

**AGRICULTURE, RURAL DEVELOPMENT, FOOD AND  
DRUG ADMINISTRATION, AND RELATED AGEN-  
CIES APPROPRIATIONS FOR FISCAL YEAR 2015**

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**HEARINGS**

BEFORE A

**SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE**

**ONE HUNDRED THIRTEENTH CONGRESS**

**SECOND SESSION**

**ON**

**H.R. 4800/S. 2389**

AN ACT MAKING APPROPRIATIONS FOR AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES PROGRAMS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015, AND FOR OTHER PURPOSES

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**Department of Agriculture  
Department of Health and Human Services: Food and Drug  
Administration  
Nondepartmental Witnesses**

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**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2015**

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**WEDNESDAY, MARCH 26, 2014**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10 a.m. in room SD-124, Dirksen Senate Office Building, Hon. Mark L. Pryor (chairman) presiding.

Present: Senators Pryor, Johnson, Tester, Blunt, and Moran.

**DEPARTMENT OF AGRICULTURE**

**STATEMENT OF HON. TOM VILSACK, SECRETARY**

**ACCOMPANIED BY:**

**DR. JOSEPH GLAUBER, CHIEF ECONOMIST**

**MICHAEL YOUNG, DIRECTOR, OFFICE OF BUDGET AND PROGRAM  
ANALYSIS**

**OPENING STATEMENT OF SENATOR MARK L. PRYOR**

Senator PRYOR. I'll go ahead and call the subcommittee to order.

I want to thank all of our witnesses for being here and all of our Senators.

Let me start with an announcement. The floor has announced that they're going to have votes, probably a series of votes, starting at 11. And so, consequently, I'll talk to the ranking member here and also to the Secretary's office about trying to shorten our opening statements and trying to get right into questions and ask as many questions as possible. And then, if all goes well, we'll probably adjourn around 11:10 or 11:15, depending on the flow of the meeting. But, if we didn't have a series, we might try to come back. But I think, with a series, it will be hard to get Senators to come back.

So again, I want to welcome everyone for being here and especially, Secretary Vilsack. He's accompanied by Dr. Joseph Glauber and Mr. Michael Young. And thank you all for your testimony and your preparation.

Mr. Secretary, we've had several very productive conversations. I appreciate that. Always appreciate working with you and your team over there. Obviously, our farmers face a lot of challenges. You have a new farm bill. There's a lot going on in your world and

a lot of really good things and some real challenges. So we acknowledge that.

And I just want to say that there are some things in your proposed budget that I really like and I'm really encouraged by. And then, I have a lot of questions about other matters and we'll try to get into those. And, as always, we will leave the record open for a couple of weeks and allow Senators to submit questions because we are on this abbreviated schedule today.

So again, I want to welcome you to the subcommittee. And with that, what I'll do is turn it over to my very fine ranking member here, Senator Blunt of Missouri, who always shows great leadership and asks great questions.

So Senator Blunt.

#### STATEMENT OF SENATOR ROY BLUNT

Senator BLUNT. Well, thank you, Chairman Pryor. And thanks for your leadership on the committee. We've had a great opportunity to work together on this committee for a while now and it's been a real labor of accomplishment, I think, as we try to work to help this important sector in our economy.

Secretary Vilsack, glad you're here; Dr. Glauber and Mr. Young. And look forward to the chance we have to ask some questions. Clearly, we're wanting to talk about the priorities and the requests in your budget.

Agriculture is one of the brightest spots in our economy right now. The challenges ahead of us, I think, are also great opportunities as we see world food needs anticipated to double by 2060 or 2070. American farmers and American agribusinesses are going to be an important part of that and what we do to get ready for that in terms of research and then other committee work; infrastructure and other things, that allow that to happen. Very important.

Clearly, while it's been a bright spot, the agriculture community hasn't been without challenges; the drought we've seen happen. The fact, though, that we had our farm families waiting for too long, in probably all of our opinions in this room today, for a farm bill. And now, the importance of your Department quickly implementing that farm bill and the livestock disaster relief programs that had run out. And now, we're trying to go back and catch up with that means, I think, it's particularly important to do that. But I'm glad that's among your priorities. We want it to be among your top priorities.

In terms of the Farm Service offices that really are the touchpoint for farm families with the Federal programs and Federal assistance and Federal research and Federal information, it's important that those work well. Clearly, the Government is in a position where we need to be looking at what the private sector has done more effectively than the Federal Government has to deliver services and figure out the best way to do that. I know that's one of the things you're looking at. I'm hopeful, as we figure out how to deliver those services better, that is in every way possible. We do that based on a real specific analysis of where the work is, where the farm families are, how we bring those two things together.

I know Senator Pryor and I and our colleagues, all want to get the maximum opportunity to take advantage of your time here today.

Senator PRYOR. Thank you.

And, Secretary Vilsack, thank you.

