired by the agricultural governance structures of exchanges and farmer cooperatives, will be supported by participation of local stakeholders including agriculture producers, water users and others providing oversight over integrated habitat and water planning documents. It will ensure the protection of instream flows, sharing of information and identification agricultural water needs such that water transfers to other users would ensure benefits to both fish and farms.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Tuskegee University	Tuskegee University-Black Belt Photo-irrigation Project (TU-2BP)	996,500	1,000,000	AL	AL	The overall purpose of this project is to initiate effective demonstrations on limited resource farmers, new and beginning farmers and socially disadvantaged farmers that provide the steady production capacity needed to meet the market opportunities that have become available because commercial retailers are seeking to market locally and sustainably grown produce to customers who heavily weigh healthy and environmentally friendly decisions.
University of Arkansas	Identify Methods to Refine Phosphorus Indices and Synthesize and Extend Lessons and Outcomes from Three Regional Indexing Efforts	57,924	57,924	AR	DE, MD, NY, PA, VA, WV, IA, KS, MO, NE, AR, FL, GA, KY, MS, NC, OK, SC, TN, TX	The overall goal of the project is to develop a national database of existing plot- and watershed-scale sites with more than three years of water quality measurement (flow and phosphorous concentration) and sufficient land management information to populate phosphorous indices and predictive models approved under the 590 Standard. This project will compare Phosphorous Index risk assessments with water quality data and validated predictive models for the combined field and watershed sites. It will also synthesize, summarize and describe the science-based information and lessons learned from the three regional Phosphorous Index assessment projects (i.e., Chesapeake Bay Watershed, the Heartland Region, and Southern

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
						States) and build a harmonized framework that yields consistent P-based risk assessment across the U.S.
University of Arkansas Division of Agriculture, Cooperative Extension Service	Expanding the Implementation Capacity of Practice 799	969,296	969,300	AR	AR	The goals are to demonstrate the Lower-Cost Sampling Devices for Edge-of-Field Monitoring in the Lower Mississippi River Valley. The project will demonstrate telemetry options for prototype intermittent stream gauge to reduce travel costs and develop and deliver an Edge-of-Field Monitoring Training Program.
University Of Delaware	Innovative Approaches to Capture Nitrogen and Air Pollutant Emissions from Poultry Operations	967,461	967,461	DE	DE, AR, PA	The overall goal of the project is to help broiler producers adopt viable, practical, economical and effective strategies to improve their environmental performance, meet applicable Federal and State requirements on air and water quality and to achieve strong, sustainable productive and profitable broiler producing operations. Demonstration sites will be broiler producers in Arkansas, Delaware and Pennsylvania.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Vermont Agency of Agriculture, Food & Markets	Nutrient trading system establishment in Vermont	781,226	781,226	VT	VT	The project goals are to establish and implement an innovative, flexible, cost-effective water quality trading initiative to achieve net reductions in phosphorus loadings into Lake Champlain. The project will involve and improve collaboration among point sources (publicly owned waste water treatment facilities and municipalities) and nonpoint sources (farming sector) and identify cost- effective solutions for achieving phosphorus load reductions. It will also provide incentives to achieve phosphorus reductions from point sources and non-point sources and spur producers to implement best management practices beyond the regulatory requirements by using a nutrient trading model. The project will also achieve other benefits, including enhanced ecosystem function, improved soil management at the farm, improved economic viability of the farming sector and greater food security.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
West Virginia University Research Corporation	Improving soil health and nutrient recycling with cover crops for beginning high tunnel specialty crop growers	82,911	89,635	WV	WV	The project purpose is to demonstrate the integration of cover crops to high tunnel production systems. The additive effects of high tunnels and cover crops will be demonstrated to beginning, limited resource high tunnel producers. Cover crops will be shown to facilitate rotations, as well as improving soil health, reducing soil moisture evaporation, fertilizer application, secondary tillage and weed emergence.
Willamette Partnership	Multi-state Agency guidance for water quality trading: State agencies building shared trading policies & tools for the Pacific Northwest and beyond	1,589,751	1,607,240	OR	OR, WA, ID	The primary objective of this effort is to secure multi-state consensus and Environmental Protection Agency support for a Joint Regional Agreement that will include: multi-state agency guidance; general restoration project and Best Management Practices quality standards; credit tracking procedures; and accounting methods for "credits" that can be used in water quality trading for nutrients (nitrogen and phosphorus) and temperature in Oregon, Washington and Idaho. All three of these States and Environmental Protection Agency have some form of guidance or framework in place to inform water quality trading, providing a strong foundation from which to develop a Joint Regional Agreement.

FISCAL YEAR 2012 CIG REPORT

Recipient	Project Title	Federal Funds	Non-Federal Funds	Recipient Location	Project Area	Purpose
Wy'East Resource Conservation and Development Council, Inc	VARIABLE SPEED DRIVE ENERGY OPTIMIZATION	163,645	166,349	OR	OR	The project results will detail the best practices for irrigation pumps with an existing variable speed drive (VSD) and future VSD systems. Actual energy savings, water savings and emissions reductions will be reported for each of the three years. Practical control algorithms will be provided based on energy conservation, watering uniformity and simplicity of operation. The data collected and criteria's established will be transferable to all irrigation pumping systems that utilize VSDs. The project is innovative because it builds on an energy savings device that is currently being used and takes the technology to the next level resulting in additional energy conservation. The focus is on energy efficiency, reduced water consumption and meeting the producer's needs.
Total		26,102,247	27,462,419			

COOPERATIVE CONSERVATION PARTNERSHIP INITIATIVE

Mr. Aderholt: Please provide a list of the Cooperative Conservation Partnership Initiative grants awarded in fiscal year 2012. Please include information on the recipient, State where the recipient is located, amount of the award, purpose, and whether any nonfederal funding was provided.

Response: NRCS enters into Cooperative Conservation Partnership Initiative agreements (not grants) with recipients. The overall funding for four-year agreements starting in fiscal year (FY) 2012 was $79,429,934. The total funding for the first year of the agreements in FY 2012 was $8,359,768. The partner contribution is the value of in-kind services the partner anticipates providing in the life-span of the agreement. The remaining years of the awards are based on the availability of funds. The agreements allocate funds through covered programs (the Environmental Quality Incentives Program, the Wildlife Habitat Incentives Program, the Chesapeake Bay Watershed Initiative, and the Conservation Stewardship Program). Each fiscal year, NRCS can award up to six percent of program funds of each program's fiscal year allocation.

[The information follows:]

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
Bayou Meto Water Management District	AR	$607,225	$4,866,043	$3,707,300	$496,708	$9,677,276	To reduce nitrogen, phosphorous and sediment delivery to the edge of the field by 30 percent.	$2,395,100
Bayou Meto Water Management District	AR	618,395	4,959,126	3,779,905	522,592	9,880,018	To improve water quality by reducing nitrogen, phosphorous and sediment loading. To improve wildlife habitat and restore wetlands.	677,500

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
East Arkansas Enterprise Community, Inc.	AR	64,190	485,328	605,347	60,010	1,214,875	To improve water quality by reducing nitrogen, phosphorous and sediment loading. To improve wildlife habitat and restore wetlands.	319,000
MS County Conservation District	AR	495,163	2,475,817	1,931,137	49,515	4,951,632	To reduce nitrogen, phosphorous and sediment delivery to the watershed, Mississippi River and Gulf of Mexico.	871,000

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
White River Irrigation District	AR	973,022	4,865,110	3,794,786	97,302	9,730,220	To reduce nitrogen, phosphorous and sediment delivery to the watershed, Mississippi River and Gulf of Mexico.	2,301,850
Phillips County Conservation District	AR	529,531	1,127,496	1,127,483	160,000	2,944,510	To reduce nitrogen, phosphorous and sediment delivery to the Big Watershed.	282,960
Arkansas County Conservation District	AR	632,286	3,161,431	2,465,916	63,229	6,322,862	To optimize nutrient management, reduce downstream nutrient loads, maintain agricultural productivity,	640,000

COOPERATIVE PARTNERSHIP AGREEMENTS

Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
							and enhance wetlands, wildlife and other ecosystem services.	
Jackson County Conservation District	AR	222,900	1,016,000	1,064,000	719,000	3,021,900	To implement field management practices to prevent leaching of nitrogen and keep sediment and phosphorus in the field, while at the same time maintaining agricultural production.	Unquantified in-kind
Crittenden Conservation District	AR	159,627	512,054	512,054	134,551	1,318,286	To reduce nutrient and sediment losses.	37,000

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
Buena Vista SWCD	IA	332,666	624,511	584,574	-	1,541,751	To implement field management practices to prevent leaching of nitrogen and keep sediment and phosphorus in the field, while at the same time maintaining agricultural production.	Unquantified in-kind
Jackson SWCD	IA	140,559	435,020	414,703	260,851	1,251,133	To reduce nitrogen and phosphorous loading.	Unquantified in-kind
Delaware Co SWCD	IA	239,000	982,519	1,207,503	1,241,862	3,670,884	To improve water quality by reducing nitrogen, phosphorous and sediment loading. To improve	10,000

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
							wildlife habitat and restore wetlands.	
Chickasaw SWCD	IA	67,020	624,956	728,610	514,267	1,934,853	To reduce nutrient and sediment loading in the Cedar River.	Unquantified in-kind
Kentucky Division of Conservation	KY	500,000	1,500,000	2,000,000	2,500,000	6,500,000	To improve water quality by reducing nitrogen, phosphorous and sediment loading. To improve wildlife habitat and restore wetlands. Extensive outreach.	2,000,000

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
Stearns SWCD	MN	197,700	222,700	222,700	222,700	865,800	To reduce nitrogen and phosphorus contributions while improving the functionality of the ecosystems and supporting agricultural productivity.	90,000
Putman Co SWCD	MO	50,000	350,000	350,000	350,000	1,100,000	To reduce nutrients and sediment.	135,476
Macon County SWCD	MO	376,668	403,984	450,984	468,364	1,700,000	To accelerate conservation to improve water quality, maintain agricultural productivity and improve wildlife	214,564

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
							habitat.	
Randolph SWCD	MO	366,188	608,420	623,445	592,250	2,190,303	To accelerate conservation to improve water quality, maintain agricultural productivity and improve wildlife habitat.	181,231
Stoddard County SWCD	MO	540,653	585,203	585,203	540,652	2,251,711	To reduce nutrient and sediment runoff.	163,333

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
MS SWCC	MS	99,688	99,688	99,687	99,687	398,750	To reduce nutrient and sediment runoff from agricultural sources.	Unquantified in-kind
Mercer SWCD	OH	700,000	1,000,000	1,000,000	1,000,000	3,700,000	To improve water quality by reducing nutrient and sediment runoff.	Unquantified in-kind
Roberts Conservation District	SD	247,287	442,578	608,858	639,447	1,938,170	To accelerate conservation to improve water quality, maintain agricultural productivity and improve wildlife habitat.	123,100

COOPERATIVE PARTNERSHIP AGREEMENTS								
Recipient	Recipient Location	FY 2012	FY 2013	FY 2014	FY 2015	Total Federal Funding	Purpose	Non-Federal Funding
Dane County Land and Water Resource District	WI	200,000	350,000	350,000	425,000	1,325,000	To identify highest sources of agricultural nitrogen and phosphorous, and target conservation efforts to reduce nutrient and sediment loading.	13,000,000
Totals		8,359,768	31,697,984	28,214,195	11,157,987	79,429,934		23,442,114

CONSERVATION SECURITY PROGRAM

Mr. Aderholt: For the Conservation Security Program, please provide the total number of existing contracts, including the funding associated with them, their location (State), the number of years remaining on the contracts and the total estimated payments.

Response: The following table summarizes the number of active Conservation Security Program (CSP) contracts by State and funding associated with them, their location number of years remaining on the contract and the total estimate of payments.

[The information follows:]

Conservation Security Program Contract Information

State	Existing Contracts	Contracts Expiring by Fiscal Year					Remaining Cost ($) 2013-2017
		2013	2014	2015	2016	2017	
Alabama	83	1	41	41	-	-	$2,555,812
Alaska	6	-	2	4	-	-	43,062
Arizona	11	-	7	4	-	-	383,852
Arkansas	659	73	527	58	1	-	6,375,213
California	326	-	234	51	41	-	5,171,867
Caribbean	3	2	1	-	-	-	6,783
Colorado	205	-	77	128	-	-	5,118,199
Connecticut	12	-	2	10	-	-	45,711
Delaware	33	-	16	17	-	-	594,634
Georgia	141	34	50	55	-	2	3,078,472
Hawaii	8	-	2	6	-	-	317,077
Idaho	442	16	240	185	1	-	21,734,939
Illinois	524	172	312	39	-	1	8,677,408
Indiana	462	109	298	53	-	2	8,729,238
Iowa	1,241	134	1,002	99	-	6	30,395,050
Kansas	448	53	360	34	-	1	10,142,333

State	Existing Contracts	Contracts Expiring by Fiscal Year					Remaining Cost ($) 2013-2017
		2013	2014	2015	2016	2017	
Kentucky	45	-	24	20	-	1	213,800
Louisiana	18	-	15	-	-	3	247,256
Maine	27	-	2	25	-	-	244,829
Maryland	259	4	143	106	-	6	2,835,134
Massachusetts	3	-	-	-	-	3	12,490
Michigan	444	55	278	108	-	3	7,285,602
Minnesota	307	39	253	14	1	-	8,154,672
Mississippi	38	-	18	20	-	-	453,665
Missouri	1,143	51	807	278	-	7	39,947,753
Montana	321	38	230	50	-	3	14,528,313
Nebraska	809	38	355	363	5	48	14,847,155
Nevada	29	-	27	2	-	-	301,606
New Jersey	16	-	3	13	-	-	235,540
New Mexico	68	12	56	-	-	-	1,308,396
New York	88	70	15	3	-	-	464,864
North Carolina	40	1	38	1	-	-	1,189,771
North Dakota	236	-	156	74	-	6	10,374,806
Ohio	903	218	343	338	-	4	19,421,694
Oklahoma	536	77	47	410	-	2	4,156,133
Oregon	882	134	654	94	-	-	34,670,763
Pacific Basin	5	-	-	5	-	-	43,071
Pennsylvania	122	19	66	35	-	2	648,252
Rhode Island	6	-	3	3	-	-	11,904
South Carolina	159	46	69	44	-	-	2,540,516

State	Existing Contracts	Contracts Expiring by Fiscal Year					Remaining Cost ($) 2013-2017
		2013	2014	2015	2016	2017	
South Dakota	59	-	26	31	-	2	1,733,949
Tennessee	49	-	14	35	-	-	530,435
Texas	68	11	48	9	-	-	1,908,106
Utah	134	-	61	72	-	1	5,096,301
Vermont	3	-	2	-	-	1	46,758
Virginia	56	-	41	15	-	-	348,451
Washington	225	16	167	38	-	4	9,066,475
West Virginia	63	-	6	56	-	1	438,397
Wisconsin	479	173	178	127	-	1	5,086,839
Wyoming	111	-	54	57	-	-	2,800,529
TOTALS	12,355	1,596	7,370	3,230	49	110	294,563,875

Data Source: ProTracts FY 2012 End of Year Report

Mr. Aderholt: How many new conservation practices were installed under the Conservation Security Program?

Response: Please find below a table that identifies the number of new conservation practices and enhancements installed by practice. In particular, there were 54,002 new conservation practices installed under the Conservation Security Program.

[The information follows:]

Practices Installed in FY 2012 from
Conservation Security Program Contracts

Practice	Practice Name	Practice Count
314	Brush Management	1
328	Conservation Crop Rotation	3
329A	Residue Management, No-Till/Strip Till	3
342	Critical Area Planting	1
380	Windbreak/Shelterbelt Establishment	1
382	Fence	4
393	Filter Strip	2
410	Grade Stabilization Structure	1
412	Grassed Waterway	1
422	Hedgerow Planting	1
516	Livestock Pipeline	3
561	Heavy Use Area Protection	1
585	Strip cropping	1
590	Nutrient Management	3
595	Integrated Pest Management (IPM)	3
614	Watering Facility	1
648	Wildlife Watering Facility	3
EAM	Enhancement - Air Resource Management	1,667
EDR	Enhancement - Drainage Management	254
EEM	Enhancement - Energy Management	9,956
EGM	Enhancement - Grazing Management	3,719
EHM	Enhancement - Habitat Management	7,361
ENM	Enhancement - Nutrient Management	9,711
EPL	Enhancement - Plant Management	134
EPM	Enhancement - Pest Management	9,444
ESL	Enhancement - Salinity Management	13
ESM	Enhancement - Soil Management	9,859
EWM	Enhancement - Water Management	1,851
	Total	54,002

Data Source: ProTracts - FY 2013 2nd QTR

CONSERVATION STEWARDSHIP PROGRAM

Mr. Aderholt: Please provide the number of acres per year that have been enrolled in the Conservation Stewardship Program? How many will be enrolled in fiscal year 2013? What is the average cost per acre of all enrolled contracts? What is the average acreage enrolled per farm?

Response: The table below identifies the number of acres per year that have been enrolled and remain active in the Conservation Stewardship Program. NRCS estimates that 12.2 to 12.6 million new acres will be enrolled in fiscal year 2013. The average financial assistance cost per acre for all enrolled contracts is $13.51. The average acreage enrolled per farm is 1,275 acres.

[The information follows:]

CONSERVATION STEWARDSHIP PROGRAM ACTIVE ACRES

Year	Active Acres
2010	24,503,985
2011	12,595,489
2012	12,109,448
Average Financial Assistance Cost/Acre	$13.51
Average Acres per Farm	1,275

Data Source: Conservation Stewardship Program 2012 Report

Note: FY 2010 had two signups. The Office of Management and Budget authorized enrolling more than 12,769,000 in FY 2010. Acres in excess of 12,769,000 for FY 2010 represent rolled over acres from the FY 2009 enrollment target. Applications from the first sign up were evaluated at the end of FY 2009 and the contracts were signed in FY 2010.

Mr. Aderholt: How much funding was allocated to maintain existing practices and how much was allocated for new practices in fiscal year 2012 for the Conservation Stewardship Program? How much is estimated to be allocated for these purposes in fiscal year 2013?

Response: The table below identifies the financial assistance amount of funding allocated to existing practices and to new practices in FY 2012 and estimated for FY 2013.

[The information follows:]

CONSERVATION STEWARDSHIP PROGRAM PRACTICES

Practices	2012 Actuals	2013 Estimates
Existing	$73,993,854	$77,000,000
New	94,173,996	98,000,000

Data Source: NRCS Protracts 10 02 2012.

WETLANDS RESERVE PROGRAM

Mr. Aderholt: Please provide a chart showing the cumulative total number of acres enrolled in permanent easements, 30-year easements, 30-year agreements with Tribes, and restoration cost-share agreements in the Wetlands Reserve Program. Please also provide the actual acreage enrollment by category for fiscal year 2012.

Response: Table 1 below includes the cumulative total number of acres enrolled in permanent easements, 30-year easements, 30-year agreements with Tribes, and restoration cost-share agreements in the Wetlands Reserve Program (WRP). Table 2 below provides the actual acreage enrollment by category for fiscal year 2012.

[The information follows:]

Table 1: WRP Cumulative Enrolled Acres by Enrollment Type Fiscal Years 1992 - 2012

Enrollment Type	Cumulative Acres
30-Year Easement	451,186
Permanent Easement	2,073,291
Restoration Cost-Share Agreement	124,601
30-Year Contracts with Tribes	3,043
Total	2,652,121

Source: NEST, October 4, 2012

Note: Enrollments include active and completed agreements enrolled during respective fiscal years. Enrollment acreages are subject to change (e.g. agreement may be cancelled; acres may increase or decrease due to survey, etc.).

Table 2: WRP Enrolled Acres by Enrollment Type Fiscal Year 2012

Enrollment Type	Acres
30-Year Easement	42,366
Permanent Easement	136,998
Restoration Cost-Share Agreement	703
30-Year Contracts with Tribes	682
Total	180,749
Source: NEST, October 4, 2012	

Note: Enrollments include active and completed agreements enrolled during respective fiscal years. Enrollment acreages are subject to change (e.g. agreement may be cancelled; acres may increase or decrease due to survey, etc.)

Mr. Aderholt: How much funding was allocated to permanent easements, 30-year easements, 30-year agreements with Tribes, and restoration cost-share agreements in fiscal year 2012 in the Wetlands Reserve Program? What is the technical assistance cost associated with each?

Response: The total funding obligated to enroll permanent easements, 30-year easements, 30-year contracts with Tribes and restoration cost-share agreements in fiscal year 2012 in the Wetlands Reserve Program (WRP) is shown in the table below.

The WRP technical assistance obligated in fiscal year 2012 was approximately $59.4 million. The NRCS time accounting system does not record time at the enrolment type level, thus NRCS does not have data for technical assistance at this scale.

[The information follows:]

Wetlands Reserve Program Fiscal Year 2012 Funding Summary by Agreement Type	
Agreement Type	Amount
30-Year Easements & 30-Year Contract with Tribes	$48,302,364
Permanent Easements	298,971,820
Restoration Agreements Associated with Easements or 30-Year Contracts with Tribes	a/125,114,420
Restoration Cost-Share Agreements	1,333,452

a/ Data is not available to break out funding for Restoration Agreements associated with Easements or 30-year Contracts with Tribes by type of agreement.

Mr. Aderholt: What was the average cost of permanent easements, 30-year easements, 30-year agreements with Tribes, and restoration cost-share agreements for the Wetlands Reserve Program for fiscal year 2012?

Response: The fiscal year 2012 average cost of permanent easements, 30-year easements, 30-year contracts with Tribes, and restoration cost-share agreements for the Wetlands Reserve Program is identified in the table below.

[The information follows:]

Wetlands Reserve Program Fiscal Year 2012 Summary of Average Cost by Agreement Type	
Type of Agreement	Average Cost per Agreement
30-Year Easements & 30-Year Contract with Tribes	$167,716
Permanent Easements	434,552
Restoration Cost-Share Agreement	66,672

Mr. Aderholt: Please provide a chart showing WRP enrollments, including acres, contracts and associated funding by State.

Response: The chart below includes fiscal year 2012 Wetlands Reserve Program (WRP) enrollments by State. The data includes number of agreements, acres enrolled, and the associated costs. The associated costs are represented by both financial and technical assistance funds obligated at the

State level in fiscal year 2012. Fiscal year 2012 obligations include obligations for both 2012 enrollments and associated costs for 2012 and other year enrollments. Financial data should not be incorporated with programmatic enrollment data to derive a cost per acre or cost per agreement as the inclusion of other year enrollment financial data will cause a skewed average.

[The information follows:]

Fiscal Year 2012 WRP Enrollments and Obligations by State

State	Total Count of Agreements	Total Sum of Enrolled Acres	Financial Assistance Associated Costs Obligations (in thousands)	Technical Assistance Associated Costs Obligations (in thousands)
Alabama	15	1,442	$7,507	$1,165
Alaska	-	-	10	5
Arizona	-	-	7	122
Arkansas	48	9,509	26,559	3,736
California	33	9,496	35,655	2,440
Colorado	1	219	970	334
Connecticut	-	-	29	46
Delaware	2	140	621	106
Florida	10	23,099	74,801	4,255
Georgia	20	8,037	13,011	1,037
Hawaii	1	2	55	155
Idaho	7	606	2,496	270
Illinois	12	1,419	5,666	1,159
Indiana	23	929	7,883	1,246
Iowa	53	4,814	29,072	2,296
Kansas	8	505	2,406	732
Kentucky	28	4,331	15,235	900
Louisiana	55	19,427	37,587	6,916
Maine	1	2	384	101
Maryland	14	1,715	5,654	721
Massachusetts	2	210	2,540	141
Michigan	13	596	3,813	692
Minnesota	106	11,897	27,434	3,130
Mississippi	33	7,700	21,616	2,026
Missouri	53	5,259	17,124	1,916
Montana	10	1,401	2,993	552

State	Total Count of Agreements	Total Sum of Enrolled Acres	Financial Assistance Associated Costs Obligations (in thousands)	Technical Assistance Associated Costs Obligations (in thousands)
Nevada	2	6,136	3,982	137
New Hampshire	19	1,608	12,000	593
New Jersey	4	193	1,087	157
New Mexico	2	182	926	106
New York	29	1,339	6,163	1,839
North Carolina	7	1,202	8,734	1,610
North Dakota	93	14,383	15,185	3,049
Ohio	17	1,122	5,517	694
Oklahoma	19	2,424	6,735	1,321
Oregon	5	3,251	13,831	1,965
Pennsylvania	30	1,766	10,018	1,010
Puerto Rico	-	-	-	44
Rhode Island	1	65	542	37
South Carolina	9	892	1,916	504
South Dakota	91	11,026	22,693	1,788
Tennessee	25	4,921	15,785	1,491
Texas	17	10,254	20,213	3,216
Utah	-	-	57	197
Vermont	4	215	1,107	111
Virginia	9	203	1,084	257
Washington	2	55	2,643	351
West Virginia	3	26	140	101
Wisconsin	24	1,950	7,456	799
Wyoming	8	656	1,455	664
Total	996	180,749	513,921	59,626

Mr. Aderholt: How many WRP contracts, including acres and associated costs, have been sold or transferred since the contract was first signed? How many contracts are held by States and organizations?

Response: There are 844 WRP easements with approximately 194,000 associated acres that have been identified as being transferred in the National Easement Staging Tool as of October 4, 2012. As no acquisition payments are received by a new landowner after the easement has been purchased, no associated costs are identified. There are approximately 550 WRP easements where the land encumbered by the easement is owned by State and local governments.

Mr. Aderholt: How many WRP tracts were monitored in fiscal year 2012? How many were found to have problems or otherwise be out of compliance?

Response: In fiscal year 2012, NRCS monitored 9,769 WRP easements for landowner compliance with the terms and conditions of the agreements. When monitoring easements, NRCS determines what activities are allowed based on the WRP deed reserved rights, prohibitions, and any Compatible Use Authorizations (CUAs) that have been issued. CUAs permit WRP landowners to engage in activities outside of their reserved rights when NRCS has determined that the activity is consistent with the long term protection and enhancement of the easement.

In fiscal year 2012, NRCS identified 1,278 easements, or 13 percent of the total monitored, as having problems that require follow-up action. Problems that require follow-up actions do not imply wrong doing and range from items such as habitat management actions that are easily correctable (e.g., mowing vegetation or removing boards from water control structures inconsistent with the easement management plan) to major issues, such as prohibited structures. The vast majority of non-compliant activities are easily correctable, while major violations (e.g., constructing buildings or unauthorized harvesting of timber) comprise less than two percent of non-compliant activities.

GRASSLAND RESERVE PROGRAM

Mr. Aderholt: Please provide a chart showing the cumulative total number of acres enrolled in rental contracts, permanent easements and restoration agreements in the Grasslands Reserve Program. Please also provide the actual acreage enrollment by category for fiscal year 2012.

Response: The cumulative total number of Grassland Reserve Program (GRP) acres enrolled in easements and rental contracts is represented in the first chart below. The cumulative number of easements includes both permanent easements and 30-year easements. Thirty year easements were removed as an enrollment option by the Food Conservation and Energy Act of 2008. The second chart below includes the actual GRP easements and rental contract acreage enrollment for fiscal year 2012. Restoration agreements are not an enrollment option; all GRP restoration agreements are associated with easements and rental contracts.

[The information follows:]

Cumulative Acres Enrolled in
GRP for Fiscal Years 2003-2012

Type	Acres
Permanent and 30 year Easements	343,462
Rental Contracts	1,332,956

Number of Acres Enrolled in GRP
Fiscal Year 2012

Type	Acres
Permanent Easements	49,801
Rental Contracts	227,715

Mr. Aderholt: How much funding was allocated to rental contracts, permanent easements and restoration agreements in fiscal year 2012 in the Grasslands Reserve Program? What is the technical assistance cost associated with each?

Response: NRCS and the Farm Service Agency (FSA) jointly administer the Grassland Reserve Program (GRP). NRCS administers the easement enrollment and FSA administers the rental contract enrollment. In fiscal year 2012, NRCS and FSA allocated over $55.9 million to enroll permanent easements and fund the associated restoration agreements, and over $14.9 million to enter rental contracts. GRP restoration agreements are not an enrollment option; they are always associated with a GRP easement or rental contract.

In fiscal year 2012, the GRP technical assistance costs for both easements and rental contracts were approximately $6.1 million. Of that amount, FSA provided $1.6 million in technical assistance that was funded by NRCS through a reimbursable agreement with FSA.

Mr. Aderholt: What was the average cost of rental agreements, permanent easements and restoration agreements in the Grasslands Reserve Program in fiscal year 2012?

Response: The average cost per acre of Grassland Reserve Program (GRP) rental agreement and permanent easements including the associated restoration agreements is listed in the table below. Under GRP, restoration agreements are always associated with either an easement or rental contract enrollment.

[The information follows:]

Grassland Reserve Program Fiscal Year 2012 Summary of Average Costs per acre by Enrollment Type	
Type of Agreement	Average Cost Per Acre
Permanent Easements	$1,123
Rental Contracts	66

Mr. Aderholt: How many cooperative agreements has NRCS entered into under the Grasslands Reserve Program? Please list the name and location of each current cooperator.

Response: NRCS has entered into eight cooperative agreements through the Grasslands Reserve Program (GRP). The chart below includes the name of cooperators and the State where the GRP agreement is located.

[The information follows:]

GRP Cooperative Agreements

GRP Cooperating Entity	State
American Land Conservancy	California
California Rangeland Trust	California
Ranchland Trust of Kansas Inc.	Kansas
San Isabel Land Protection Trust	Colorado
State of Connecticut (2)	Connecticut
The Nature Conservancy	Colorado
Triangle Land Conservancy	North Carolina

FARM AND RANCH LANDS PROTECTION PROGRAM

Mr. Aderholt: How many acres have been enrolled through the Farm and Ranch Lands Protection Program since 2008? How many acres were enrolled in fiscal year 2012 and are estimated to be enrolled in fiscal year 2013?

Response: Since FY 2008, NRCS has enrolled 584,998 acres through the Farm and Ranch Lands Protection Program. NRCS enrolled 149,744 acres in fiscal year 2012, and estimates that approximately 135,000 acres will be enrolled in fiscal year 2013.

Mr. Aderholt: How many States and organizations participate in the program? Please provide a list of these entities.

Response: All States are eligible to participate in the Farm and Ranch Lands Protection Program (FRPP). In fiscal years 2009, 2010, 2011, and 2012 a total of 286 cooperating entities participated in FRPP cooperative agreements, although not all entities participated in all years. A complete list of these entities, by State, is provided below. Please note that some entities are listed for multiple States, so the total number shown below is greater than 286.

[The information follows:]

FRPP Cooperating Entities Participating in
Fiscal Year 2009, 2010, and 2012 Agreements by State

State	Name of Entity
Alabama	State Of Alabama
Alaska	Alaska Farmland Trust
Arizona	Arizona Land & Water Trust
California	American Land Conservancy
California	American River Conservancy
California	California Rangeland Trust
California	Central Valley Farmland Trust
California	City Of Davis - Community Development & Sustainability
California	City Of Davis -Public Works Department
California	Ducks Unlimited
California	Eastern Sierra Land Trust
California	Marin Agriculture Land Trust
California	Middle Mountain Foundation
California	Northcoast Regional Land Trust
California	Northern Cal Regional Land Trust
California	San Joaquin Council Of Governments
California	Sequoia Riverlands Trust
California	Solano Land Trust
California	State Of California Department Of Conservation
California	Trust For Public Land
California	Yolo Land Trust
Colorado	Aspen Valley Land Trust
Colorado	Boulder County Parks & Open Space
Colorado	City Of Fort Collins
Colorado	Colorado Cattlemen's Agricultural Land Trust
Colorado	Colorado Open Lands
Colorado	Gunnison Ranchland Conservation Legacy
Colorado	Mesa Land Trust
Colorado	Montezuma Land Conservancy
Colorado	Palmer Land Trust
Colorado	Rio Grande Headwaters Land Trust
Colorado	San Isabel Land Protection Trust
Colorado	The Nature Conservancy
Colorado	The Trust For Public Land
Colorado	Valley Land Conservancy
Connecticut	City Of Middletown
Connecticut	Connecticut Farmland Trust
Connecticut	Cornwall Conservation Trust

State	Name of Entity
Connecticut	Goshen Land Trust
Connecticut	Sharon Land Trust
Connecticut	Simsbury Land Trust Inc.
Connecticut	Southbury Land Trust Inc.
Connecticut	State Of Connecticut
Connecticut	Town Of Bethany
Connecticut	Town Of Bloomfield
Connecticut	Town Of Cromwell
Connecticut	Town Of Ellington
Connecticut	Town Of Hampton
Connecticut	Town Of Lebanon
Connecticut	Town Of New Milford
Connecticut	Town Of Pomfret
Connecticut	Town Of Southbury
Connecticut	Town Of Suffield
Connecticut	Town Of Woodstock
Connecticut	Wintonbury Land Trust
Delaware	Delaware Agricultural Lands Preservation Foundation
Delaware	State Of Delaware Department Of Agriculture
Delaware	State Of Delaware
Florida	Alachua County
Florida	Florida Department Of Agriculture
Florida	Miami Dade County
Florida	Saint Johns River Water Management District
Florida	Southwest Florida Water Management District
Georgia	Athens Land Trust
Georgia	Carroll County Commissioner
Georgia	Oconee County Board Of Commission
Hawaii	Hawaiian Islands Land Trust
Hawaii	Molokai Land Trust
Hawaii	State Of Hawaii
Idaho	Sagebrush Steppe Regional Land Trust
Idaho	Teton Regional Land Trust
Idaho	The Nature Conservancy
Illinois	Kane County
Kansas	Kansas Land Trust Inc.
Kansas	Ranchland Trust Of Kansas Inc.
Kansas	The Nature Conservancy
Kentucky	Civil War Preservation Trust
Kentucky	Fayette County Rural Land Management Board Inc.