#### SUMMARY STATEMENT OF HON. TOM VILSACK

Secretary VILSACK. Mr. Chairman, Ranking Member Blunt, and members of the subcommittee, thank you very much for the opportunity to meet with you this morning. Under President Obama's leadership, the United States has reached historic levels of investment in rural communities. With this investment the agriculture sector has seen strong growth, with farm income and agriculture exports both reaching highs not witnessed in decades. Net farm income and net cash incomes after adjusting for inflation are at near record levels. Since the President took office, agriculture exports have had the strongest 5-year period of growth in our Nation's history, and set a new record in calendar year 2013 at \$144.1 billion. A strong agriculture sector is key to strong rural communities, supporting 9.2 percent of jobs in the economy.

Although the recent agriculture census reports that we have had a strong agricultural economy, we continue to face some significant challenges. There is a significant rural component to poverty in America. Eighty-five percent of the Nation's poorest counties are rural, and per capita income in rural America lags behind that in urban areas. Further, populations in rural areas are dropping as a lack of new jobs is driving young people away. We continue to see a trend of fewer farmers and aging farmers. In addition, rural communities face more complex challenges today because of climate change, which comes with a hefty price tag. Drought alone was estimated to cost the United States \$50 billion from 2011 to 2013. The fire season is significantly longer than it was 3 decades ago. These risks have implications not only for agricultural producers, but for all Americans.

We must continue our efforts to build on our success and advance new ideas to address the challenges that rural America continues to confront. In the budget we talk about individual line items, individual programs, but we don't look at the totality of what a budget does and its impact on the people in rural America and the farm communities and in this country. So what I'd like to do is discuss Results and Reforms, Opportunities and Innovation; the ROI of this budget.

Let me start with results. This is a litany of numbers but the reality is behind each number there's an individual whose life is impacted by what we do at the U.S. Department of Agriculture (USDA). Forty thousand farmers will receive assistance in the form of credit; 85 percent of those farmers will be beginning farmers and socially disadvantaged farmers. This budget will provide coverage, crop insurance coverage, for \$63 billion in crops. It will adequately fund our Animal and Plant Health Inspection Service (APHIS) to ensure the protection of \$165 billion of value in terms of livestock, and specialty crops and plants that APHIS is responsible for.

We will be focused on ensuring that we continue record activity in trade. We're looking at, potentially, another record year of agri-

cultural trade which supports not only stable farm income but also a million jobs here at home. An opportunity for us to also provide help and assistance to young people overseas with our McGovern-Dole Program, helping to feed nearly 4 million youngsters.

Forty-seven million Americans will receive benefits under the Supplemental Nutrition Assistance Program (SNAP); 8.7 million women, infant and children will benefit from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Thirty million children, 20 million of whom are on free and reduced lunch, youngsters will receive benefits under a school lunch program; 14 million will receive benefits under a school breakfast program; and our summer feeding program will help support 3.3 million young people.

In addition, our food safety folks will continue to focus on reducing foodborne illness, and we estimate and expect with this budget that we can reduce the number of foodborne illness in the areas that we inspect by 52,000, which is in addition of an 11-percent reduction from last year.

In addition, we'll continue our work in conservation. Twenty-three million additional acres added to the record number of acres that are currently enrolled in conservation; helping nearly half a million producers in this country do a better job of land stewardship and water stewardship. This budget will also allow us to continue an effort in the Conservation Reserve Program (CRP), with 25 million acres.

We will be focused on rural development. Forty thousand jobs will be created or retained with this budget. One hundred and forty thousand families and businesses will receive expanded broadband access; 2.2 million families will benefit from cleaner water in communities that receive water projects. One hundred and sixty-three thousand folks will receive a single-family loan to allow them to have homeownership; 285,000 will receive assistance in the form of rental assistance in rural communities; 4.6 million Americans will receive the benefit of improved electric service as a result of this budget and over 13 million Americans will see improved community facilities through the Rural Development component of this budget.

In addition, we will continue a commitment, a strong commitment, to research in nearly 100 facilities. Eight hundred research projects will continue to provide innovation that has spawned 215 patents in the last 5 years and helps to support 383 licensing agreements that lead to small business development.

So on total, a substantial number of folks get impacted by this budget. This budget is also focused on reform since it's a half a billion dollars less than it was when I became Secretary. We're focused on model service agencies for our farm service efforts; reforming the way in which we pay for forest fires, focusing on a space survey to try and do a better job of using space here in the Capital area; and rental assistance, helping to right size our rental systems' portfolio.

In the form of opportunities, we're going to continue to expand local and regional food systems because that is an opportunity for us to expand small and mid-size farming operations which is a concern that I have and I'm sure you do. We will also continue to focus



on the bio-based product manufacturing opportunity in rural America to create jobs and additional farm income.

On innovation, we're excited about the innovation institutes that we're proposing for pollinators, for antimicrobial resistance and also for bio-product manufacturing. We're also focused on a new poultry facility that will take a look at how we might be able to combat diseases in terms of our important poultry industry.

So I look forward to answering the questions of this committee but I think it's important sometimes to focus on the overall results of a budget because many, many people get impacted positively by our efforts.

[The statement follows:]

PREPARED STATEMENT OF HON. THOMAS J. VILSACK

Mr. Chairman and distinguished members of this subcommittee, I appreciate the opportunity to appear before you to discuss the administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2015 budget. I am joined today by Joseph Glauber, USDA's Chief Economist, and Michael Young, USDA's Budget Officer.