State	Name of Entity
Kentucky	Scott County Rural Land Management Board Inc.
Maine	Great Works Regional Land Trust
Maine	Kennebec Estuary Land Trust
Maine	Kittery Land Trust Inc.
Maine	Maine Coast Heritage Trust
Maine	Maine Farmland Trust
Maine	Upper Saco Valley Land Trust
Maryland	Cecil Land Trust
Maryland	Eastern Shore Land Conservancy
Maryland	Lower Shore Land Trust
Maryland	Prince Georges Soil Conservation District
Maryland	Queen Anne's County
Maryland	Worcester County Commissioners
Massachusetts	Buzzards Bay Coalition, Inc.
Massachusetts	Commonwealth Of Massachusetts
Michigan	Acme Township
Michigan	Ann Arbor Charter Township
Michigan	Barton Hills Village
Michigan	Chikaming Open Lands
Michigan	City Of Ann Arbor
Michigan	Ingham County Treasurer
Michigan	Kent County Register Of Deeds
Michigan	Leelanau Conservancy
Michigan	Legacy Land Conservancy
Michigan	Salem Township
Michigan	Scio Township
Michigan	State Of Michigan
Michigan	Walloon Lake Trust And Conservancy
Michigan	Washtenaw County
Michigan	Webster Township
Minnesota	Dakota County Treasurer
Missouri	Civil War Preservation Trust
Missouri	Ozark Regional Land Trust
Missouri	Ozarks Greenways
Montana	Bitter Root Land Trust Inc.
Montana	Five Valleys Land Trust
Montana	Flathead Land Trust
Montana	Gallatin Valley Land Trust
Montana	Montana Department Of Fish Wildlife And Parks
Montana	Montana Land Reliance

State	Name of Entity
Montana	Rocky Mountain Elk Foundation
Montana	The Nature Conservancy
Nebraska	Papio-Missouri River Natural Resources District
Nebraska	Sandhills Task Force
Nebraska	The Nature Conservancy
Nebraska	The Nebraska Land Trust
Nevada	American Land Conservancy
Nevada	Lahontan Valley Land And Water Alliance
Nevada	Nevada Land Conservancy
Nevada	Ranch Open Space Of Nevada Inc.
Nevada	The Nature Conservancy
New Hampshire	Ausbon Sargent Land Preservation Trust
New Hampshire	City Of Nashua
New Hampshire	Five Rivers Conservation Trust
New Hampshire	Londonderry Conservation Commission
New Hampshire	Manchester Water Works
New Hampshire	New England Forestry Foundation
New Hampshire	Pembroke Conservation Commission
New Hampshire	Rockingham County Conservation District
New Hampshire	Russell Piscataquog River Watershed Foundation
New Hampshire	Rye Conservation Commission
New Hampshire	Sanbornton Conservation Commission
New Hampshire	Society for the Protection of New Hampshire Forests
New Hampshire	Southeast Land Trust Of New Hampshire
New Hampshire	Strafford County Conservation District
New Hampshire	The Monadnock Conservancy
New Hampshire	The Trust For Public Land
New Hampshire	Town Of Andover
New Hampshire	Town Of Lee
New Hampshire	Town Of Loudon
New Hampshire	Town Of New Boston
New Hampshire	Town Of Stratham
New Jersey	D&R Greenway Land Trust
New Jersey	Hunterdon Land Trust
New Jersey	Hunterdon Land Trust Alliance
New Jersey	New Jersey Conservation Foundation
New Jersey	State Of New Jersey
New Mexico	New Mexico Land Conservancy
New Mexico	State Of New Mexico
New York	Agricultural Stewardship Association

State	Name of Entity
New York	Columbia Land Conservancy
New York	Dutchess Land Conservancy
New York	Genesee Land Trust LLC
New York	Genesee Valley Conservancy
New York	Open Space Conservancy Inc.
New York	Saratoga Plan
New York	Scenic Hudson Land Trust Inc.
New York	Suffolk County Treasurer
New York	Town Of Cazenovia
New York	Town Of Dryden
New York	Town Of Gorham
New York	Town Of Macedon
New York	Town Of Southold
New York	Town Of Warwick
New York	Western New York Land Conservancy Inc.
North Carolina	Alamance County
North Carolina	Black Family Land Trust
North Carolina	Buncombe County
North Carolina	Buncombe County Soil And Water
North Carolina	Cabarrus County Finance
North Carolina	Catawba Lands Conservancy
North Carolina	County Of Durham
North Carolina	County Of Orange
North Carolina	Duplin County
North Carolina	Foothills Conservancy Of North Carolina Inc.
North Carolina	Haywood Soil And Water Conservation District
North Carolina	Land Trust For Central North Carolina Inc.
North Carolina	North American Land Trust
North Carolina	Southern Appalachian Highlands Conservancy
North Carolina	Triangle Land Conservancy
Ohio	Black Swamp Conservancy
Ohio	Elizabeth Township
Ohio	Fairfield County Commissioners
Ohio	Granville Township
Ohio	Lake Soil And Water Conservation District
Ohio	Licking County Soil & Water Conservation District
Ohio	Madison County Commissioners
Ohio	Ohio Department Of Agriculture
Ohio	Tecumseh Land Preservation Association
Ohio	Three Valley Conservation Trust

State	Name of Entity
Ohio	West Central Ohio Land Conservancy
Ohio	Western Reserve Land Conservancy
Oklahoma	Land Legacy
Oklahoma	Norman Area Land Conservancy Inc.
Oklahoma	The Nature Conservancy
Pennsylvania	Berks County Agricultural Land Preservation Board
Pennsylvania	Buckingham Township
Pennsylvania	Lancaster Farmland Trust
Pennsylvania	Land Conservancy Of Adams County
Pennsylvania	Lebanon Co Agricultural Land Preservation Board
Pennsylvania	Pennsylvania Department Of Agriculture
Pennsylvania	Western Pennsylvania Conservancy
Pennsylvania	Westmoreland Co Ag Land Preservation Board
Rhode Island	Aquidneck Island Land Trust
Rhode Island	Audubon Society Of Rhode Island
Rhode Island	City Of Cranston
Rhode Island	Glocester Land Trust
Rhode Island	Little Compton Agricultural Conservancy Trust
Rhode Island	South Kingstown Land Trust
Rhode Island	Southside Community Land Trust
Rhode Island	State Of Rhode Island
Rhode Island	Town Of Bristol
Rhode Island	Town Of Cumberland/Town Planner
Rhode Island	Town Of North Kingstown
Rhode Island	Town Of Smithfield
Rhode Island	Town Of Warren
Rhode Island	Town Of Westerly
Rhode Island	Westerly Land Trust
South Carolina	Beaufort County Open Land Trust
South Carolina	Horry Soil & Water Conservation District
South Carolina	Oconee Soil And Water Conservation District
South Carolina	Sumter Soil & Water Conservation District
Tennessee	Land Trust For Tennessee
Texas	Hill Country Conservancy
Texas	Pines And Prairies Land Trust
Texas	Texas Land Conservancy
Texas	The Nature Conservancy
Utah	Marriott-Slatersville City
Utah	Summit Land Conservancy
Utah	The Trust For Public Land

State	Name of Entity
Utah	Utah Open Lands Conservation Association
Utah	Virgin River Land Preservation Association Inc.
Vermont	Vermont Housing And Conservation Board
Virginia	Clarke County
Virginia	Spotsylvania County
Virginia	Frederick County
Virginia	Northampton County
Virginia	Piedmont Environmental Council
Virginia	Shenandoah County
Virginia	Shenandoah Valley Battlefields Foundation
Virginia	The Nature Conservancy
Virginia	The Potomac Conservancy Inc.
Virginia	Virginia Outdoors Foundation
Washington	Capitol Land Trust
Washington	Cascade Land Conservancy
Washington	Clallam County
Washington	Forterra
Washington	Great Peninsula Conservancy
Washington	Inland Northwest Land Trust
Washington	Jefferson Land Trust
Washington	King County Department Of Natural Resources & Parks
Washington	Methow Conservancy
Washington	Okanogan Land Trust
Washington	Okanogan Valley Land Council
Washington	Oregon Rangeland Trust
Washington	PCC Farmland Trust
Washington	Skagit County
Washington	Snohomish County
Washington	The Trust For Public Land
Washington	Whatcom County
Washington	Whatcom Land Trust
Washington	Whidbey Camano Land Trust
West Virginia	Berkeley County Farmland Protection Board
West Virginia	Farmland Protection Board
West Virginia	Fayette County Farmland Protection Board
West Virginia	Greenbrier Farmland Protection Program
West Virginia	Hampshire County Farmland Protection Board
West Virginia	Jefferson County Farmland Protection Board
West Virginia	Mineral County Farmland Protection Board
West Virginia	Monroe County Farmland Protection Board

State	Name of Entity
West Virginia	Morgan County Farmland Protection Board
West Virginia	Nicholas County Farmland Protection Board
West Virginia	Pendleton Farmland Protection Board
West Virginia	Pocahontas County Farmland Protection Board
West Virginia	West Virginia Farmland Protection Authority
Wisconsin	County Of Dane
Wisconsin	Driftless Area Land Conservancy
Wisconsin	Drumlin Area Land Trust
Wisconsin	Jefferson County
Wisconsin	Natural Heritage Land Trust Inc.
Wisconsin	Rock County Register Of Deeds
Wisconsin	Tall Pines Conservancy
Wisconsin	Town Of Dunn
Wisconsin	Town Of Windsor
Wisconsin	Wisconsin Department Of Natural Resources
Wyoming	Jackson Hole Land Trust
Wyoming	Rocky Mountain Elk Foundation
Wyoming	Sheridan Community Land Trust
Wyoming	The Conservation Fund
Wyoming	The Nature Conservancy
Wyoming	Wyoming Game & Fish Commission
Wyoming	Wyoming Land Trust (formerly Green River Valley Land Trust)
Wyoming	Wyoming Stock Growers Agricultural Land Trust

HEALTHY FOREST RESERVE PROGRAM

Mr. Aderholt: Please provide a status report on the Healthy Forest Reserve Program. Please provide information on number of acres enrolled, location and associated costs. Are there any unobligated balances? If so, how much?

Response: During fiscal year 2012, NRCS reviewed 32 Healthy Forest Reserve Program (HFRP) applications in the 13 States with approved projects. NRCS enrolled 24 projects, encompassing approximately 500,500 acres, with financial assistance obligations valued at over $9.1 million. In fiscal year 2012, NRCS did not approve any additional States for HFRP participation and focused on projects and areas that had been previously approved. Please find in the table below the number of acres enrolled, the location, and associated costs of HFRP. HFRP currently has approximately $3.9 million unobligated balances from prior years.

[The information follows:]

FY 2012 Actual Acres Enrolled, State, and Associated Costs		
State	Enrolled Acres	Associated Costs (in Thousands)
Arkansas	313	$141
California	16,357	1,757
Georgia	1,850	3,095
Indiana	1,157	3,101
Kentucky	4,052	3,800
Maine	684,653	309
Michigan	168	428
Mississippi	4,184	2,559
Ohio	102	370
Oklahoma	6,824	6,212
Oregon	2,349	13,810
Pennsylvania	1,143	1,554
South Carolina	675	759
Total	723,827	37,895

Note: Information in the table includes cumulative enrollments in restoration cost-share agreements and easements through FY 2012

EMERGENCY WATERSHED PROTECTION PROGRAM

Mr. Aderholt: Please provide a status report on the Emergency Watershed Program. Please include the funding history, current activities, and location of current activities.

Response: Congress established the Emergency Watershed Protection Program (EWP) to respond to emergencies created by natural disasters. EWP has two distinct options for assisting landowners in affected areas. EWP-Recovery relieves imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences. All EWP-Recovery projects undertaken must be sponsored by a legal subdivision of the State. This includes any city, county, general improvement district, conservation district, or Native American Tribe or Tribal organization as defined in Section 4 of the Indian Self-Determination and Education Assistance Act. NRCS is responsible for administering the program.

Through EWP, NRCS State Conservationists work with sponsors to develop cooperative agreements that allow NRCS to provide 75 percent cost share for implementing the emergency recovery measures. The sponsor's 25 percent can be met by in-kind or cash contributions.

Through EWP NRCS also has the authority to acquire Floodplain Easements (EWP-FPE) in locations where traditional EWP-Recovery efforts would be ineffective. Privately owned lands and local or State government owned lands are eligible for enrollment. The easement duration is in perpetuity and, once an easement is acquired, the land is restored to its natural floodplain condition. This restoration can include the demolition or relocation of residences or other structures to locations outside of the floodplain. NRCS acquires floodplain easements without sponsors except where the project requires the demolition or relocation of structures. When a sponsor is required, the sponsor is responsible for 25 percent of the easement purchase price.

The EWP Program received $171 million in supplemental appropriations for recovery measures in 11 Northeastern states for damages resulting from Hurricane Sandy. USDA-NRCS initially provided $5.3 million for EWP-Recovery to 11 States (Virginia, Maryland, Delaware, New Jersey, New York, Pennsylvania, Connecticut, Rhode Island, Massachusetts, New Hampshire, and West Virginia). To date, six states have returned all initial funding totaling $2.9 million citing no damages in local watersheds that meet the EWP-Recovery program eligibility. The States of New York, New Jersey and Connecticut have collectively received an additional $4.6 million in EWP program funds for recovery work.

EWP-FPE will use funds remaining after all EWP-Recovery needs are addressed. To date, no funds have been obligated for the purchase or restoration of floodplain easements. However, states have conducted preliminary needs assessments and an official program sign up period will follow shortly.

In addition, the Emergency Watershed Protection Program received $63.7 million in continuing appropriations to fund recovery measures of 35 projects in 15 states that were identified on the National EWP Waitlist.

Below is a breakdown of the funding history of EWP from 1992 - 2013.

[The information follows:]

Emergency Watershed Protection Program Funding History 1992 - 2013

Fiscal Year	Appropriation	Public Law	Title
1992	$62,000,000	P.L. 102-368	Dire Emergency Supplemental Appropriations Act, 1992
1993	60,000,000	P.L. 103-75	Emergency Supplemental Appropriations for Relief from the Major, Widespread Flooding in the Midwest Act of 1993
1994	340,500,000	P.L. 103-211	Emergency Supplemental Appropriations Act of 1994
1996	80,514,000	P.L. 104-134	Omnibus Consolidated Rescissions and Appropriations Act of 1996
1997	63,000,000	P.L. 104-208	Omnibus Consolidated Appropriations Act, 1997
1997	166,000,000	P.L. 105-18	1997 Emergency Supplemental Appropriations Act for Recovery from Natural Disasters
1998	80,000,000	P.L. 105-174	1998 Emergency Supplemental Appropriations and Rescissions Act
1999	95,000,000	P.L. 106-31	1999 Emergency Supplemental Appropriations Act
2000	80,000,000	P.L. 106-113	District of Columbia Appropriations Act, 1999
2000	4,000,000	P.L. 106-246	Military Construction Appropriations Act, 2001
2001	109,758,000	P.L. 106-387	Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriation Act, 2001 - Appendix - Title VIII - Natural Disaster Assistance and Other Emergency Appropriations
2001	35,500,000	P.L. 107-20	Supplemental Appropriations Act, 2001
2002	94,000,000	P.L. 107-206	2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States

Fiscal Year	Appropriation	Public Law	Title
2004	149,115,000	P.L. 108-199	Consolidated Appropriations Act, 2004 - Div. H-Miscellaneous Appropriations and Offsets
2005	250,000,000	P.L. 108-324	Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005
2005	104,500,000	P.L. 109-13	Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005
2006	300,000,000	P.L. 109-148	Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006
2006	50,955,000	P.L. 109-234	Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006
2007	10,692,000	P.L. 110-28	U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Act, 2007
2008	390,464,000	P.L. 110-252	Supplemental Appropriations Act, 2008
2008	100,000,000	P.L. 110-329	Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009
2012	215,900,000	P.L. 112-55	Consolidated & Further Continuing Appropriations Act, 2012
2013	171,000,000	P.L. 113-2	Disaster Relief Appropriations Act, 2013
2013	63,681,523	P.L. 113-6	Consolidated & Further Continuing Appropriations Act, 2013

NOTE: Includes rescissions and reductions where appropriate.

WATERSHED AND FLOOD PREVENTION PROGRAM

Mr. Aderholt: Please provide a status report on the Watershed and Flood Prevention Program. Please include a list of authorized projects, estimated costs per project and funding provided by State and local sponsors.

Response: The Watershed Protection and Flood Prevention Act of 1954 provides for cooperation between the Federal government, States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

The Watershed Program has complemented other USDA programs by assisting public entities to install measures that benefit multiple land users or entire communities and address natural resource needs in entire watersheds.

Background Information:

The Watershed Program has been utilized by communities to address a variety of needs, including:

- Flood damage mitigation using floodwater-retarding dams and similar structural measures, floodplain easements, and flood proofing of homes and businesses;
- Agricultural water supply (including water for rural communities);
- Water quality;
- Water conservation;
- Groundwater recharge;
- Public fish and wildlife habitat; and
- Public water-based recreation.

NRCS is providing, for the record, information on currently funded active projects including currently active construction and design projects. The listed project costs include project funds already expended and funds currently obligated in contracts and agreements. All efforts will be made to complete the projects that are in construction through the use of unobligated balances carried forward, which is the only funding available for this program. No new funding has been provided for this program since fiscal year 2010.

[The information follows:]

Watershed and Flood Prevention Authorized Projects

Authorized Project	Congressional District	Estimated Cost per project	Funding provided by Sponsor	Program
Big Slough	01-AR	$14,974,134	$1,098,700	PL-566
Apache-Junction Gilbert Power line	01-AZ, 06-AZ	4,497,450	1,044,352	PL-566
Alameda	10-CA,11-CA	2,674,000	145,000	PL-566
Dry Creek	04-CA	500,000	15,000	PL-566
Central Sonoma Colgan Creek	01-CA, 06-CA	19,025,415	1,404,000	PL-566
Lahaina Watershed	02-HI	10,000,000	2,273,000	PL-566
Lower Hamakua Ditch Watershed	02-HI	6,720,000	3,360,000	PL-566
Waliluka Alenaio Watershed	02-HI	3,000,000	671,000	PL-566
Upcountry Maui Watershed	02-HI	10,800,000	5,400,000	PL-566
Little Sioux - Big Coon Creek	05-IA	60,810	21,284	PL-534
Dupage County	06-IL,14	1,000,000	-	PL-566
North Black Vermillion	01-KS; 02-KS	13,387,906	1,806,000	PL-566
Spring Brook	08-MN	1,799,644	353,100	PL-566
Little Otter Creek	06-MO	7,050,000	-	PL-566
East Locust CK	06-MO	40,986,110	8,000,000	PL-566
Buck and Duck Creeks	01-NE	1,494,295	658,833	PL-566
Neshaminy Creek	08-PA; 13-PA	75,950,000	46,650,000	PL-566
Pocasset River Watershed Study	02-RI	2,380,000	-	PL-566
Attoyac Bayou	01-TX	15,102,894	4,659,000	PL-566
Elm Creek (1250) site 1A Rev.	TX-17,31	8,799,208	635,000	PL-566

Authorized Project	Congressional District	Estimated Cost per project	Funding provided by Sponsor	Program
Big Creek (Tri County) sites 16,17,18	TX-17,31	4,738,801	49,000	PL-566
Trinity - Elm Fork	13-TX	6,707,958	2,455,358	PL-534
Dunloup Creek	03-WV	17,304,746	800,000	PL-566
Potomac - Lost River	02-WV	29,324,100	3,149,400	PL-534
Totals		298,277,471	84,648,027	

WATERSHED REHABILITATION PROGRAM

Mr. Aderholt: Please provide a status report on the Watershed Rehabilitation program, include a list of proposed projects and estimated costs per project.

Response: Since 1948, local communities have constructed more than 11,788 watershed dams with assistance from NRCS. These dams provide flood control protection for America's communities and natural resources, but many also serve as primary sources of drinking water, recreation areas, and wildlife habitat. These projects have become an integral part of the communities they were designed to protect. Like highways, utilities, and other public infrastructure, these dams need to be maintained to protect public health and safety and to meet changing resource needs. The maintenance, repair and operation of the dams are the responsibility of local project sponsors.