Under President Obama's leadership, the United States has reached historic levels of investment in rural communities. With this, the agriculture sector has seen strong growth, with farm income and agriculture exports both reaching highs not witnessed in decades. Net farm income and net cash incomes after adjusting for inflation are at near record levels. Since the President took office, agriculture exports have had the strongest 5-year period of growth in our Nation's history, and set a new record in calendar year 2013 at \$144.1 billion. A strong agriculture sector is key to strong rural communities, supporting 9.2 percent of jobs in the economy.

Although the recent agriculture census reports that we have had a strong agricultural economy, we continue to face some significant challenges. There is a significant rural component to poverty in America. Eighty-five percent of the Nation's poorest counties are rural, and per capita income in rural America lags behind that in urban areas. Further, populations in rural areas are dropping as a lack of new jobs is driving young people away. We continue to observe the trend of fewer farmers and aging farmers. In addition, rural communities face more complex challenges today because of climate change, which comes with a hefty price tag. Drought alone was estimated to cost the United States \$50 billion from 2011 to 2013. The fire season is significantly longer than it was 3 decades ago. Such risks have implications not only for agricultural producers, but for all Americans.

We must continue our efforts to build on our success and advance new ideas to address the challenges that rural America continues to confront. The budget before you today delivers on the President's commitment to provide results, expand opportunity for all Americans, invest in innovation, and make reforms aimed at improving services and fiscal responsibility.

USDA has made a concerted effort to deliver results for the American people, even under the constrained budget mandated by the Budget Control Act. USDA has made substantial, year-over-year gains in expanding credit opportunities for farmers and ranchers. We expanded crop insurance to more than 400 crop types, saved millions of dollars and provided risk management opportunities to specialty crops and organic crops. We have supported small businesses by providing job training, business development opportunities, strategic community planning and other resources. As I mentioned earlier, we helped boost exports to a record level by breaking down trade barriers and promoting U.S. agricultural products.

USDA housing programs have been successful at keeping rural residents in their homes by allowing current borrowers to take advantage of historically low interest rates. Since 2009, USDA has helped more than 804,000 rural families buy, refinance, or repair a home. We did this while gaining efficiencies in the programs and increasing the fees making the guarantee program less costly to the taxpayers.

We are proud of our record to support increased demand for renewable fuels. USDA has invested in the creation of advanced biorefineries across the Nation; developed a unique partnership with the U.S. Navy and Department of Energy to produce new biofuels for marine and aviation use; and boosted markets for nearly 3,000 U.S. companies that are producing biobased products from homegrown materials. USDA has provided financial assistance to farmers, ranchers and rural small businesses to purchase and install renewable energy systems and make energy-efficiency

improvements that have created or saved an estimated 9.2 billion kWh of electricity since 2009. USDA also has entered into unique public-private sector partnerships to expand wood energy use, which will help improve the safety and health of our Nation's forests and support job creating renewable energy production.

USDA's conservation efforts have helped us mitigate the negative impacts of the drought and are helping producers to manage climate change. USDA has enrolled a record number of acres in conservation programs that have saved millions of tons of soil and improved water quality and have contributed to the national effort to preserve habitat for wildlife and protect the most sensitive ecological areas. USDA has partnered with more than 500,000 farmers, ranchers and landowners on these conservation projects since 2009—a record number. In addition to protecting cropland and critical habitats, conservation strengthens outdoor recreation, which adds more than \$640 billion every year to our economy. Building on these efforts, the administration entered into a historic agreement with Minnesota to develop programs for farmers designed to increase the voluntary adoption of conservation practices by giving them regulatory certainty that they will not be asked to take additional conservation actions over the life of the agreement. We are working with other States to expand the use of these agreements.

In the face of drought and the increasing threat of wildfires, I recently announced the first ever Regional Hubs for Risk Adaptation and Mitigation to Climate Change. These climate hubs will address increasing risks such as fires, invasive pests, devastating floods, and crippling droughts on a regional basis, aiming to translate science and research into information to farmers, ranchers, and forest landowners on ways to adapt and adjust their resource management. In support of the President's goal to find lasting conservation solutions for some of the most challenging problems, USDA has undertaken a range of innovative new landscape-scale initiatives aimed at restoring land and water. More than 1.6 million acres have been enrolled in landscape scale initiatives in an "all lands" strategy for enhancing water resources.

The Department has also helped a record number of people in need by ensuring that they have access to sufficient food and a healthful diet. The Supplemental Nutrition Assistance Program (SNAP) helps millions of low-income Americans put food on the table, more than half of whom are children, the elderly or people with disabilities. The cornerstone of the nutrition assistance safety net, SNAP kept nearly 5 million people, including 2.2 million children, out of poverty in 2012. This administration has achieved historically high payment accuracy rates in SNAP, among the best in the Federal Government, and the budget includes additional investments in SNAP program integrity.