Some communities that have been protected by these watershed dams are now more vulnerable to flooding because many of the dams have reached or will soon reach the end of their 50-year design life span. Currently, 3,480 watershed dams have reached the end of their designed life span. By 2018, this number will exceed 5,680. Time has taken its toll on many of the dams; spillway pipes have deteriorated and reservoirs have filled with sediment. More significantly, subdivisions and businesses have been built in areas that were once agricultural land. As a consequence, should a dam protecting these areas fail, the health and safety of those living downstream is threatened, along with the community's drinking water source. A dam failure could create serious adverse environmental impacts to the ecosystem.

All projects eligible for funding (i.e., proposed or authorized) through NRCS, must meet the policy criteria set forth in the National Watershed Manual. The following projects are authorized pending funding.

[The information follows:]

Watershed Rehabilitation Projects

Proposed Projects	Congressional District	Estimated Cost per project
Muddy Fork Of Illinois River 1	AR-03	$1,553,755
Magma	AZ-06	13,973,900
Apache Junct- Powerline	AZ-06	5,150,000
Williams-Chandler, Rittenhouse	AZ- 06	5,150,000
Williams-Chandler, Vineyard Rd.	AZ- 06	5,150,000
Buckeye	AZ-02	17,437,900
White Tank Mountains 4	AZ-02	15,283,100
Dry Creek Dam F-4	CO-05	117,000
Coosa - Little River	GA-04, 07, 09	614,096
Spring Creek (Reno)	KS-04	1,151,000
Little Walnut-Hickory - 19	KS-04	3,126,464
Muddy Creek, 4-6	KS-04	408,962
Rock Creek (Butler) - 2	KS-04	2,398,568
South Sector Upper Walnut - 1	KS-04	1,738,600
North Sector Upper Walnut - 21	KS-04	7,392,884
North Sector Upper Walnut - 6	KS-04	2,398,568
Red Lick Cork - 1	KY-05, 06	443,500
Su-As-Co 303	MA-03	2,423,000
Su-As-Co 304	MA-03	1,846,000
Su-As-Co 310	MA-03	4,462,000
Su-As-Co 311	MA-05	2,827,000
Richland Creek 2A	MS-03	1,538,000
Richland Creek 3	MS-03	1,538,000
Upper Turtle River - 9	ND-00	1,538,000
Tongue River, m-4	ND-00	8,538,000
Oak Middle Crk Tribs. of Salt Crk, 82B	NE-01	6,100,000
Wilson Crk, 8-H	NE-01	722,800

Proposed Projects	Congressional District	Estimated Cost per project
Upper Big Nemaha 25C	NE-01	945,000
Up. Salt & Swedeburg 3A	NE-01	1,954,000
Santa Cruz River 1	NM-03	3,000,000
Upper Gila Valley Arroyos 6	NM-02	1,231,000
Hatch Valley Arroyos 6	NM-02	769,000
Conewango Crk, 13	NY-27	1,154,000
Little Choconut; Finch Hollow; & Trout B - 2A	NY-24	94,158
Little Choconut; Finch Hollow; & Trout B -2B	NY-24	168,626
Little Choconut; Finch Hollow; & Trout B - 2C	NY-24	112,899
Little Choconut; Finch Hollow; & Trout B - 2E	NY-24	280,470
Upper Hocking River 9	OH-07	663,800
Chippewa - VII C	OH- 14, 16	1,500,000
Caney-Coon Crk, 2	OK-02	3,392,000
Fourche Maline Creek 7M	OK-02	2,308,000
Upper Black Bear Creek 62	OK-03	3,077,000
Sallisaw Creek 32	OK-02	4,500,000
Sallisaw Creek 33	OK-02	500,000
Sallisaw Creek 34	OK-02	350,000
Sallisaw Creek 30	OK-02	2,300,000
Sallisaw Creek 28	OK-02	6,200,000
Sallisaw Creek 26	OK-02	2,206,600
Cottonwood Creek, 16	OK-03	2,600,000
Cottonwood Creek, 54	OK-03	1,548,100
Upper Elk Crk, 23D	OK- 03	2,000,000
Washita - Barnitz Creek 1	OK-03	2,170,800
Washita - Barnitz Creek 5	OK-03	1,700,000
Washita - Barnitz Creek 11	OK-03	1,341,700

Proposed Projects	Congressional District	Estimated Cost per project
Washita - Cobb Creek (Fast Runner) 10	OK-03	853,000
Washita Rock Crk, 15	OK- 04	2,320,000
Washita Rock Crk, 16	OK- 04	1,200,000
Little Washita, 26	OK- 04	3,000,000
Greene-Dreher, 439	PA-10	2,037,681
Mill Run, 460	PA-03	820,956
Brandywine Creek Beaver Creek, 433	PA-06	2,308,000
Brandywine Creek Hybernia, 436-F	PA-06	2,500,000
Conneatville Dam RC&D 112	PA-03	1,538,000
Pine Creek	TN-01	1,154,000
Mary's & Dand Creeks	TN-07	923,000
Plum Creek 21	TX-27	3,200,000
Plum Creek 6	TX-25	3,975,500
Trinity - Mountain Creek 10	TX-06	4,164,300
Trinity - East Fork Above Lavon 2A	TX- 03	3,333,000
Trinity Cedar Crk, 87A	TX-05	3,750,000
American Fork-Dry Creek Silver Lake	UT-03	3,846,000
American Fork-Dry Creek Tibble	UT-03	6,154,000
American Fork-Dry Creek, Battle	UT-03	138,375
American Fork-Dry Creek, Dry Crk	UT-03	6,900,000
American Fork-Dry Creek, Grove	UT-03	4,000,000
Ferron Mill Site	UT-02	4,615,000
Warner Draw Gypsum	UT-02	2,692,000
Warner Draw Stucki	UT-02	1,538,000
Warner Draw Ivins 1	UT-02	400,000
Warner Draw Ivins 2	UT-02	250,000
Warner Draw Ivins 3	UT-02	300,000

Proposed Projects	Congressional District	Estimated Cost per project
Warner Draw	UT-02	214,700
Potomac - South River 10A	VA-06	33,624,200
Potomac - Upper North River 10	VA-06	5,415,000
Potomac - Upper North River 77	VA-06	2,000,000
Pohick Creek 8	VA-11	2,677,000
Upper Deckers Creek 1	WV-01	9,547,000
Brush Crk - 14	WV- 03	3,900,000
Wheeling Crk - 25	WV- 01	6,800,000
North Fork Powder River - 1	WY- 00	6,154,000

LANDSCAPE-SCALE CONSERVATION INITIATIVES

Mr. Aderholt: Please provide a list of all NRCS special initiatives, such as the Migratory Bird Habitat Initiative. Please include funding allocation by program and by State.

Response: In fiscal year 2010 NRCS established nine landscape-scale initiatives with local, State and national partners to support voluntary conservation on private lands to address critical, regionally important conservation needs. In fiscal year 2013, there are 19 approved landscape conservation initiatives underway, including: 1) Sage Grouse; 2) Longleaf Pine; 3) Bay Delta; 4) Lesser Prairie Chicken; 5) Mississippi River Basin Healthy Watersheds; 6) Great Lakes Restoration; 7) Chesapeake Bay Watershed; 8) Illinois River & Eucha-Spavinaw Lakes Watershed; 9) New England/New York Forestry; 10) Northern Plains Migratory Bird Habitat; 11) North Central Wetlands Conservation; 12) Red River Basin; 13) Ogallala Aquifer; 14) West Maui Coral Reef; 15) Gulf of Mexico; 16) Driftless Area; 17) Northern Everglades; 18) Working Lands for Wildlife; and 19) National Water Quality Initiatives.

The Great Lakes Restoration Initiative (GLRI) is funded through a reimbursable agreement with the Environmental Protection Agency (EPA); and the Chesapeake Bay Watershed Initiative (CBWI) was congressionally mandated in the 2008 Farm Bill. Dedicated funding was appropriated for these initiatives and participating States may provide additional funding.

As of May 14, 2013, approximately $365.5 million in financial assistance has been allocated to initiatives, including $320.3 million to initiatives other than CBWI and GLRI.

Financial assistance funding by initiative, program, and State are submitted for the record in the accompanying table. Summaries of each initiative are included below.

[The information follows:]

The Sage Grouse Initiative (SGI) supports grazing land improvement and protection to maximize sage grouse habitat in the traditional range of the species. Participating States include: California, Colorado, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming. Funding is provided through the Environmental Quality Incentives Program (EQIP), the Grassland Reserve Program (GRP), the Farm and Ranchlands Protection Program (FRPP), and the Wetlands Reserve Program (WRP).

Sage Grouse Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP	FRPP	GRP	WRP
California	$2,000,000	-	$650,000	-
Colorado	300,000	-	3,370,080	-
Idaho	2,500,000	-	3,285,000	-
Montana	2,500,000	-	2,938,560	-
Nevada	1,500,000	$1,893,000	8,174,575	-
North Dakota	400,000	-	-	-
Oregon	3,000,000	-	430,000	-
South Dakota	550,000	-	-	-
Utah	2,505,000	-	5,165,000	$500,000
Washington	1,000,000	-	-	-
Wyoming	5,000,000	-	-	-
Total	21,255,000	1,893,000	24,013,215	500,000

The Longleaf Pine Initiative (LPI) helps private landowners and land users improve the health of longleaf pine forest ecosystems in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Texas, and Virginia.

Longleaf Pine Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP
Alabama	$2,000,000
Florida	500,000
Georgia	1,500,000
Louisiana	500,000
Mississippi	650,000
North Carolina	1,000,000
South Carolina	2,050,000
Texas	200,000
Total	8,400,000

The Bay Delta Initiative (BDI) addresses the critical water quality, water quantity, and habitat restoration needs of the Bay-Delta Central Valley watershed in California. An amount of $15,520,000 in financial assistance is provided through WRP, and $15,000,000 through EQIP.

The Bay Delta Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP	WRP
California	$15,000,000	$15,520,000

The Lesser Prairie Chicken Initiative (LPCI) seeks to restore native rangeland habitat for the lesser prairie chicken and other wildlife in Colorado, Kansas, New Mexico, Oklahoma, and Texas. Funding is provided through EQIP and GRP.

Lesser Prairie Chicken
FY 2013 Allocation as of May 14, 2013

State	EQIP	GRP
Colorado	$350,000	-
New Mexico	1,143,400	-
Oklahoma	750,000	$250,000
Texas	500,000	-
Total	2,743,400	250,000

The Mississippi River Basin Healthy Watersheds Initiative (MRBI) targets resources and technical support to manage agricultural nutrients within fields, minimize runoff, and reduce nutrient loading in 54 priority watersheds in Arkansas, Kentucky, Illinois, Indiana, Iowa, Louisiana, Minnesota, Mississippi, Missouri, Ohio, South Dakota, Tennessee, and Wisconsin. The MRBI also helps to restore and enhance wetlands in agricultural settings and to improve wildlife habitat. Funding is provided through EQIP, Wildlife Habitat Incentive Program (WHIP), Conservation Stewardship Program (CSP), Cooperative Conservation Partnership Initiative (CCPI), the Wetlands Reserve Enhancement Program (WREP), and the Conservation Innovation Grants Program (CIG). Up to $5 million is being made available through CIG in FY 2013.

Mississippi River Basin Healthy Watersheds Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP	WHIP	WREP
Arkansas	$26,791,701	$175,618	$13,050,000
Illinois	501,000	-	-
Indiana	2,300,673	40,000	360,000
Iowa	5,841,224	-	800,000
Kentucky	2,450,000	-	6,997,500
Louisiana	355,000	-	740,792
Minnesota	2,093,693	-	320,000
Mississippi	5,365,200	-	3,600,000
Missouri	8,237,427	140,000	-
Ohio	1,800,000	-	-
South Dakota	642,578	-	-
Tennessee	1,000,000	-	12,480,000
Wisconsin	1,091,504	-	-
Total	58,470,000	355,618	38,348,292

The Great Lakes Restoration Initiative (GLRI) focuses on cleaning up the most-polluted areas in the Great Lakes, combating invasive species, protecting watersheds and shorelines from non-point source pollution, restoring wetlands and other habitats, and working with strategic partners on education, evaluation, and outreach in Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin. The initiative is funded through an interagency agreement with the Environmental Protection Agency (EPA). In FY 2013, NRCS and EPA entered into an initial interagency agreement to provide funding for phosphorous priority areas contributing to Western Lake Erie, Saginaw Bay, and Green Bay. The FY 2013 agreement provides $7.2 million in financial assistance that has been allocated for GLRI Phosphorus priority areas, the remaining $2.8 million are technical assistance funds. An additional agreement for up to $14 million in general GLRI funds is anticipated in FY 2013, pending EPA making these funds available.

Great Lakes Restoration Initiative Phosphorus Priority Areas
FY 2013 Allocation as of May 14, 2013

State	GLRI
Ohio	$2,000,000
Wisconsin	3,000,000
Michigan	2,167,000
Total	7,167,000

The Chesapeake Bay Watershed Initiative (CBWI) seeks to improve water quality and reduce sediments in the Chesapeake Bay Watershed. The initiative targets agricultural lands in priority watersheds in Delaware, New York, Maryland, Pennsylvania, Virginia, and West Virginia. Funding is appropriated separately, but was distributed under the authorities of EQIP (including the Conservation Innovation Grants Program (EQIP-CIG)).

Chesapeake Bay Watershed Initiative
FY 2013 Allocation as of May 14, 2013

State	CBWI
Delaware	$1,053,333
Maryland	10,700,000
New York	3,260,000
Pennsylvania	8,400,000
Virginia	8,967,000
West Virginia	5,600,000
Total	37,980,333

The Illinois River Sub-Basin and the Eucha-Spavinaw Lake Watershed Initiative (IRWI) was added in FY 2011 to improve water quality while maintaining agricultural food and fiber production on private lands in northwestern Arkansas and northeastern Oklahoma. Funding is provided through EQIP.

Illinois River and Eucha-Spavinaw Lakes Watershed
FY 2013 Allocation as of May 14, 2013

State	EQIP
Arkansas	$3,000,000
Oklahoma	600,000
Total	3,600,000

The New England/New York Forestry Initiative (NE/NYFI) supports USDA's All Lands Policy to keep private forests as forests in order to maintain drinking water, rural economies and wildlife, and to mitigate and adapt to climate change. Participating States include: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont.

New England/New York Forestry Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP
Connecticut	525,000
Maine	2,000,000
Massachusetts	900,000
New Hampshire	1,000,000
New York	550,000
Rhode Island	200,000
Vermont	850,000
Total	6,025,000

The Migratory Bird Habitat Initiative (MBHI) was established to increase habitat availability and safeguard food resources for shorebirds, waterfowl and other migratory birds in the Mississippi Basin. Initially, this initiative focused on habitat along the migratory flyways of the lower

Mississippi and Atlantic Flyways as a short term effort to create habitat for birds expected to migrate through agricultural areas on their way to wetlands and waterways impacted by the Deepwater Horizon oil spill in the Gulf of Mexico. The Northern Plains MBHI (NP-MBHI) was announced late in FY 2011 and targets the Prairie Pothole Region (PPR), where hundreds of the migratory bird species in North America rely on for breeding and nesting, feeding, and resting during migrations. Participating States for NP-MBHI include: Iowa, Minnesota, Montana, North Dakota, and South Dakota. Funding is provided through EQIP, GRP, and WRP.

Northern Plains - Migratory Bird Habitat Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP	GRP	WRP
Iowa	$129,730	-	$8,000,000
North Dakota	648,649	-	-
South Dakota	421,622	$3,795,000	1,443,200
Total	1,200,001	3,795,000	9,443,200

The North Central Wetlands Conservation Initiative (NCWCI) was established to increase the technical capacity of States within the Prairie Pothole Region to make certified wetlands determinations. Participating States include: Iowa, Minnesota, North Dakota, and South Dakota. Initial funding in the amount of $3.75 million was provided through the Conservation Technical Assistance Program in FY 2011. No additional funding has been provided to date.

The Red River Basin Initiative (RRBI) was established to address flooding concerns in the Red River of the North Watershed Basin. The basin is a highly productive and predominately cropland basin. Since 1993, the Red River Basin area has experienced repeated large scale flood events. The RRBI is part of a strategy to reduce peak flows on the Red River of the North and its main tributaries; especially during spring flood events. Participating states include: Minnesota, North Dakota, and South Dakota. Funding is provided through WRP.

Red River Initiative
FY 2013 Allocation as of May 14, 2013

State	WRP
Minnesota	$6,200,000
North Dakota	2,800,000
South Dakota	1,010,075
Total	10,010,075

The Ogallala Aquifer Initiative (OAI) is designed to reduce the quantity of water removed from the aquifer and to improve water quality using conservation practices on cropland and rangeland. Participating States include: Colorado, Kansas, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, and Wyoming. Funding is provided through EQIP.

Ogallala Aquifer Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP
Colorado	$750,000
Kansas	1,500,000
Nebraska	4,000,000
New Mexico	1,775,550
Oklahoma	500,000
South Dakota	80,000
Texas	7,000,000
Wyoming	250,000
Total	15,855,550

The West Maui Coral Reef Initiative (WMCRI) is designed to control land-based pollution threats to coral reefs in the Ka'anapali-Kahekili watershed of Hawaii in partnership with Federal members of the U.S. Coral Reef Task Force. The primary threats to this watershed include sediment deposition, nutrients, and other pollutants which are transported in surface water runoff and groundwater seepage into coastal waters. An amount of $250,000 in financial assistance is provided through EQIP.

The Gulf of Mexico Initiative (GoMI) was launched to address water quality and wildlife habitat concerns along the Gulf Coast of the United States. This action was developed in response to the Deepwater Horizon oil spill and to help restore the waters, shores and wildlife populations along the Gulf Coast. This initiative is designed to help producers in 16 priority watersheds in seven major river basins in five States; including Alabama, Florida, Louisiana, Mississippi, and Texas. Funding may be provided (up to $50 million over three years) through EQIP, CSP, FRPP, GRP, and WRP.

Gulf of Mexico Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP	WRP
Alabama	$450,000	-
Florida	1,500,000	-
Louisiana	750,000	-
Mississippi	100,000	-
Texas	300,000	$227,500
Total	3,100,000	227,500

The Driftless Area Landscape Conservation Initiative (DALCI) was launched in FY 2012 to provide assistance to agricultural producers for implementing practices that reduce erosion and improve fish wildlife habitat in the Driftless Area of Iowa, Wisconsin, Minnesota, and Illinois. Financial assistance is provided through EQIP.

Driftless Area Landscape Conservation Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP
Illinois	$204,545
Minnesota	511,364
Wisconsin	1,534,091
Total	2,250,000

The Everglades Initiative (EI) is designed to provide assistance to improve water quality, control invasive plant species, benefit wildlife and fish habitat, and support rural economies in the Florida Everglades Region. Funding is provided through EQIP, GRP, and WRP.

Northern Everglades Initiative
FY 2013 Allocation as of May 14, 2013

State	EQIP	WRP	GRP
Florida	$6,000,000	$37,690,000	$1,110,000

The Working Lands for Wildlife Initiative (WLFW) is a partnership between NRCS and the U.S. Fish and Wildlife Service (FWS) to restore wildlife habitat for at risk wildlife species. It leverages capabilities and resources, targets assistance, cooperatively engages State and local partners, and works collaboratively with agricultural producers, forest land managers, and Tribes. Funding is provided through the Wildlife Habitat Incentive Program (WHIP). WLFW is a voluntary, incentive based effort with three main goals:

I. Provide landowners with financial and technical assistance to help them improve their lands through wildlife habitat management and protection.

II. Implement conservation practices that will help restore populations of declining wildlife species (candidate, Federally listed endangered and threatened or other at-risk wildlife species). Current species addressed by WLFW include Black-foot Ferret, Bog Turtle, Sage Grouse Initiative, South-western Willow Flycatcher, Gopher Tortoise, New England Cottontail, Golden-Winged Warbler, and Lesser Prairie Chicken.

III. Provide landowners with Endangered Species Act regulatory certainty and confidence that conservation investments they make on their lands today can help sustain their operations over the long term.

Working Lands for Wildlife
FY 2013 Allocation as of May 14, 2013

States	WHIP
Alabama	$4,000,000
Arizona	200,000
California	300,000
Colorado	-
Connecticut	650,000
Delaware	15,000
Florida	1,200,000
Georgia	4,500,000
Kansas	3,200,000
Kentucky	100,000
Louisiana	600,000
Maine	200,000
Maryland	295,000
Massachusetts	150,000
Mississippi	500,000
Montana	465,000
Nebraska	30,000
Nevada	400,000
New Hampshire	400,000
New Mexico	598,150
New York	60,000
North Carolina	40,000
North Dakota	300,000
Oregon	1,000,000
Pennsylvania	1,700,000
Rhode Island	200,000
South Dakota	1,100,000
Tennessee	75,000
Texas	500,000
Utah	350,000
West Virginia	100,000
Wyoming	800,000
Total	24,028,150

Launched in FY 2012, the National Water Quality Initiative (NWQI) accelerates conservation in small, targeted to improve water quality. Nationally, NRCS dedicated approximately $33 million in EQIP funding in FY 2012,to producers who voluntarily implement conservation systems to address agricultural sources of water pollution, including nutrients, sediment, and pathogens. Through NWQI, NRCS is also piloting the use of its new Water

Quality Index for Runoff Water from Agricultural Fields in at least one watershed per State. The Index will enable producers to evaluate the effects of alternative conservation systems. NRCS is also making $2 million available for Edge-of-Field water quality monitoring in select NWQI watersheds during FY 2013.

National Water Quality Initiative
FY 2013 Allocation to Date

State	EQIP
Alabama	$446,544
Alaska	156,914
Arizona	366,664
Arkansas	974,649
California	1,716,075
Colorado	1,260,136
Connecticut	107,742
Delaware	282,638
Florida	249,343
Georgia	774,734
Idaho	530,033
Illinois	479,144
Indiana	941,512
Iowa	985,682
Kansas	764,101
Kentucky	471,470
Louisiana	807,380
Maine	332,465
Maryland	360,981
Massachusetts	27,274
Michigan	327,285
Minnesota	959,977
Mississippi	1,152,533
Missouri	836,806
Montana	555,349
Nebraska	1,153,840
Nevada	349,120
New Hampshire	59,827
New Jersey	212,616
New Mexico	1,189,563
New York	282,599
North Carolina	1,094,280
North Dakota	654,003
Ohio	344,942
Oklahoma	731,170
Oregon	390,557
Pacific Islands Area	361,076
Pennsylvania	756,878
Puerto Rico	231,202
Rhode Island	59,404
South Carolina	663,046
South Dakota	497,668
Tennessee	765,076
Texas	3,517,620
Utah	372,199

State	EQIP
Vermont	80,135
Virginia	675,954
Washington	411,133
West Virginia	307,732
Wisconsin	1,389,295
Wyoming	581,837
Total	33,000,203

GRAZING LANDS FUNDING

Mr. Aderholt: Please provide a table showing funding provided to grazing lands issues for fiscal years 2012 (actual) and 2013 (estimated).

Response: The table below provides the actual obligations in fiscal year 2012 and the estimated obligations for fiscal year 2013 for grazing related conservation practices for the listed programs. Funding levels shown do not include financial assistance dollars associated with Waste Management Systems.

[The information follows:]

Grazing Lands Issues Funding

Program	FY 2012	FY 2013*
AMA	$444,264	$774,611
AWEP	1,046,911	2,138,589
CBWI	6,052,783	6,965,412
EQIP	210,163,154	203,630,371
WHIP	11,954,174	14,642,110
CSP	32,210,722	35,094,893
GRP	3,288,423	5,415,644
TOTAL	265,160,431	268,661,630

*FY 2013 projection is average of FY 2011 and FY 2012 obligations.

GRAZING LANDS

Mr. Aderholt: How many NRCS employees were dedicated to grazing lands issues in fiscal year 2012 and are estimated to be dedicated to them in fiscal year 2013?

Response: In FY 2012, a total of 1,117 NRCS staff provided grazing land technical assistance, including soil conservationists, resource conservationists, and others at the State level and below. In FY 2013, NRCS estimates that 1,107 NRCS staff will provide this type of technical assistance. These numbers include NRCS staff devoting at least 50 percent of their time to providing technical assistance on grazing lands.

The table below provides a breakout of NRCS grazing land specialists: range conservationists, forage agronomists, and grassland specialists (these specialists are included in the totals provided above).

[The information follows:]

Grazing Lands Staff Specialists

Fiscal Year	Range Conservationists	Forage Agronomists	Grassland Specialists	Total
2012	283	17	46	346
2013 est.	280	16	45	341

CONSERVATION COMPLIANCE

Mr. Aderholt: How much did NRCS spend on wetlands determinations and conservation compliance in fiscal years 2008 through 2013?

Response: NRCS conducts Food Security Act status compliance reviews each year on a randomly identified sample of cropland tracts. Tracts owned by USDA employees are added to the list of those to be reviewed.

Compliance reviews are conducted on a yearly basis with a national sample of farm tracts provided to the States. The national sample of farm tracts is derived from records kept by the Farm Service Agency in a Kansas City mainframe computer. The sample size is approximately one percent of the farm tracts that received a farm payment in the past year and contain cropland. The tracts are provided to the States on January 1, and they can conduct the compliance review at any time during the year. The compliance review determinations must be available to National Headquarters by December 1.

Time spent conducting the compliance reviews does not represent the entirety of NRCS costs associated with wetland and highly erodible land determinations. Additional costs include managing and maintaining the software application, developing and updating policy, and providing training and oversight for reviews. However, NRCS does not track activities and costs at this additional level of detail.

The following table summarizes the total hours spent each year completing conservation compliance on selected cropland tracts. The reviews for fiscal year 2013 have not been completed to date.

[The information follows:]

Time Spent Conducting Compliance Reviews
(All Types)[1]

	2008	2009	2010	2011	2012[2]
Hours	63,048	54,090	50,610	66,849	65,488
Cost	$3,864,842	$3,315,717	$3,102,393	$4,097,844	$4,014,414

[1]The numbers in the table do not include the time spent on HEL or Wetlands Determinations.

[2]Cost figure is updated based on fiscal year 2012 cost estimates and assumes $61.30 hourly rate based on the following: Average hourly salary for GS-11 step 5 (source: OPM general schedule tables for Rest of U.S.) plus estimate for benefits and non-salary support.

Mr. Aderholt: How many Technical Service Providers (TSP) are registered with NRCS? How much funding is associated with TSPs?

Response: There are currently 2,173 Technical Service Providers certified by the NRCS to assist producers in getting conservation on the land. The NRCS obligated over $53 million of technical and financial assistance funds in fiscal year 2012 into conservation agreements and landowner contracts. These funds are directly associated with Technical Service Providers.

PARTNERSHIP, COOPERATIVE OR OTHER AGREEMENTS

Mr. Aderholt: Please update information from the fiscal year 2013 hearing records on the number of partnership, cooperative or other agreements that NRCS has entered into in fiscal years 2010, 2011, and 2012 to include the estimated number for 2013. How many are with States, local units of Government, and private or nonprofit organizations?

Response: NRCS entered into 4,634 partnerships, cooperative or other agreements in fiscal years 2010, 2011, 2012, and 2013. The table below provides for each year the number of agreements with States, local governments, non-profits, private organizations, and other types of organizations (e.g., universities and Tribal governments).

[The information follows:]

Fiscal Year	States	Local Gov't	Non profits	Private	Other*	Total
2010	311	394	320	7	125	1,157
2011	369	383	347	29	106	1,234
2012	443	839	358	294	156	2,090
2013	37	78	30	8	-	153
Total	1,160	1,694	1,055	338	387	4,634

*Note: Others include Universities and Tribal governments.

Mr. Aderholt: How much funding is associated with these agreements? Please provide information on both mandatory and discretionary funding.

Response: The total funding associated with these agreements is $939,503,225.

[The information follows:]

Partnership, Cooperative or Other Agreements Funding

Fiscal Year	Discretionary	Mandatory	Total
2010	$117,108,509	$116,291,151	$233,399,660
2011	93,794,131	37,633,334	131,427,465
2012	377,284,114	185,354,217	562,638,331
2013	4,271,814	7,765,955	12,037,769

Note: FY 2013 reflects agreements to date.

Mr. Aderholt: Did NRCS transfer funding and the authority to distribute that funding to any cooperating entity? If so, please list the partner, amount and year the funding was transferred.

Response: NRCS entered into the following agreements where funding and the authority to distribute those funds were transferred to the partner entity.

[The information follows:]

Partner	Amount	FY Transferred
SOCIETY FOR THE PROTECTION OF NH FORESTS (SPNHF)	$267,900.00	2011 / 2012
Poultney-Mettowee NRCD	119,000.00	2012 - $59,754.00
Vermont Agency of Agriculture	70,000.00	2011- (no funds transferred yet)
Little Snake River Conservation District 68-8E49-0-82	2,000.00	2010
Medicine Bow Conservation District	34,450.00	2010
Springbrook: Two Rivers Watershed District	468,641.00	2011
City of Kellogg	204,550.00	2011
Kona SWCD	6,164.33	2010
East Kauai SWCD	146,273.75	2010
American Samoa SWCD	8,370.00	2010
American Samoa DPW	14,296.00	2010
American Samoa DPW	97,393.46	2010
Mauan Kea SWCD	171,063.81	2010
DPW, County of Kauai	3,912,845.51	2010
East Kauai, SWCD	3,951.25	2010
American Samoa, DPW	83,047.16	2010
American Samoa, DPW	506,514.77	2010
Scaup and Willet, LLC	3,000.00	2011

Partner	Amount	FY Transferred
MEO AmeriCorps	3,262.50	2011
Kona SWCD	2,752.92	2011
E Kauai SWCD	1,993.70	2011
Ka'u SWCD	2,255.14	2011
University of Hawaii	2,255.14	2011
Student Conservation Assn.	10,989.00	2012

Mr. Aderholt: What management systems does NRCS have in place to ensure partnership agreements fulfill their objectives and funding is appropriately and effectively utilized?

Response: NRCS reviews progress reporting on a periodic basis, ensuring that funds are expended as authorized by the agreement. Recipients are required to submit financial reports quarterly and progress reports detailing accomplishments biannually. Request for payments are reviewed for accuracy, certified for completeness and compliance with objectives of agreements prior to payment approval by the Grants Specialist and Program Manager.

NATIONAL FISH & WILDLIFE FOUNDATION PARTNERSHIP

Mr. Aderholt: Please update the Committee on NRCS's $10 million partnership agreement with the National Fish and Wildlife Federation. Please provide a status report on the agreement, including goals, funding made available, sources of funding, accountability of funds, use of funds, and management plan.

Response: The Conservation Partners Program was established with a contribution agreement signed between the NRCS and the National Fish and Wildlife Foundation (NFWF) on September 29, 2011. The Conservation Partners Program is managed by NFWF under the terms of the contribution agreement.

The goal of the program is to maximize agricultural conservation outcomes through conservation technical assistance, capacity building, and outreach activities. The funds will be used to provide competitive grants to eligible agencies and organizations to conduct a variety of conservation projects in identified priority areas that help in achieving the following:

- Increase capacity to implement NRCS's conservation initiatives and contributing Farm Bill programs; and
- Meet the Conservation Reserve Program (CRP) Technical Assistance needs in high CRP workload areas.

The agreement is funded with $5 million from Conservation Technical Assistance (CTA) and $5 million from CRP technical assistance. The two funding sources are tracked separately. The CRP funding is used to meet technical assistance needs in high CRP workload areas. In addition, a total of nearly $23 million in grantee matching funds and one million dollars of NFWF non-Federal funds contribute to work under this agreement.

NRCS funds do not go directly to NFWF. NRCS disburses funds on a reimbursable basis upon completion of work outlined in the agreement. To date, approximately $9 million has been awarded in support of 66 projects. All projects are currently active or are in the contracting phase. Over $4 million of CTA funding has been obligated to 46 projects and $5 million of CRP funding has been obligated to 51 projects (note: in some cases CTA and CRP funds may be obligated to the same project). Approximately $261,000 of the $9 million dollars awarded has been disbursed to sub-recipients.

The contribution agreement creating the Conservation Partners Program outlines the terms to ensure that funds are used as intended including processes for proposal review and selection, fund management, and progress reporting.

For each grant proposal, NFWF obtained grant proposal reviews and letters verifying involvement and support of projects from the relevant/effected NRCS State Conservationists.

An Advisory Team was created to provide input into the grant review and selection process. The Advisory Team consisted of no fewer than two representatives chosen by the NRCS Chief and no fewer than two representatives chosen by the Executive Director of NFWF. NFWF provided a slate of projects for review to the Advisory Team. NFWF also provided a full set of project materials to include a project description, financial information, project start and end dates, budget, reviews, and total matching dollars to be raised to the Advisory Team.

The Advisory Committee reviews the recommendations of the Advisory Team and makes final recommendations for the NRCS Chief and NFWF Board of Directors. The Advisory Committee will only include representatives from NRCS and NFWF and both entities will have equal weight in recommending final project selection for NRCS Chief's approval.

Proposals were reviewed to ensure all proposed budgets contained allowable costs and were otherwise consistent with appropriate OMB guidelines, NRCS administrative requirements and NFWF policies. Any sub-award agreement was required to meet the same NRCS administrative requirements as the original award.

The two pools of NRCS monies are maintained in separate accounts. This enables tracking of the two separate funding sources that NRCS is using to fund this agreement. Separate and identical reporting needs were identified prior to grants being made.

NFWF submits a programmatic report biannually to the NRCS technical contact within 30 days of the end of a fiscal year until all funds are expended. The reports include summary information (such as the number of customers served, conservation activities performed, jobs created and estimated or observed environmental outcomes generated) for all approved projects, as well as an update on their status. NFWF submits quarterly financial reports to NRCS within 30 days of the end of the quarter.

NRCS disburses funds on a reimbursable basis upon completion of work outlined in the agreement. NRCS and NFWF will monitor progress of all projects selected for funding to ensure they successfully meet their stated objectives. NFWF will also fund an evaluation of the Conservation Partners Program through a third party evaluator.

At the end of the project period, NFWF will provide a final programmatic report highlighting the individual project accomplishments and summarizing the overall program accomplishments in building capacity for enhanced stewardship at the community level. In addition, the final report will include a final financial reporting of all sub-award disbursements and administrative expenses. The report will include copies of all final project reports from sub-recipients.

PERSONNEL

Mr. Aderholt: Please provide a table showing the number of NRCS personnel assigned to headquarters, States, national centers, and any other offices.

Response: The table below displays the number of NRCS personnel assigned to National Headquarters (NHQ), States, national centers and other offices. The numbers below reflect all active employees, including permanent full time and part time personnel.

[The information follows:]

NRCS Personnel Assigned to Various Locations

Location	Number	Percent
State/Field Offices	10,404	92
NHQ*	549	5
National Centers and Other	391	3
Total	11,344	100

*NHQ includes: National Employee Development Center, Business Management Leadership Program, and Information Technology Center

NATIONAL CENTERS

Mr. Aderholt: Please provide a list of the national centers, including location, funding and staff levels associated with each center for fiscal years 2008 through 2013 and anticipated for fiscal year 2014.

Response: The information is submitted for the record.