USDA continues to improve and enhance the school food environment such as providing performance-based increases of 6 cents per lunch for schools meeting the new meal standards, the first real increase in 30 years. We have published new standards for snack foods in schools that preserve flexibility for time-honored traditions like fundraisers and bake sales, and provide ample transition time for schools. We have also issued a final rule to allow food packages for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to better reflect current nutrition science and dietary recommendations, support breastfeeding, provide participants with more variety of foods, and provide WIC State agencies with greater flexibility in prescribing food packages to accommodate participants with cultural food preferences. To increase access to nutritious food, we have increased the number of farmers markets and made it easier to use SNAP electronic benefits transfer (EBT) cards at those markets and facilitated direct farm-to-school marketing of fresh fruits and vegetables.

Food for Progress and the McGovern-Dole International Food for Education and Child Nutrition Program provided benefits to more than 10.5 million people overseas in 2013, a record number. Also, following upon the positive reforms enacted in 2014 that mainly address development food aid, the administration is seeking to enable Public Law 480 title II to reach 2 million more people in emergency crises within the same resources and with more timely responses. These reforms provide a more agile and modern approach to global food assistance, pairing the continued purchase of the best of American agriculture with the flexibility of interventions such as increased local and regional purchase, cash transfers, and electronic vouchers. The budget proposes the authority to use up to 25 percent of title II resources for these types of flexible emergency interventions that have proven to be so critical to effective responses in complex and logistically difficult emergencies such as Syria and Typhoon Haiyan.

Within the President's Feed the Future initiative to enhance longer term food security, we are also working with developing countries to facilitate the adoption of emerging technologies that hold the promise of improving agricultural productivity

by creating crops that better tolerate drought, toxicity, disease, pests and salinity. These efforts contribute to economic growth and food security.

We have been implementing a series of policies aimed at preventing foodborne illnesses before they happen by targeting and eliminating contaminated products before they come to market. For example, in fiscal year 2011, the Food Safety and Inspection Service (FSIS) implemented stricter *Salmonella* and *Campylobacter* performance standards to reduce these pathogens in turkeys and young chickens. In fiscal year 2012, FSIS began testing raw beef products for six additional strains of shiga-toxin producing *E. coli* and prohibiting any product found positive from entering commerce, consistent with FSIS testing and policies for *E. coli* O157:H7. In fiscal year 2013, FSIS redesigned its sampling program to improve detection of *E. coli* O157:H7 in regulated products to further protect the public from foodborne hazards. We also took the common sense action to hold any product being tested for adulterant until the test results are received. FSIS began a new program to test comminuted chicken and turkey products for *Salmonella* and *Campylobacter*. FSIS intends to develop new performance standards for comminuted products based on the results of this testing and risk assessment analysis. In December, 2013, FSIS announced its *Salmonella* Action Plan which outlines additional steps the Agency intends to take to address *Salmonella*, including developing *Salmonella* performance standards for chicken parts based on FSIS baseline results. FSIS has seen declines in the total number of illnesses attributed to FSIS-regulated products—between fiscal year 2011 and fiscal year 2013, the total number of such illnesses fell 13 percent, which equates to about 64,000 illnesses over the 2-year period.

With passage of the farm bill, we have a great opportunity to build upon these results by bringing an enhanced array of authorities and resources needed to address the on-going challenges faced by rural America and provide a foundation to help rural communities prosper, enhance the resiliency of forests and private working lands and ensure access to a safe, diverse and nutritious food supply. It restores disaster assistance and invests in programs to help beginning, small and socially disadvantaged farmers and ranchers. Our communities will have additional resources and new tools to take advantage of new economic opportunities and create jobs. It provides access to nutritious food to those that need it. The potential of new products, production methods, and discoveries will be strengthened through new agricultural research. Renewed conservation efforts will protect our natural resources and create new tourism options. The farm bill will support the next generation of farmers and ranchers, while achieving meaningful reform and billions of dollars in savings. USDA's dedicated employees are hard at work to implement the bill effectively and expeditiously.

The President's 2015 USDA budget proposal builds on the farm bill and focuses on creating jobs and building a foundation for future economic growth within the constrained levels of funding. Three months ago, through the Bipartisan Budget Act of 2013 (BBA), Congress came together on a bipartisan basis and took an important first step toward replacing the damaging cuts caused by sequestration with longer term reforms. Recognizing the importance of the 2-year budget agreement Congress reached in December, the President's budget adheres to the BBA's discretionary funding levels for 2015.

USDA's total budget for 2015 we are proposing before this subcommittee is \$141.4 billion, of which approximately \$122.4 billion is mandatory funding. The majority of these funds support crop insurance, nutrition assistance programs, farm commodity and trade programs and a number of conservation programs. The budget includes funds to fully support estimated participation levels for SNAP and Child Nutrition Programs.

For discretionary programs of interest to this subcommittee, our budget proposes \$19 billion, approximately \$242 million below the 2014 enacted level. That level fully funds expected participation in WIC. It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments. The budget also includes over \$1 billion to renew approximately 243,000 outstanding contracts for rental assistance. We appreciate the subcommittee's on-going support for this program. For 2015, we are proposing changes to the operation of the Rental Assistance Program to ensure its long-term viability.

The budget creates new opportunities and continues to give a priority to spurring investment in rural businesses that want to take advantage of emerging markets. The 2015 budget repropose the consolidation of several rural development programs into an economic development grant program designed to assist small and emerging private businesses and cooperatives in rural areas with populations of 50,000 or less. This program is needed to improve our ability to leverage private sector resources aimed at developing regional economies. The budget would also give rural businesses more access to capital by shifting funding from traditional loan pro-

grams to venture capital type funding that offers a more diverse array of financial products. The 2015 budget supports loans and grants programs that aid in the development of food retailers in urban and rural food deserts and food hubs for locally and regionally produced products, including dedicated funding for the Healthy Food Financing Initiative authorized in the recent farm bill. We double grant funding to increase broadband access in the rural communities that are least likely to have broadband infrastructure needed for economic development.

We understand the new opportunities in rural America that the biobased economy provides. In addition to the mandatory funding provided by the 2014 farm bill, discretionary funding is requested for the Rural Energy for America Program to provide financing for the purchase of renewable energy systems. We also propose \$1 billion to support environmental upgrades to existing fossil fuel electric generation facilities and target electric funding to supporting renewable energy projects to significantly reduce carbon emissions.

The budget request also meets the growing demand for farm credit with sufficient funding to serve over 40,000 producers in 2015 seeking to finance operating expenses, to acquire a farm, or keep an existing one. Approximately 85 percent of the funding will be targeted to new and beginning farmers and ranchers, including our Nation's veterans, so that we can ensure that our country's next generation of growers and producers get off to a good start.

The budget supports our continuing efforts to improve access to nutritious foods and promote healthy diets. In 2013, USDA and its partners well exceeded our goal to provide 5 million additional meals than in 2012 to eligible low-income children through summer meal programs. Although encouraging, there are more than 21 million such children participating in school meal programs and fewer than 3 million who receive Summer Food Service Program meals when school is not in session, which indicates many kids may not be getting adequate nutrition during the summer. A key investment in 2015 is \$30 million for summer food EBT demonstration projects, which test the extent to which providing extra benefits through SNAP and WIC EBT over the summer for households with school-aged children reduces food insecurity. The summer EBT pilots funded by this Committee in 2010 are showing real promise in reducing hunger and improving nutrition, and the budget proposes to build on that success. The budget also requests additional funding for school equipment grants, to help our schools prepare and serve healthy meals.

The 2015 budget makes strategic investments that further innovation and encourage creative approaches to solving rural America's most pressing challenges. Our budget emphasizes research that will tackle major, crosscutting issues facing farmers, including food safety, renewable energy, climate change and pollinator health, and offer genetic resources and tools to increase agricultural resiliency and enhance food production. The 2015 budget includes a significant investment for the Agriculture and Food Research Initiative (AFRI). We are also proposing the creation of three Innovation Institutes, public-private partnerships that will focus on emerging challenges to agriculture. These institutes will address the decline of pollinator health, bio-manufacturing and bioproducts development, and anti-microbial resistance research. In addition to the institute for pollinator health, the President's budget requests an additional \$20 million in USDA's budget for a multi-agency initiative to respond to the urgent problem of the decline of pollinator populations. USDA's activities will be coordinated with other departments. The budget also includes funding to begin the planning and design of the 2017 Census of Agriculture.

Because the BBA levels are not sufficient to expand opportunity to all Americans or to drive the growth our economy needs, the President's 2015 budget includes a separate, fully paid for \$56 billion Opportunity, Growth, and Security Initiative. The initiative identifies additional discretionary investments that can spur economic progress, promote opportunity, and strengthen national security. For USDA, the initiative includes \$155 million to design and construct facilities to replace the outmoded Southeast Poultry Research Laboratory in Athens, Georgia. An additional \$60 million is included for AFRI, as well as an additional \$20 million for formula research grant programs that would be available on a competitive basis. Finally, as part of the Climate Resilience Fund, \$100 million would be provided through the Natural Resources Conservation Service to enhance support for private landowners to manage landscape and watershed planning for increased resilience and risk reduction.

The President's budget proposal includes reforms needed to meet tight discretionary caps, while ensuring that USDA's millions of customers across rural America receive stronger service. These include efforts to reduce administrative costs, streamline operations, and improve program integrity. Since 2010, USDA has implemented numerous measures to increase efficiency and reduce spending to absorb uncontrollable costs and manage significant reductions to discretionary funding. We

have done this by aggressively implementing our Blueprint for Stronger Service, which has achieved almost \$1.2 billion of savings and efficiencies. We will build on these efforts in 2015 by consolidating leased and owned office space and requesting authority to use expired, unobligated funds to invest in facilities and other capital needs to better manage the Department.

For 2015, we will improve our capacity to help producers and rural communities that we serve. We will continue efforts to modernize the farm program delivery system through a Model Service Center concept to ensure offices are strategically located and have adequate staffing and equipment to strengthen services to producers. Savings from the consolidation of 250 Farm Service Agency offices would be re-invested in the modernization effort. A Rural Corps, comprising economic development professionals, will be placed in 10 high-need areas to provide technical assistance and hands-on support at the local level. This model will increase the likelihood that investments in infrastructure and economic development are strategic, creating jobs and long-term economic benefits within in the region.