[The information follows:]

National Centers

National Center Name	Location	Funding[1] (Dollars in Thousands) FY08	FY09	FY10	FY11	FY12	FY13	FY14	Staff Levels[2] FY08	FY09	FY10	FY11	FY12	FY13	FY14
National Employee Development Center	Fort Worth, Texas	$2,870	$3,149	$5,342	$6,672	$4,980	$4,450	$4,450	17	17	20	22	31	31	31
National Information Technology Center[12]	Fort Collins, Colorado	7,373	15,353	26,991	25,546	38,935	54,700	54,700	42	36	33	40	62	62	62
National Geospatial Center Of Excellence[10]	Fort Worth, Texas	7,632	8,421	11,584	6,563	7,473	5,480	5,480	69	59	56	49	46	46	46
National Soil Survey Center[3]	Lincoln, Nebraska	8,232	7,607	11,406	11,987	11,748	8,010	8,010	61	61	69	78	80	74	74
National Water and Climate Center	Portland, Oregon	3,559	2,573	2,774	2,789	3,806	3,806	3,806	18	19	19	18	18	18	18
Agricultural Wildlife Conservation	Madison, Mississippi	1,635	1,458	2,193	360	-		-	4	5	5	5	-	-	

National Center Name	Location	Funding[1] (Dollars in Thousands)							Staff Levels[2]						
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Center[4]							–								–
National Design, Construction Soil Mechanics Center	Fort Worth, Texas	3,059	2,799	3,276	3,138	3,140	2,437	2,437	20	20	18	19	21	21	21
National Soil Mechanics Center	Lincoln, Nebraska	1,485	1,459	1,459	1,599	1,667	1,420	1,420	17	16	15	17	17	17	17
National Water Management Center	Little Rock, Arkansas	2,110	2,062	1,830	1,825	1,925	1,513	1,513	15	15	12	13	13	11	11
National Plant Data Center[5]	Baton Rouge, Louisiana	1,127	812	267	–	–	–	–	5	5	2	–	–	–	–
National Geospatial Development Center[6]	Morgantown, West VA	2,902	1,987	188	–	–	–	–	7	7	1	–	–	–	–
Wildlife Habitat Management	Fort Worth, Texas	334	–	–	–	–	–	–	2	–	–	–	–	–	–

National Center Name	Location	Funding[/1] (Dollars in Thousands) FY08	FY09	FY10	FY11	FY12	FY13	FY14	Staff Levels[/2] FY08	FY09	FY10	FY11	FY12	FY13	FY14
Center[/7]															
East Remote Sensing Laboratory	Greensboro, North Carolina	8,302	1,248	1,736	2,392	2,467	2,574	2,574	8	8	24	38	38	36	36
Central Remote Sensing Laboratory	Fort Worth, Texas	1,357	1,466	2,602	3,378	3,347	2,974	2.974	14	14	34	50	48	42	42
West Remote Sensing Laboratory	Portland, Oregon	727	6,684	1,280	1,703	1,844	1,700	1,700	5	6	16	25	25	21	21
National Centers Servicing Unit[/11]	Fort Worth, Texas	2,653	2,932	2,968	2,958	2,667	-	-	25	25	23	24	24	-	-
National Technology Support Center - West	Portland, Oregon	6,084	6,007	5,921	6,075	6,141	4,836	4,836	39	37	38	39	39	36	36

National Center Name	Location	Funding/[1] (Dollars in Thousands)							Staff Levels/[2]						
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY08	FY09	FY10	FY11	FY12	FY13	FY14
National Technology Support Center - Central/[8]	Fort Worth, Texas	4,939	5,373	5,370	4,899	5,340	4,279	4,279	30	35	34	32	31	29	29
National Technology Support Center - East/[9]	Greensboro, North Carolina	4,530	4,860	4,870	4,744	4,391	3,785	3,785	27	30	29	29	28	27	27

[1]/ FY 2012 and FY 2013 funding is based on Initial Center Activities, and based on the assistance provided during the year, funding levels may fluctuate.

[2]/ Staffing levels include occupied positions and approved vacant positions anticipated to be filled before year-end.

[3]/ National Soil Survey Center includes funding and staff levels for the Geospatial Development Center in Morgantown, WV during FY 2011 and FY 2012; however, the employees are located in West Virginia.

[4]/ The AWCC was not fully funded in FY 2011. Amount was for expenses through March 18, 2011. The Center employees have been reassigned to headquarters.

[5]/ The National Plant Data Center merged into National Technology Support Center - East beginning in FY 2010 with completion in FY 2011.

[6]/ National Geospatial Development Center in Morgantown, WV is supported through the National Soil Survey Center includes funding and staff levels during FY 2011 and FY 2012. Employees are located in West Virginia.

[7]/ The Wildlife Habitat Management Center merged into National Technology Support Center - Central beginning in FY 2008 with completion in FY 2009.

[8/] In FY 2008 through FY 2011, NRCS assigned one staff position, National Agroforester, from the Central National Technology Support Center (Lincoln, Nebraska) to the USDA National Agroforestry Center (NAC) (Lincoln, Nebraska.) The NAC facility is owned and operated by the USDA Forest Service, but the agroforestry technology transfer program is a partnership between NRCS and the Forest Service.

[9/] The East National Technology Support Center include funding and staff levels for the National Plant Data Center for FY 2011; they were merged effective FY 2011.

[10/] This center's name changed from the National Geospatial Management Center to the National Geospatial Center of Excellence in FY 2013.

[11/] Due to changes to the NCSU organizational structure, based on the approved National Headquarters reorganization effective May 6, 2013, a separate chart will not be presented.

[12/] Increased funds for NITC are related to funding and management of Information Technology initiatives for the agency that are being centralized to NITC.

NATIONAL TECHNOLOGY SUPPORT CENTERS

Mr. Aderholt: Please provide a list of the national technology support centers, including their location, funding and staff levels associated with each center, for fiscal years 2008 through 2013 and anticipated for 2014.

Response: The information is submitted for the record.

[The information follows:]

National Technical Support Centers (NTSC)

NTSC Name	Location	Funding (Dollars in Thousands)							Staff Level						
		FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY08	FY09	FY10	FY11	FY12	FY13[1]	FY14
West NTSC	Portland, Oregon	$6,084	$6,007	$5,921	$6,075	$6,141	$4,836	$4,836	39	37	38	39	39	36	36
Central NTSC[2]	Ft. Worth, Texas	4,939	5,373	5,370	4,899	5.340	4,279	4,279	30	35	34	32	31	29	29
East NTSC[3]	Greensboro North Carolina	4,530	4,860	4,870	4,744	4,391	3,785	3,785	27	30	29	29	28	27	27

1/ Staffing level includes occupied positions and approved vacant positions anticipated to be filled before FY 2013 year-end.

2/ In FY 2008 through FY 2011, NRCS assigned one staff position, National Agroforester, from the Central National Technology Support Center (Lincoln, Nebraska) to the USDA National Agroforestry Center (NAC), (Lincoln, Nebraska). The NAC facility is owned and operated by the USDA Forest Service, but the agroforestry technology transfer program is a partnership between NRCS and the Forest Service. Funding and staff level for this position are included in the table.

3/ East NTSC include funding and staff levels for the National Plant Data Center for FY 2011 which was merged with the East NTSC in FY 2011.

PLANT MATERIALS CENTERS

Mr. Aderholt: Please provide a list of all Plant Materials Centers, including location, funding and staff levels for fiscal years 2008 through 2013 and anticipated for fiscal year 2014.

Response: Plant Materials Center (PMC) operating costs and staff levels (FTEs) for fiscal years (FY) 2008 through FY 2012 are actuals, and FY 2013 and FY 2014 are estimates. Operating Costs include staff costs, normal operating expenses, equipment maintenance and replacement, and facility maintenance and upgrades.

[The information follows:]

PLANT MATERIAL CENTERS OPERATING COSTS AND FTEs

FY 2008 - FY 2012 Actual, and FY 2013 - FY 2014 Estimate
(Dollars in Thousands)

	2008		2009		2010		2011		2012		2013		2014	
Location	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE
Tucson, Arizona	$274	3	$349	2	$324	3	$599	4	$389	4	$369	3	$370	3
Booneville, Arkansas	246	3	321	3	290	4	336	3	353	4	357	4	350	4
Lockeford, California	318	3	390	4	430	3	514	3	552	3	399	3	360	3
Brooksville, Florida	290	3	389	4	363	5	448	5	334	4	347	3	330	3
Americus, Georgia	271	3	391	3	316	3	360	3	239	2	199	2	210	2
Molokai, Hawaii	348	3	421	4	401	4	360	3	388	3	317	3	330	3
Aberdeen, Idaho	382	5	460	4	378	4	359	4	509	3	395	4	400	4
Manhattan, Kansas	373	6	442	6	430	6	460	6	342	4	327	3	330	3
Golden Meadow, Louisiana	280	5	357	5	360	4	356	4	310	4	310	4	310	3
Beltsville, Maryland	535	4	434	4	472	4	530	4	486	4	433	4	425	4
East Lansing, Michigan	302	3	370	3	324	4	330	4	315	4	335	4	340	4
Coffeeville, Mississippi	259	4	277	3	239	3	268	3	251	3	186	2	200	2
Elsberry, Missouri	302	4	329	4	359	4	400	4	339	5	327	3	320	3

PLANT MATERIAL CENTERS OPERATING COSTS AND FTEs

FY 2008 - FY 2012 Actual, and FY 2013 - FY 2014 Estimate
(Dollars in Thousands)

	2008		2009		2010		2011		2012		2013		2014	
Location	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE
Bridger, Montana	357	4	409	3	351	3	365	3	366	3	350	3	350	3
Fallon, Nevada	342	3	297	3	296	3	233	2	150	2	185	2	200	2
Cape May, New Jersey	278	3	328	4	308	3	410	3	390	4	394	3	390	3
Los Lunas, New Mexico	364	3	415	4	344	4	388	4	375	4	386	3	380	3
Big Flats, New York	318	3	390	5	342	4	368	4	325	3	320	3	320	3
Bismarck, North Dakota	412	6	501	7	472	6	492	4	424	6	426	4	420	4
Corvallis, Oregon	337	3	409	4	352	3	431	3	355	4	322	3	330	3
Texas (3 Centers)	1,008	11	1,207	10	1,010	9	1,191	8	940	6	950	9	940	9
Pullman, Washington	297	4	360	3	319	4	293	4	320	3	333	3	320	3
Alderson, West Virginia	279	3	357	3	274	3	247	3	309	3	280	3	280	2
Other NRCS[1]	2,668	10	2,592	6	2,734	5	1,464	4	534	3	361	1	231	1
Sub-total, NRCS Locations	10,840	102	12,195	101	11,488	98	11,202	92	9,295	88	8,608	79	8,436	77

PLANT MATERIAL CENTERS OPERATING COSTS AND FTEs

FY 2008 - FY 2012 Actual, and FY 2013 - FY 2014 Estimate
(Dollars in Thousands)

Location	2008		2009		2010		2011		2012		2013		2014	
	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE	Cost	FTE
Palmer, Alaska[2]	262	na	95	na	54	na	81	na	50	na	-	na	50	na
Meeker, Colorado [2]	233	na	242	na	210	na	231	na	172	na	65	na	65	na
Subtotal, Others	495	na	337	na	264	na	312	na	222	na	65	na	115	na
Total, Obligated or Estimated	11,335	102	12,532	101	11,752	98	11,514	92	9,517	88	8,673	79	8,551	77

1"Other NRCS" is funding used for agency operations, Congressional earmarks, or special plant materials activities.

2 Operated by Cooperating Agencies or others with NRCS Assistance.

INTERNATIONAL TRAVEL

Mr. Aderholt: Did any NRCS employees travel internationally in fiscal years 2012 and 2013 to date? If so, please describe the purpose of the trip, the associated cost and destination.

Response: Forty-five NRCS employees traveled internationally in fiscal year 2012 and as of May 2013, 20 employees have traveled during fiscal year 2013. International travel is for the following purposes: International Meeting (IM); Technical Assistance - Long Term (>6 months) (LT); Technical Assistance - Short Term (<6 months) (TDY); Scientific and Technical Exchange (STE); Trans Border Issues (Trans); and Training (TRN). The following table provides the requested information on the purpose, associated total costs, and destinations for the trips.

[The information follows:]

FY 2012

Country	Number	Total	Type
Afghanistan	3	-	LT
Argentina	1	$3,552	IM
Australia	1	6,000	IM
Austria	1	800	IM
Canada	12	18,684	IM
Canada	2	115	Trans
Canada	1	1,408	TRN
China	1	4,940	IM
Ghana	1	-	TDY
Haiti	5	-	TDY
Hungary	1	5,278	STE
Ireland	1	-	TDY
Italy	3	13,801	IM
Kenya	1	2,045	IM
Mexico	3	3,360	IM
Mexico	1	3,204	STE
Mexico	1	2,523	TRN
Micronesia	1	-	TDY
Mongolia	1	-	TDY
Morocco	1	-	IM
New Zealand	1	5,580	STE
Pakistan	2	-	TDY
Totals	45	71,290	

FY 2013

Country	Number	Total	Type
Afghanistan	1	-	LT
Australia	1	$5,000	IM
Canada	6	5,390	IM
Canada	2	50	Trans
China,	1	-	STE
Colombia	1	292	STE
Germany	1	4,500	IM
Mexico	2	4,827	IM
New Zealand	1	7,500	STE
Pakistan	3	-	TDY
Qatar	1	4,700	IM
Total	20	32,259	

Note: Travel at no cost to the agency was either reimbursed by the Foreign Agricultural Service or the host country, or at the traveler's own expense.

EMPLOYEES SERVING IN FOREIGN COUNTRIES

Mr. Aderholt: How many NRCS employees are serving in foreign countries in fiscal year 2013? Please provide information on the purpose of the assignment, duration of the assignment and associated costs.

Response: In fiscal year 2013, six NRCS employees have served or are currently serving in foreign countries. Four employees have served or are serving in Afghanistan on 12-month assignments supporting Operation Enduring Freedom. Three of those employees have completed their assignments (one employee completed his assignment in October 2012, and two completed their assignments in December 2012). The other employee was deployed in December 2012 and is currently serving in Afghanistan. The costs for those deployed to Afghanistan are paid by the Foreign Agricultural Service.

In addition, two employees are currently on five-year resident assignments. One employee is assigned to Palau and one to the Federated States of Micronesia (FSM) as part of the Compact of Free Association with both countries. Estimated total costs during FY 2013 for the employees on assignment in Palau and FSM are $537,882. Included in that total is the amount the agency will reimburse the State Department for embassy security, official mail, and other items.

GIS ACTIVITIES

Mr. Aderholt: How much funding was spent on GIS activities in fiscal years 2008 through 2013?

Response: The information is submitted for the record.

[The information follows:]

Contributions to the Digitizing of Soils Information
And Development of Digital Orthophotography

	Digitize Soils (Dollars in Millions)		Digital Orthophotography (Dollars in Millions)			
Year	NRCS	Other Federal & State Agencies	NRCS	USGS	FSA	Other Federal & State Agencies
2008	$9.80	$0.30	$0.50	$.20	$10.07	$3.50
2009	9.80	0.30	2.30	1.75	22.80	3.60
2010	9.80	0.30	2.40	1.90	23.90	2.50
2011	9.80	0.30	1.90	1.90	10.50	3.50
2012	9.80	0.30	1.70	1.90	10.60	2.60
2013 Est.	*9.80	0.30	1.30	1.70	9.60	1.70

*The Soil Survey Geographic Database (SSURGO) Initiative has two main components, the soil survey component and the ecological site component. In FY 2011 and FY 2012 SSURGO Initiative funds were used toward both components. In addition to NRCS, National Park Service, U.S. Forest Service and the Bureau of Land Management are contributing agencies to the National Cooperative Soil Survey effort.

INFORMATION TECHNOLOGY

Mr. Aderholt: Please provide a summary, including information on personnel, hardware, software, applications, and telecommunications, of NRCS spending on Information Technology for fiscal years 2008 through 2013. What is anticipated for fiscal year 2014?

Response: NRCS expects to spend $182.9 million on Information Technology (IT) in fiscal year 2014. Of this amount, $8.4 million is for personnel, $12.1 million is for Hardware, $14.3 million is for Software, $2.2 million for other government IT services and $145.9 million in total for Support Services. Telecommunication and application expenditures are included in ITS Services and Other Support totals and cannot be broken out at this time. The Table below itemizes IT spending for fiscal years 2008 through fiscal year 2014.

[The information follows:]

Information Technology Spending
(Dollars in Millions)

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Est.	FY 2014 Est.
Personnel	$7.8	$7.7	$7.8	8.4	$6.0	$8.4	$8.4
Hardware	0.9	1.7	8.9	10.8	27.7	12.1	12.1
Software	0.9	0.9	5.1	7.7	7.8	6.1	14.3
Other Gov IT Services	28.1	24.8	37.2	3.6	4.8	1.9	2.2
ITS Support Services	87.4	93.1	96.0	93.0	73.6	113.8	113.8
Other Support Services	-	-	-	51.3	48.5	32.1	32.1
Total:	125.1	128.2	155.0	174.8	168.4	174.3	182.9

PERSONNEL

Mr. Aderholt: Does NRCS anticipate the use of any personnel action or reorganization in fiscal year 2014? Please describe the anticipated actions. Would any lead to a reduction-in-force?

Response: NRCS expects to continue to streamline and reduce operating costs in light of the current and forecast budget allocations. These efforts may include streamlining structures and realigning functions at the national, State and field levels to gain cost saving and increase effectiveness. All these changes will be crucial to utilizing resources effectively and focusing our conservation professionals on providing direct customer service to ensure the long term health of our Agency.

We do not expect any reduction-in-force in any reorganization for fiscal year 2014.

Mr. Aderholt: How many NRCS employees are dedicated to communications? How many to human resources? How many to accounting and financial management? Please provide a breakdown by state and headquarters and include a comparison to FY 2012.

Response: The information is provided in the table below. The numbers reflect all active employees, including permanent full time and part time personnel.

For each of the occupations requested, the following occupational series were included:

- Communications: All 1000 occupational series
- Human Resources: All 0200 occupational series
- Accounting and Financial Management: All 0500 occupational series

[The information follows:]

Communications, Human Resources, Accounting and Financial Management Staff

FY 2013 Staff	States	NHQ	Total Employees
Communications	89	32	121
Human Resources	130	52	182
Accounting and Financial Management	165	55	220

FY 2012 Staff	States	NHQ	Total Employees
Communications	95	27	122
Human Resources	119	75	194
Accounting and Financial Management	161	59	220

Change FY 2012 to FY 2013	States	NHQ	Total Employees
Communications	-6	5	-1
Human Resources	11	-23	-12
Accounting and Financial Management	4	-4	-

CONSERVATION DELIVERY STREAMLINING INITIATIVE

Mr. Aderholt: Please update the Committee on the Conservation Delivery Streamlining Initiative. What is the status of the initiative? What is the timeline for implementation? What efficiencies will be realized? How much will full implementation of the initiative cost? How much will it save?

Response: In FY 2010, NRCS leadership formally initiated an Agency-wide effort called the Conservation Delivery Streamlining Initiative (CDSI). The Initiative's goal is to define and implement a more effective, efficient, and sustainable business model for delivering conservation technical and financial assistance. Three overarching objectives were identified:

1. Simplify Conservation Delivery - Conservation delivery must be easier for both customers and employees.

2. Streamline Business Processes - The new business model and processes must increase efficiency and be integrated across Agency business lines.