Throughout the farm bill process, the administration has advocated for comprehensive legislation that provides meaningful reforms. We are pleased that many of these reforms have been adopted in the farm bill; however, we believe further reforms are warranted to reduce the cost of the crop insurance program. The proposals represent a balanced approach to reducing the cost of the program, while maintaining a strong safety net to protect producers from natural disasters and price fluctuations.

Funding for selected programs is reduced or terminated and resources are reallocated to targeted investments in priority programs and infrastructure to support sustainable economic growth. Further, discretionary spending is partially offset through about \$1.5 billion of proposed limits on selected mandatory programs and other adjustments.

Our budget is roughly \$400 million less than it was when I became Secretary in 2009. I can assure you that we have done and are doing everything we can to make USDA a more efficient operation without limiting service to our stakeholders. We will continue to work to be as efficient as possible, and look to you to provide us the flexibility we need to be able to use our resources most effectively.

At this time, I will be glad to answer questions you may have on our budget proposals.

#### 2014 FARM BILL

Senator PRYOR. Thank you.

And as I said, you can submit your longer statement for the record. We would be glad to take that.

Let me just jump right in, if I can, and let me start with the new farm bill, which I know is a lot of transition, a lot of changes and that passed, overwhelmingly, in the Senate. But, one of the big changes is we lose the direct payments. And I have farmers in my State and I'm sure others do in their States about how's this new thing going to work and, you know, folks are waiting on our regulations to come out. Do you have a sense of the timetable about when the regs will be issued and where we are in the process?

Secretary VILSACK. Yes, we do. We have an implementation team that's been focused on this, actually, before the beginning of the passage of the farm bill.

Let me say, in terms of disaster assistance which I know is important, we expect and anticipate that by April 15, folks will begin to apply for disaster assistance under the restored disaster programs and hopefully checks will be forthcoming shortly thereafter April 15.

In terms of Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC), our focus is on providing and identifying the land-grant universities that we will be using to get information out, to get Web-based information to identify ways in which extension can be triggered to be able to get the message out about what these programs will be. We hope to be able to give farmers the ability

to update their productivity and production records sometime in the late part of this summer. Early fall, they should get a sense of where we are in terms of what the regulations are liable to be in the elections that they have to make. And then, we hope by the end of this year, they'll be in a position to make elections and be able to be informed about them.

I would say that wheat is a challenge for us because they will have to make elections and decisions concerning crop insurance before they make the ARC or PLC decision. What we will do with wheat is give wheat producers the opportunity to change the election that they've made in terms of crop insurance if they determine ARC is the best deal for their operation but they've already signed up for supplemental coverage options; you can't have both. We'll give them an opportunity to sort of rescind that without penalty.

Senator PRYOR. Well, will the USDA and/or your partners like, for example, universities have things like workshops and, you know, listening sessions, things like that?

Secretary VILSACK. Yes. And that's part of the farm bill—provided several million dollars to assist in the outreach effort. That's why we're developing educational and training tools. So there will be an extensive outreach effort.

#### FSA OFFICE CLOSURES

Senator PRYOR. And one of the changes that's in your budget is that—I see a proposal to do a, I guess I would say, a realignment of the Farm Service Agency (FSA) offices in which it would probably result in quite a number of closures. But, at the same time, you know, we don't really know where those would be. And, could you just walk the subcommittee through that, please?

Secretary VILSACK. I think it's important to put this in context, Mr. Chairman.

Our FSA budget has been hit pretty hard over the last several years and the result is we've reduced our workforce by 20 percent. In addition, we are instituting technology changes which should improve the way in which we do our work and should save time for our staff.

So what we would like to be able to do is, during the course of this calendar year, really focus on where the work is. As Senator Blunt suggested, we need to make sure that as we make decisions about a realignment of our Farm Service offices, and a modernization of them, that we actually match-up where the work actually is.

So we would like to do sort of a work study to identify where the work is, where the farm families are, and then suggest three types of offices in the future. Basically, a central office that would have a supervisor and at least three or more employees; a branch office that would not have supervisory personnel but would have at least three employees. And then, a series of satellite offices where people would be able to obtain information by appointment. We'd like to propose that alignment and, when we do, we suspect that that will probably focus our attention on readjusting workforce so that we have adequate numbers of people to provide the services that folks expect.

I would say that we're also very focused on making sure that we expand the opportunities for Farm Service Agency offices to provide additional information above and beyond what they traditionally do. So part of this modernization effort is really designed to make them a one-stop shop for farmers who are looking for information about Rural Development programs, how they might enter into the local and regional food system opportunity, how they might take advantage of conservation programs, and have the Farm Service Agency offices act as a bridge or connector with those other opportunities.

So we aren't expecting and anticipating any closures in calendar year 2014. We are going to do this work study. I would say that there are roughly 30 offices that have no full-time employees today. There are 111 offices that have one employee within 20 miles of another office. So I think it is time for us to take a look at how we restructure and modernize the system.

Senator PRYOR. Okay, thank you.

Senator BLUNT.

Senator BLUNT. And, based on that last answer, Secretary, so would I be right in assuming that your 250 number is an estimate of where you think you wind up?

Secretary VILSACK. That's correct.

Senator BLUNT. So, you're going to do a study of where the work is and how those offices lay out and then we'll have access to that information as you do?

Secretary VILSACK. That's correct.

And we would follow the prescriptions of notices and hearings and things of that nature if we make decisions in terms of office closures. I would also point out that this is not about saving money. This is about redirecting resources and shoring up the system and modernizing the system.

Senator BLUNT. Well, thank you for that. And I look forward to that information being available to us.

#### MILK INCOME LOSS CONTRACT PROGRAM

On the new farm bill, you know, one of the last issues, as is always the case with the farm bill, it seems to me to be resolved, was the dairy program and we move from a contract loss program, the Milk Income Loss Contract (MILC) program now, to more of an insurance program. I think MILC lasts until September. My question is are you going to have the new program in place by September and what are you doing to ensure that that program is in place?

Secretary VILSACK. The answer to your question is yes, we will.

And the reason, and we're confident in this, is we have this implementation system in place. And we have teams of folks looking at each title of the farm bill, prioritizing what needs to be done and in what order. Then we have a convening team that's looking at the totality of the farm bill and reprioritizing all of the various steps that have to be taken.

There are over 480 steps and rules, regulations, guidance, and policy changes that have to be impacted as a result of this 900-page bill, and we have prioritized them. We understand and appreciate the dairy section as a very important priority, as is the disaster as-

sistance, as is the other safety net programs. So our focus and attention is going to be on making sure those are in place this fall.

#### DISASTER ASSISTANCE PAYMENTS

Senator BLUNT. And, in your testimony, you said that the disaster assistance checks for the period that wasn't covered that now is, you'd hope to have those issued in the next month?

Secretary VILSACK. No. What we hope to be able to do is allow folks to make application for assistance by April 15.

Senator BLUNT. By April 15?

Secretary VILSACK. That's correct. I've checked with that yesterday. We are on track to do that and we're very confident we'll meet that April 15 deadline. That is historically quick. It usually takes 6 to 8 months to reinstitute programs of that nature; we're going to do it in 60 days.

#### MODERNIZE AND INNOVATE THE DELIVERY OF AGRICULTURAL SYSTEMS

Senator BLUNT. The part of updating and upbrining the system to where it's more serviceable is clearly the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) program. My understanding is that we've already appropriated more money than it was originally anticipated that MIDAS would cost. You want to give us a very quick sense of where you are on that component of getting everything working in an upgraded way?

Secretary VILSACK. We have a project manager who we've identified who's going to take responsibility for day-to-day management of this particular project to make sure that it continues to proceed. By the end of this year, we're confident producers will be able to go into a county office, any county office in a State, and be able to access all of their records not just for the land in that particular county but land that is located in any other county of that State. That's going to be a tremendous opportunity for folks to save time and more convenience. Our challenge and our belief is that the following year, we will have a circumstance where if you have access to broadband you will be able to access your records and begin to do your business with FSA offices from your kitchen table. That is the goal.

#### DATA SECURITY

Senator BLUNT. And where are we on being sure that nobody else has access to your records; the whole data security element of those records and the growing concern about that information being available to people that it wasn't intended to be available to?

Secretary VILSACK. We have significant safeguards built into all of our systems at USDA to make sure that individual identities are protected whether it's this particular effort through MIDAS or whether it's our Natural Resources Conservation Service (NRCS) contracting.

You know, we are very sensitive to this issue of security. I think things will be easier because of the work that we've done with the administrative services procedure and process where we've saved nearly \$1 billion of our cost at USDA. Part of that has been focus-



ing on consolidating our technology to ensure that we have better safeguards in place.

I would also say that we are equally focused on working with the private sector that is accumulating a substantial amount of information. I had an opportunity to talk to Hugh Grant, the CEO of Monsanto, yesterday. They have a very significant and concerted effort to try to collect data and use data to help farmers do a better job. They want to make sure that the farmers understand that information is the farmer's information. The farmer gets to choose how much, if any, information gets to be used or publicized.

Senator BLUNT. Do you share that information with other Government agencies? Would USDA share that information if, for instance, the Environmental Protection Agency (EPA) asked to see a farmer's record?

Secretary VILSACK. We're not in the business of sharing that information, Senator, to my knowledge. But I will tell you that when some information was disclosed by the Environmental Protection Agency last year, we expressed deep concern about that and I think they took those concerns very seriously.

Senator BLUNT. Now, was this information they would've gotten from USDA that they then exposed?

Secretary VILSACK. I don't believe so. I think this is information that they obtained through their process.

Senator BLUNT. Thank you, Mr. Chairman.

Senator PRYOR. Thank you. And it looks like we're moving right along here so we probably will have time for a second round. So I encourage people to stay if they can.

Senator Moran.

#### USDA SUPPORT FOR FARMERS

Senator MORAN. Mr. Chairman, thank you very much.

Secretary Vilsack, thank you for joining us.