3. Ensure Science-based Assistance - The new business model must reinforce the continued delivery of science-based products and services.

CDSI is implementing five broad strategies under this effort:(1) redesigning NRCS's business processes, (2) aligning its information technology with these redesigned processes, (3) integrating science technologies to enhance the quality and effectiveness of NRCS programs, (4) simplifying and standardizing the delivery of financial assistance, and (5) providing ways for clients to work with NRCS that are more convenient and efficient.

The CDSI effort, which first received funding in FY 2010, is in its fourth year. During FY 2011 through FY 2012, NRCS redesigned a number of business processes focused on conservation planning and financial assistance delivery. Pilots to evaluate new processes and technologies were conducted in FY 2012.

In October 2012, NRCS began testing the Conservation Desktop application-version one. NRCS released version one as Beta version to four offices in March 2013. NRCS is considering options for the nationwide implementation of its Conservation Desktop technology. The first release began to integrate the delivery of technical and financial assistance, introduce automated workflows for increased efficiency, and replace several existing inefficient, stove-piped tools. The first release of the Conservation Desktop also began integration of science-based technologies to efficiently address grazing and erosion. NRCS is currently finalizing requirements for a second version - making enhancements to the Conservation Desktop and expects to begin design in 2013.

In early 2013, NRCS began design and development on the first version of its new Client Gateway, a simple, web-based application for customers to apply for programs, check eligibility, view conservation plans and contracts, sign documents, request payments for practices applied, and much more. All these features will be available for NRCS customers 24 hours per day, seven days a week, without ever having to visit a NRCS office or make an appointment. NRCS expects to deploy the first version of the Client Gateway in 2014.

Also in early 2013, NRCS began design on its mobile planning application. The Mobile Planning Tool will add significant efficiency to NRCS's ability to deliver conservation assistance, and allow NRCS to spend as much as 75 percent of their time in the field with clients, compared to the 20 percent to 40 percent often reported by field staff.

NRCS's customers will benefit from this effort by:

- Having to make fewer trips (if any) to the field office;
- Saving NRCS's program participants over 750,000 hours annually;
- Shortening the timeline between applying for a program and having a signed contract (target is two weeks or less when fully implemented);
- Speeding up practice installation;
- Ensuring rapid payments after a practice is applied; and
- Having access to on demand on-line service for many of the steps in conservation assistance.

NRCS will be more efficient and effective by:

- Reducing document handling and wasteful duplicate data entry;
- Reducing decision and approval times for plans and contracts;
- Increasing environmental benefits through higher quality plans;
- Improving access to best-available information and technology, and
- Aligning staff with the more efficient business processes.

The total planning and development cost for the Streamlining Initiative is $79 million. Implementation and maintenance costs will ramp up with the national implementation of the first CDSI tools and processes, and total $169 million through FY 2019. The total cost for the CDSI effort through FY 2019 is estimated at $248 million.

NRCS estimates that when fully implemented, CDSI will "free up" over 1,500 staff years in the agency's state and field offices that are currently used for administering duplicative and burdensome administrative processes. These staff years can be refocused back on customer service and better planning and delivery of conservation assistance.

Mr. Aderholt: How much funding per year has been allocated to the Conservation Delivery Streamlining Initiative (CDSI) since it was initiated? How much more will be needed and for how many additional years?

Response: Allocations for CDSI were $7 million in FY 2010, $14 million in FY 2011, and $10 million in FY 2012. In FY 2013, NRCS is requesting an apportionment from OMB of $12 million.

The total planning and development cost for the Streamlining Initiative is $79 million. Implementation and maintenance will ramp up with the national implementation of the first CDSI tools and processes, and total an estimated $169 million through FY 2019. The total cost for the CDSI effort through FY 2019 is an estimated $248 million.

CONSERVATION EFFECTS ASSESSMENT PROJECT (CEAP)

Mr. Aderholt: Please update the Committee on the Conservation Effects Assessment Project (CEAP). Please include a table that shows the amount of funding allocated to CEAP per year since it was initiated and how much will be expended in fiscal year 2013 and 2014.

Response: CEAP was established within USDA in 2003 to develop a scientific understanding and methodology for estimating the environmental effects of conservation practices on agricultural landscapes at national, regional, and watershed scales. CEAP is a multi-agency, multi-resource effort, and its scope includes building the science and information base needed to support conservation planning and implementation, management decisions, and policies. CEAP has three main components; described below: national assessments, watershed assessments, and literature reviews and bibliographies.

Budget. The annual CEAP budget for the Natural Resources Conservation Service (NRCS) peaked at more than $8.3 million in 2004 and 2007 but since has dropped to around $5 million annually, about the same as initial-year funding (Table 1). The NRCS investment in CEAP, however; has leveraged more than $240 million in contributions from organizations, universities, State agencies, and other Federal agencies (Table 2). In all, more than 60 agencies and organizations are CEAP partners.

[The information follows:]

Table 1. NRCS CEAP expenditures, FY 2003-FY 2013
(Dollars in Thousands)

Fiscal Year	Annual funding
2003	$5,396
2004	8,343
2005	8,000
2006	8,000
2007	8,345
2008	5,754
2009	5,000
2010	4,605
2011	5,105
2012	7,910
2013	4,619
2014 (est.)	15,900**

** In 2012, agency leadership approved a long-term work plan that projects CEAP support costs for the next 7 years. This plan is predicated upon agency funding available to carry out these long-term plans and projects a funding level need of $15.9 million for FY 2014. This funding increase is required to support data collection costs for updating the original cropland farmer survey conducted in the 2003 to 2006 timeframe. This new survey will document conservation implementation progress and the associated environmental gains and impacts of conservation adoption since the timeframe of the initial survey. If the additional funding is not available, FY 2014 funding levels are anticipated to be level with FY 2013 in order to maintain ongoing project work.

Table 2. Leveraged investments in CEAP, FY 2003-FY 2013
(Dollars in Thousands)

Agency	FY 2003- FY 2012	FY 2013 est	11-yr. Total
USDA Agencies: National Agricultural Statistics Service NASSS	$600	-	$600
Agricultural Research Service (ARS)	187,882	$20,000	207,882
National Institute for Food and Agriculture NIFA)	9,675	-	9,675
Farm Service Agency (FSA)	870	100	970
U.S. Geological Survey (USGS)	7,490	1,000	8,490
Others	11,610	1,000	12,610
Total			240,227

Future CEAP resources will be used to gather data to expand our use of the Agricultural Policy Environmental Extender (APEX) field-level model to estimate conservation practice effects on wetlands, wildlife, and grazing lands so as to more accurately model the complex agricultural landscape to include the variety of practices that occur on the land. We will refresh our practice information so we can better estimate the effects of conservation on the land and improve our ability to make informed, effective conservation and management decisions. We also plan to support the modeling and estimation of conservation effects at smaller watershed scales to improve decision making for policies and programs.

CEAP-Cropland National Assessment. NRCS and its partners in ARS and Texas A&M University are preparing a series of reports on the effects of conservation practices on cropland that eventually will cover the 48 contiguous States. To date, six reports in this series have been released, the Upper Mississippi River Basin, the Chesapeake Bay Region, the Great Lakes Region, the Ohio-Tennessee River Basin, the Missouri River Basin and most recently the Arkansas-White-Red River Basin. The draft version of the Lower Mississippi River Basin report has been completed and is currently being readied for internal agency review and clearance processes as well as an external scientific peer review. The Texas-Gulf Region report is also under various stages of development and review. It is intended for these additional reports to be released in calendar year (CY) 2013.

The reports are based on computer simulations of conditions as of 2003-2006 compared to conditions that would be expected if no conservation practices were in place. The simulations are based on data on farming and conservation practices in use during the same period collected through interviews with farmers utilizing a 32 page survey questionnaire conducted for the agency by the National Agricultural Statistics Service (NASS) and reviews of NRCS field office records. The National Resources Inventory (NRI) provided additional data and the statistical basis for the application of sophisticated modeling approaches, processes, and the production of regional estimates and findings. These studies not only provide estimates of the effects of conservation practices in place on the landscape for the study timeframe but also help us determine treatment needs on cropped acres and estimate potential further gains from additional conservation treatments. The estimation process is consistent in each study area to allow comparison of findings across all regions.

Commonalities across all of the studies completed to date include: (1) The voluntary, incentives-based approach is achieving results. Farmers have done and are continuing to do a good job of conservation on agricultural land, especially in controlling erosion and also in reducing nutrient losses from cropland. (2) However; despite the gains, we have opportunities to make even more progress, especially in the nutrient management arena. (3) Suites of practices are needed to manage complex loss pathways. No single practice or single combination of practices will be equally effective everywhere. (4) Targeting the most critical/vulnerable and environmentally sensitive acres delivers the greatest benefit for the conservation investment.

There are, however; regional differences among the completed studies. The most severe conservation treatment need on agricultural land in the Upper Mississippi River Basin, the Chesapeake Bay Region, and the Great Lakes Region is the loss of soluble nitrogen through leaching. The greatest need in the Ohio-Tennessee River Basin is the loss of phosphorus from cropland. Wind erosion in the western portion and nutrient management (nitrogen and phosphorus primarily) in the eastern portion of the Missouri Basin are important conservation concerns.

The next generation of CEAP studies on cropland will be conducted at smaller scale to focus on more localized priorities. A data collection effort on farming and conservation practices in use in the Chesapeake Bay Watershed (2012/2013 revisit survey) has just been completed utilizing an expanded NRI sample size from the initial 2003-2006 data collection effort. A report on findings will be released later this year.

In addition, we have completed expanded data collection efforts for two special study area (revisit surveys) for the Western Lake Erie basin and the Des Moines River watershed/basin. These reports will update findings from the 2003-2006 survey and be released early next year. A third study associated with agriculture in the California Bay-Delta area is in the planning stages right now with data collection scheduled to begin late CY 2013. These studies are intended to provide data at a much smaller scale than the current national assessment.

New tools and analyses. The CEAP-Cropland studies have provided additional benefits in the form of tools for decision support and direct assistance to landowners. For example, the cropland modeling team has developed an optimization model that evaluates alternative approaches for setting conservation priorities that can potentially maximize the benefits of conservation investments. New tools developed as a result of CEAP modeling are being incorporated into the NRCS Conservation Delivery Streamlining Initiative (CDSI) to help field offices provide faster, better technical assistance to landowners.

Another tool, the CEAP Conservation Benefits Identifier (CCBI) geospatial data layer is an attempt to translate core CEAP-Cropland report findings related to nutrient management needs into actionable information for agency landscape planning and program delivery at the field level. The CEAP Soil Vulnerability Layer is another national geospatial layer that classifies soils in the CEAP reports from model runs using APEX, and allows environmentally sensitive/vulnerable soils to be located across the landscape. The National Soil Vulnerability Layer has been used in several regional initiatives, including the Chesapeake Bay Watershed Initiative and the National Water Quality Initiative. Primary modeling APEX tool development to support the CDSI effort is continuing and the CCBI tool is being used/tested in several State locations now.

CEAP-Watershed Studies. USDA initiated a series of CEAP watershed studies to provide in-depth analysis and quantification of the measurable effects of conservation practices at the watershed scale, and to enhance our understanding of the effects of conservation in the biophysical setting of a watershed. There were 42 watershed studies in total: 17 Competitive Grants Watersheds supported by the National Institute of Food and Agriculture (NIFA) in partnership with the Natural Resources Conservation Service (NRCS), 14 Benchmark Watersheds conducted by the Agricultural Research Service (ARS - a continuing long-term effort), and 11 Special Emphasis Watersheds (SEW's) supported by the NRCS.

A book synthesizing lessons learned from the NIFA CEAP Watershed Studies on croplands was published last year ("How to Build Better Agricultural Conservation Programs to Protect Water Quality: The National Institute of Food and Agriculture-Conservation Effects Assessment Project Experience" Edited by Deanna L. Osmond, Donald W. Meals, Dana LK. Hoag, and Mazdak Arabi, 2012, 387 pages, hardcover and free online access). The synthesis study team, lead at North Carolina State University, also published numerous CEAP fact sheets and summary papers to highlight key findings, which are available for download from the CEAP website. Outreach to translate the science into practice has been carried out for legislators, policy officials, agencies, conservationists, watershed groups, and producer groups. A new presentation for producer groups called, "Steps to Citizen-based Watershed Planning: A Presentation for Watershed Planners" (November 2012; PPT) was also made available on the NRCS CEAP website to help improve the effectiveness of conservation efforts with private landowners. Efforts are underway within NRCS to apply the findings of this effort to improve conservation program design and delivery for greater effect. A special issue of a peer-reviewed journal (Journal of Environmental Quality) is also in review for publication in 2014 to share findings with scientists.

Work on the ARS watershed studies continues with new priorities under the agency's 5-year action plan. A special symposium was held to inform conservationists at the 2012 Soil and Water Conservation Society Annual Meeting, which featured key findings and conservation insights on sedimentation, water quality and nutrients, climate impacts, modeling approaches, and soil quality. ARS and NRCS are planning a special issue of the Journal of Soil and Water Conservation that summarizes findings from this work. A new CEAP Conservation Insight is nearing completion and others are planned for development later in 2013 and 2014.

CEAP-Wetlands Studies. CEAP-Wetlands studies were planned to evaluate the effects of wetland conservation practices and programs by quantifying ecosystem services (e.g. water quality, flood control, biodiversity) for major wetland types. Ecosystem services are "the benefits people obtain from ecosystems."

Five regional investigations are ongoing: (1) Prairie Pothole Region, (2) Mississippi Alluvial Valley, (3) The High Plains, (4) California Central Valley and Upper Klamath River Basin, and (5) Mid-Atlantic Rolling Coastal Plain and Coastal Flats. Data collection and model development for the major wetland types in each region are focused on the following wetland ecosystem services: floodwater storage, habitat quality, pollinators, biotic conservation and sustainability, erosion and sedimentation, nutrient fate and transport, carbon sequestration, and greenhouse gas emissions.

During the next 5 years, the CEAP-Wetlands National Assessment will focus on:

(1) developing CEAP-Wetlands modeling that provides NRCS with the capacity to simulate and forecast changes in wetland functions or ecosystem services provided by wetlands and associated lands as a result of conservation practices and programs, land treatments, climate change, and other factors;

(2)calibrating and validating the depressional (prairie potholes, playas) and riverine wetlands algorithms within the Integrated Landscape Model (ILM) linked to the primary CEAP Model APEX and the NRI to improve the statistical reliability of model output at multiple scales and broaden its conservation application; (3)integrating CEAP-Wetlands field data collection methods with the NRI to develop new onsite data collection elements and remote sensing-based protocols that document spatial and temporal changes and effects of wetland conservation practices and programs; (4)linking other CEAP component findings/efforts into the ILM and APEX to address cumulative practice and program effects across multiple scales; and (5)documenting the effectiveness of conservation practices and working lands treatments within the broader regional study framework to improve modeling results and translating those results to improve on-the-ground conservation.

A series of CEAP Science Notes and Conservation Insights are being developed to highlight findings from the various regional assessments. The CEAP-Wetlands multi-regional literature synthesis was published as a special issue of the journal Ecological Applications in April 2011. The ten papers that make up the synthesis document the scientific literature summarizing the effects of conservation practices and programs on agricultural wetlands in seven geographic regions of the United States.

CEAP Science Note—Conserving Prairie Pothole Wetlands: Evaluating Their Effects on Carbon Sequestration in Soils and Vegetation. A United States Geological Survey (USGS) study for the CEAP-Wetlands component found that previously farmed wetland catchments in the Prairie Pothole Region (PPR) of the Northern Great Plains contained as much as 26 percent less soil organic carbon than did native prairie catchments. Restored wetland catchments had more soil organic carbon in the upper 6 inches of the soil profile than the previously farmed catchments but less than native prairie catchments.

Based on a wetland catchment carbon sequestration rate of 1.34 tons per acre per year, carbon stocks were estimated to replenish within 10 years following restoration for most of the restored prairie pothole wetland catchments for the PPR. In addition to soil carbon sequestration potential, sequestration of carbon through the emergent vegetation pool on restored catchments was estimated to be more than 788,000 tons for the PPR, or sequestration of 0.7 ton per acre of vegetative organic carbon in restored catchments.
The interaction of vegetation and hydrologic cycles was hypothesized to be a more important factor on soil organic carbon sequestration rates than the wetland restoration age. Study sites were restored over a 19-year period (1986-2004), a time span that included one of the most extreme dry and wet cycles recorded during the last 100 years in the PPR. This cycle potentially influenced SOC baselines, rates of carbon sequestration, and the biogeochemical processes in the wetland catchments.

Two final reports for small-scale regional assessment projects were completed in 2012:
(1) Quantifying Ecosystem Services from Wetland Conservation Practices in the Glaciated Interior Plains: The Provision of Water Quality (and Carbon Sequestration) Benefits - In this study, water quality improvement potential was determined using denitrification, phosphorus sorption and carbon sequestration potentials to compare restored wetlands, natural wetlands and riparian buffers.

> (1)Restored, conserved and riparian buffer areas exhibited greater ambient and potential denitrification than restored and natural depressional wetlands. (2)Phosphorus sorption was generally higher in riparian wetlands; however, wetlands high in soil organic matter retained the most phosphorus. (3) A decision tree based on hydrologic connectivity, parent material and disturbance regime was developed to aid in the selection and placement of WRP/CRP riparian buffers and WRP restorations projects.

(2)Assessing Wetland Restoration Practices on Southern Agricultural Lands: The Wetland Reserve Program in the Southeastern Coastal Plain." - This sample of more than 100 WRP projects (SC, GA, MS) identified diverse wetland types [riverine, mineral-soil flat, organic-soil flat and depressional] and prior habitat conditions [ranging from active agriculture to forested bottomlands harvested for timber] that may affect restoration of wetland functions.

(1)Assessment findings showed the primary emphasis for all WRP projects was repairing altered hydrology or retaining natural hydrology. Vegetation restoration was generally passive with tree planting frequent on prior-agriculture sites.

(2) Field surveys indicated that most WRP projects had positive functional indicators of wetland hydrology, vegetation and faunal use.

A study was completed for the High Plains regional assessment of playa wetlands examining the effects of farming and conservation programs on pesticides associated with sediments. Pesticide occurrence and concentrations were higher in wetlands surrounded by cropland as compared to native grassland and WRP/CRP restored playas. In addition, two Masters Theses and six papers related to the CEAP-Wetlands regional assessments were published in scientific journals in 2012.

The CEAP-Wetlands studies seek to improve our understanding of wetlands in agricultural landscapes so that we can provide farmers and ranchers with better advice on how to improve and conserve these vital areas.

Regional assessments collected field data for major wetland types to assess and model the following wetland ecosystem services: floodwater storage, habitat quality, pollinators, biotic conservation and sustainability, erosion and sedimentation, nutrient fate and transport, carbon sequestration, and greenhouse gas emissions.

During the next 5 years, the CEAP-Wetland studies will focus on improving our capacity to predict changes in wetland functions when changes occur in the surrounding uplands. The Integrated Landscape Model—the ILM—will help us increase our understanding of the dynamics of wetland functions in agricultural landscapes and thus improve our technical assistance for conserving wetlands.

CEAP-Wildlife Assessment. Since 2005, the CEAP-Wildlife Component has supported over 30 regional assessments of the effects of conservation practices and programs on various priority fish and wildlife species. These assessments, conducted in partnership with academic, Non-Governmental Organization, State and Federal agency science partners, have generated more than two dozen technical reports from which we have developed technical notes and guidance documents to help put findings into practice. These findings have documented how USDA programs and practices are benefiting species such as grassland and shrubland birds, native trout, migrating and wintering waterfowl and shorebirds, and other at-risk species while shedding valuable insight on how we can improve conservation practice standards and program delivery.

In recent years, CEAP-Wildlife has increased emphasis on supporting assessments that document target species' response to conservation practice implementation and that provide science support for effective program delivery of NRCS wildlife-oriented, landscape-scale special initiatives. For instance, CEAP-Wildlife is providing important science support for the NRCS Sage-Grouse Initiative, Lesser Prairie-Chicken Initiative, and the Golden-

Winged Warbler and New England Cottontail aspects of the Working Lands for Wildlife effort

CEAP-Wildlife is also enhancing the biological aspects of other CEAP component models and products. Specifically, we are working with The Nature Conservancy, ARS, and university partners to link stream fish and macro-invertebrate sample data with CEAP-Cropland modeling tools, beginning with an intensive effort in the Western Lake Erie Basin. This effort will provide the means to integrate biological endpoints into soil and water quality modeling, and thus help us understand and target effective conservation practice implementation with biologically meaningful results. We are also incorporating biodiversity metrics into CEAP-Grazing Lands modeling efforts and to integrate findings from various completed and ongoing CEAP-Wildlife regional assessments into the Integrated Landscape Model under development by CEAP-Wetlands.

As we generate valuable products and insights for USDA use, we continue to share results with and solicit input from our partners in the fish and wildlife science and management communities. Through the International Association of Fish and Wildlife Agencies' CEAP Working Group, we are working to link CEAP Wildlife findings with those of the monitoring components of State Wildlife Action Plans, and vice-versa.

CEAP-Grazing Lands. Both of the Conservation Effects Assessment Project (CEAP) literature syntheses and companion, standalone Executive Summaries have been completed and distributed nationwide (Rangeland synthesis in 2011; Pastureland and Hayland synthesis in 2012). These literature syntheses are the most comprehensive collection of information on rangeland and pasture/hayland management in existence. They will serve as "living documents" to be updated as new scientific information becomes available.

The reports are the products of a rigorous external review by 40 rangeland scientists and over 30 pastureland scientists of published peer-reviewed scientific literature related to select grazing land conservation practices. NRCS commissioned the reports to evaluate its current efforts to help ranchers implement conservation practices and to guide future efforts. Some of the key findings provided recommendations on how to modify existing conservation practice standards to account for the body of science that supports the key purposes of the practice. Additional recommendations provided opportunities for the research community to conduct studies that are pertinent to applied management and the implementation of selected suites of conservation practices. Both literature syntheses provide opportunities to improve NRCS science and technology, conservation planning protocols and products, and program delivery aspects of selected conservation practices.

Because most erosion prediction models were developed for use on cropland, they are less reliable on rangeland and pasturelands. For this reason, ARS and NRCS scientists and others are developing computer models to predict erosion on these unique landscapes, to include an output indicator of "risk potential" by storm event determined by actual grazing unit conditions. This risk potential can be used to guide conservationists and grazing managers in determining optimal ground conditions to minimize erosion. It will be integrated (to the degree possible) with ecological site description vegetation change models ("state and transition models") as an aid to predict plant community shift(s) when risk potentials are exceeded. This will give the manager a clear understanding of ground conditions to monitor and improve using prescribed grazing and other conservation practices in order to maintain the desired plant community under a given set of observed weather patterns and management practices. The Rangeland Hydrology and Erosion Model and Wind Erosion Model will provide grazing land conservationists with new tools for advising grazing managers how best to control erosion and maintain stability and function of the site.

The CEAP-Grazing Lands effort is also pioneering the techniques required to model resource effects on rangelands, in both environmental and production-related contexts.

FINANCIAL AUDIT REMEDIATION

Mr. Aderholt: Please briefly describe NRCS's efforts to improve its accounting systems. When will the agency achieve a clean audit? What progress has the agency made since its first audit? What goals will be achieved this year? What are the most difficult obstacles to overcome?

Response: NRCS continues to strive to improve its audit position. The fiscal year (FY) 2012 financial audit resulted in five material weaknesses and two significant deficiencies. NRCS made significant improvements in the areas of unliquidated obligations and information technology access controls. The previous material weaknesses in these areas were downgraded to significant deficiencies. Additionally, the significant deficiency related to purchase and fleet cards was downgraded to a management comment.

In addition to working to sustain progress, NRCS developed and is executing project plans to correct the remaining material weaknesses. NRCS's goal is to obtain a qualified opinion in FY 2013 and a clean opinion in FY 2014.

The FY 2013 audit is currently underway. The auditors have held several planning meetings with NRCS and will visit two State offices in early June to assess NRCS's current internal control environment. Testing based on March, June and September balances will continue through late October. Final results will be available early November.

NRCS converted its core accounting system from Foundation Financial Information System (FFIS) to the Financial Management Modernization Initiative (FMMI) in May 2012. FMMI is the Department-wide core accounting system. The conversion process, though challenging, was a necessary step for NRCS to complete in order to resolve financial system related audit findings.

In order to improve financial management, NRCS has realigned the Office of the Chief Financial Officer (CFO) with the Office of the Chief, directly reporting to the Associate Chief for Operations. Additionally, as resources permit, NRCS is expanding the government workforce in the Office of the CFO and is transitioning its financial management from contractor support to government staff. If expanded, this will allow NRCS the opportunity to establish continuity in financial management and retain financial management knowledge in house. The challenge now is to identify budget required, successfully navigate the hiring process, train new staff and transition knowledge from contractors to the new NRCS staff while still making progress remediating audit findings and improving financial audit results.

CHANGE IN MANDATORY PROGRAMS

Mr. Aderholt: Please provide a list of all changes in mandatory programs included in the fiscal year 2014 budget request. For comparison purposes, please include information on the authorized levels of mandatory funding amounts related to the programs.

Response: The information is submitted for the record.

[The information follows:]

FY 2014 President's Budget (PB)
Changes in Mandatory Programs Authorized by Dollar Amount
(Dollars in Thousands)

Program	FY 2014 Authorized/1	Policy Change/2	FY 2014 PB
Environmental Quality Incentives Program	$1,750,000	-$400,000	$1,350,000
Wildlife Habitat Incentive Program	85,000	-40,000	45,000
Farm and Ranch Lands Protection Program	200,000	-50,000	150,000
Agricultural Management Assistance Program	7,500	-5,000	2,500
Small Watershed Rehabilitation Program	165,000	-165,000	-
Total Dollar Change		-660,000	

FY 2014 President's Budget
Changes in Mandatory Programs Authorized by Acreage Enrollment
(Dollars in Thousands)

Program	FY 2014 Authorized/1	Policy Change/2	FY 2014 PB
Conservation Stewardship Program	1,003,000	-14,000	989,000
Conservation Stewardship Program (acres)	12,769	-778	11,991
Total Dollar Change		-14,000	

Notes:
1/ The Farm Bill programs are subject to reauthorization. Many of the Farm Bill programs were extended through 2014 by Section 716 of the Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55), and others were extended through 2013 by Section 701 of the American Taxpayer Relief Act of 2012 (ATRA, P.L. 112-240). Passage of the Farm Bill may change the authorized amounts for mandatory programs.
2/ In addition, the President's Budget includes proposed legislation that would cap the Conservation Reserve Program at 25 million acres; cap Conservation Stewardship Program at 10,348,000 acres and consolidate easement programs. Total 10-year savings is about $1.7 billion.

CONGRESSIONALLY DESIGNATED PROJECTS

Mr. Aderholt: Are there any congressionally designated projects still active and/or have unobligated balances? If so, please provide a list of the projects, their location and funding allocated to them.

Response: The information is submitted for the record.

[The information follows:]

Congressionally Designated - Active Watershed and Flood Prevention Operations Projects as of April 30, 2013

Authorized Project	Congressional District	Estimated Cost per project	Funding provided by Sponsor	Unobligated Balances
Apache-Junc Gilbert Pwrl	AZ-01,06	$16,101,987	$7,180,000	
Lahaina Watershed	02-HI	2,421,000	-	-
Lower Hamakua Ditch Watershed	02-HI	10,592,000	5,296,000	-
Waliluka Alenaio Watershed	02-HI	1,257,000	-	-
Upcountry Maui Watershed	02-HI	9,223,000	4,611,500	-
Dupage County	06-IL,14	1,000,000	-	$360,874
North Black Vermillion	01-KS; 02-KS	13,387,906	1,806,000	-
Spring Brook	08-MN	1,470,000	-	-
Little Otter Creek	06-MO	7,050,000	-	5,124,277
Buck and Duck Creeks	01-NE	1,494,295	-	2,947
Neshaminy Creek	08-PA; 13-PA	75,950,000	46,650,000	-
Attoyac Bayou	01-TX	15,102,894	4,659,000	60,000
Dunloup Creek	03-WV	12,525,000	-	-
Alameda	CA-10,11	2,674,000	-	1,048,088
Dry Creek	CA-04	500,000	-	390,000
Central Sonoma Colgan Creek	CA-01,06	19,025,415	1,404,000	36,432
East Locust CK	MO-06	6,949,100	969,500	-
Pocasset River Watershed Study	02-RI	2,380,000	-	
Elm Creek (1250) site 1A Rev.	TX-17,31	8,799,208	635,000	48,584

Authorized Project	Congressional District	Estimated Cost per project	Funding provided by Sponsor	Unobligated Balances
Big Creek (Tri County) sites 16,17,18	TX-17,31	4,738,801	49,000	268,958
Little Sioux - Big Coon Creek	05-IA	826,290	34,761	5,000
Potomac - Lost River	02-WV	37,485,800	3,643,700	10,739,000
Total		250,953,696	76,938,461	18,084,160

Note: Funds remain unobligated for several reasons:

a) Very expensive projects accumulate funds for the project over several years.
b) Local sponsors may have lost their financial ability to continue with the project.
c) Construction projects are multi-year in nature, e.g. design, permitting, obtaining land rights, etc.
d) Upward obligations for cost overruns or unforeseen events doing construction.

PERSONNEL

Mr. Aderholt: Please update the Committee on the reorganization of NRCS's headquarters. When will the reorganization plan be fully implemented?

Response: NRCS expects to have its National Headquarters reorganization fully implemented no later than mid-summer, 2013. The agency is currently completing a quality check of the reorganization implementation details with appropriate organizational charts, budget line items, and pending National Finance Center organizational codes to ensure alignment to the approved structure.

MOTOR VEHICLES

Mr. Aderholt: Please provide a complete description of NRCS's vehicle pilot, including the results of the pilot.

Response: NRCS implemented the Trimble Fleet Management Solution in seven pilot States: California, Washington, Minnesota, Louisiana, South Carolina, Rhode Island, and Pennsylvania. The selected States vary widely in terms of the environmental concerns, conservation needs, weather, topography, and growing season. The pilot States represent an overall national snapshot of NRCS vehicle usage.

Trimble monitoring hardware was installed on 1,178 vehicles. This was approximately 12.4 percent of the fleet at the end of calendar year 2011, and was considered a reasonable sample size. The hardware installed in the vehicles reported GPS location, engine performance, fuel consumption, carbon emissions and was capable of reporting on driver behavior (i.e., harsh braking, speeding, and hard turning). NRCS used the "iButton" technology (a small, keychain-sized device) in a sub-set of the piloted locations to obtain limited driver behavior data.

The results of the vehicle tracking pilot indicate that NRCS has many opportunities and areas for improvement in fleet management. The data is being analyzed and will form the foundation for agency-wide fleet management, including potential relocation and future reductions of vehicles. In addition, the Department of Agriculture is implementing a new fleet card system that will be aligned with the Federal Fleet Management System (FedFMS) created by GSA. These new tools will provide NRCS with an automated fleet information system to continue internal controls and effective fleet management.

The Trimble system provided real-time location and mapping as well as real time maintenance reporting. Although extensive reporting and monitoring features are available with the piloted system, the fees and additional costs for these features are excessive and unnecessary in light of the new resources coming on-line through USDA and GSA in the next few months.

Questions Submitted by Ms. DeLauro

CONSERVATION STEWARDSHIP PROGRAM

Ms. DeLauro: The first Fiscal Year 2013 Continuing Resolution limited mandatory funding for the Conservation Stewardship Program and as a result the program was frozen for six months, preventing producers across the country from accessing this conservation assistance. While this cut was reversed in the final Fiscal Year 2013 Continuing Resolution, the delay means that there is less time to sign farmers up for the program this year. What is your timeline for the Fiscal Year 2013 sign up and what is your outreach plan to ensure that farmers and ranchers have the time and resources they need to enroll?

Response: The current Fiscal Year (FY) 2013 timeline for the Conservation Stewardship Program (CSP) includes an application cutoff date of June 14, 2013 for ranking offers. By offering continuous enrollment, producers may submit a CSP application throughout the year. In addition to local and State outreach efforts, the agency at the national level will publicize the announcement on the webpage and through GovDelivery.

CONSERVATION TECHNICAL ASSISTANCE

Ms. DeLauro: NRCS provides conservation technical assistance to private landowners to maximize the effectiveness of its conservation programs. This technical assistance is critical to USDA's conservation mission. However, the department's capacity to fully implement its programs has been limited as NRCS staffing and technical assistance has lagged behind financial assistance. I know that you hope to partially correct this through the NRCS Streamlining Initiative, but I worry that as the number of field staff continues to decline this may not be enough. Can you describe how conservation technical assistance supports the success of NRCS conservation programs? How do the repeated cuts to discretionary and mandatory conservation technical assistance funds impact your ability to effectively promote conservation on the landscape?

Response: The Conservation Technical Assistance (CTA) Program funding supports the science and technical capacity to deliver quality technical assistance to producers and other land users who seek to address their resource issues and concerns. CTA conservation planning and implementation assistance provides producers with necessary technical knowledge on how to improve the sustainability of their operations in an environmentally friendly manner. CTA funding also is critical in our ability to assist producers with conservation planning in order to participate in Farm Bill financial assistance programs. The technical assistance funding associated with mandatory programs complement CTA, assisting producers to implement the conservation measures agreed to in their Farm Bill program contracts. Together, these discretionary and mandatory technical assistance resources ensure that conservation practices are installed according to standards and specifications, are operating as intended, and are delivering the conservation benefits expected by the producer and the public.

With repeated cuts to discretionary and mandatory conservation technical assistance funds, NRCS will provide less assistance to land managers in developing comprehensive conservation plans that help people conserve, maintain, and improve the Nation's natural resources. Furthermore, these reductions will limit the technical infrastructure and technology needed to proactively address national conservation priorities that have significant impacts on our resources while maintaining a sustainable and productive agriculture sector.

WETLANDS RESERVE PROGRAM

Ms. DeLauro: Secondarily, how does the limited technical assistance allocation for the Wetlands Reserve Program affect your ability to conduct wetland restoration and other technical assistance activities? What percentage of mandatory Wetlands Reserve Program money needs to go to Wetlands Reserve Program technical assistance in order for NRCS to be able to offer adequate technical assistance and restoration activities?

Response: While NRCS can adjust the annual enrollment of the Wetlands Reserve Program (WRP) easements based on current year funding, once the United States acquires easements and restores them, NRCS maintains responsibility for protecting the public investment in these wetland easements and has limited ability to adjust the technical assistance (TA) needed to complete required actions on all enrollments. As TA funding becomes limited, the impact is delayed restoration, easement closing, delinquent monitoring, and other missed opportunities.

During the 2008 Farm Bill, WRP enrollment averaged 200,000 acres annually compared to 120,000 acres annually during the 2002 Farm Bill. As a result, NRCS experienced an increase in WRP financial assistance (FA) funds and new enrollment coupled with a relative decrease in WRP TA funds which increased the implementation timeline. NRCS worked closely with the Office of Management and Budget to identify funding and workload levels needed to ensure the implementation of WRP remains as efficient as possible and to reduce the increased backlog or restoration, easement closings, and monitoring that had accumulated in the first two years of the 2008 Farm Bill.

During the 2002 Farm Bill, NRCS received an average of 14.6 percent of WRP TA to FA. In 2008 and 2009, the WRP percent of TA to FA has dropped to an average of 6.4 percent, less than half of the previous Farm Bill. Late in FY

2011, additional TA funds were received that aided in increasing the closing, restoration, and monitoring of existing enrollments. In FY2012, NRCS requested a TA to FA apportionment percent of 15.5 percent and received 11.7 percent.

NRCS believes a TA percent in the range of the FY 2012 apportionment request (15.5 percent TA to FA) would yield continued, significant results in reducing those backlogs. The WRP technical assistance funding level increases provided in FY 2011 and FY 2012 resulted in the following:

- An increase of over 100,000 acres of easements closed annually in FY 2011 and 2012;
- An increase of over 60,000 acres of easements restored annually in FY 2011 and 2012; and
- A reduction in the total time to complete implementation on all existing WRP enrollments, assuming sufficient WRP TA levels continue in FY 2014-2016.

WITNESSES