Just in a broad sense, it sure seems like farmers and ranchers face lots of challenges today from the Government and elsewhere, from just the environment they operate in is very challenging. And I just take this opportunity to encourage you to continue to make sure you're always in agriculture's corner. There's never enough champions for this way of life, and for what we do in Kansas and Iowa, in Washington or around the country, and I would ask you to use your expertise and your passion for agriculture every day to weigh in, in many cases, within this administration. We have the Environmental Protection Agency, just a series of things, the Department of Labor, most recently, with their decision about the definition of a farm. And so, I hope that you will use your position as Secretary of Agriculture to champion a way of life that matters greatly to you and to me but to this country. It's absolutely necessary that you do that.

#### LIVESTOCK DISASTER PROGRAMS

You have answered some of my questions about implementation of the farm bill. You talked about livestock disaster programs. And, if signup, April 15, my question is then, after that, how soon after that could a producer expect to receive the support?

Secretary VILSACK. Well, we have been saying that our goal is to make sure that shortly thereafter they receive this support and the assistance. Senator, I don't want to be flippant about my answer. I'm a little bit concerned about giving you a specific time in terms of a week or a month because I'm not sure how many applications we're going to receive. I suspect we're going to receive quite a few given the nature of disasters that have occurred over the last couple of years. But we will do everything we possibly can to get resources to folks as fast as we can. It's why we have done, and historically, a quick turnaround of this resumption of these programs. So we understand how important this is. We will move quickly.

Senator MORAN. I appreciate that answer. I prefer a more definitive one but I understand perhaps the inability to give that and I would also remind us, in Congress, that it's our fault that we're in this circumstance that we're in in which there was the gap. And then, in addition to the gap, the length of time it took for Congress to reach a conclusion on a farm bill. So the burden lies with you, but the fault in many ways lies with us.

#### LESSER PRAIRIE CHICKEN

It's expected, as you may know, I mentioned the Environmental Protection Agency, U.S. Fish and Wildlife Service is another example, and we are facing a possible Endangered Species Act listing of the lesser prairie chicken which is a significant topic in our State but many States across the country. Producers are wondering what to do with their CRP contracts.

Have you been working with U.S. Fish and Wildlife Service on addressing what happens to CRP if there is a listing? Can producers, under the farm bill, they may be able to take their land out of CRP and early out? And my thought is there may be those who would want to do that if there is going to be a conclusion that once that they're in grass and the listing occurs, if and when the listing occurs, that that grass then it becomes something permanent; something that the landowner can't remove him or herself from. And I guess, most importantly, would you foresee a situation where CRP contracts expire and the producer is still forced to keep the ground and grass undisturbed while being unpaid?

Secretary VILSACK. Senator, what we've attempted to do with all of the endangered species challenges that farmers and ranchers and producers face is to try to create an opportunity for more regulatory certainty for them. We've certainly done this with the sage-grouse, and our Farm Service Agency office is working on a similar concept with reference to CRP and lesser prairie chicken.

And the way it has worked with sage-grouse is, essentially, when producers agree to a certain suite of conservation practices, they receive an assurance from the Department of the Interior that they will not be required to do in addition to what they've already done for a period of up to 30 years. So we are trying to provide that advocacy, if you will, as you mentioned, to create some kind of certainty so that we don't ask folks to do things and then have the rules change on them as they have made investments.

In terms of lesser prairie chicken, we will take that same philosophy. We obviously don't want to make it more difficult for producers; we want to encourage producers to do what they need to

do for their operations. So consistent with the farm bill, consistent with that philosophy, we'll do everything we can to provide as much flexibility and certainty as we can.

Senator MORAN. Whose decision is that? Yours or—how does that work? If the listing would occur, who ultimately determines whether or not the habitat can be changed? The contract expires. The farmer concludes they want to grow crops on that ground. What you're telling me is if you're successful again, in your advocacy that would be the land owner's choice?

Secretary VILSACK. It would be—yes.

I mean, that's basically what we're trying to say, look, here is what we know works to produce better habitat for a particular species. In terms of conservation, we want to provide you the assistance, financial assistance, to do that conservation work, and if you agree with us to do the conservation work then you ought to receive assurance that's all you're going to have to do in order to comply with whatever the listing might be.

Senator MORAN. Is that the Department of Agriculture's position or if you make that decision it's what prevails? Does somebody trump you in this process?

Secretary VILSACK. No, I don't think so. I mean, that's why we enter into an arrangement or agreement with the agency that's making the decision about the species. Department of the Interior, they have to basically agree with us to agree in advance of what the protections will be and the term will be. And that's what we've attempted to do with sage-grouse and it's been pretty successful in terms of farmer participation.

Senator MORAN. Mr. Chairman, has my time expired? Is that what that is?

Senator PRYOR. Yes.

Senator MORAN. All right.

I appreciate the suggestion of a second round.

Senator PRYOR. Senator Tester.

#### FARM SERVICE AGENCY MODERNIZATION

Senator TESTER. Thank you, Mr. Chairman.

I want to thank the Secretary for being here today. I very much appreciate it. I appreciate your work. You got a new farm bill that's different from the last one; significantly. You've done some good work with livestock disaster, expediting that. You understand the firefighting issue. I appreciate your local foods system support and your bio-based ag products.

By your previous answer on some of your questions on the FSA office closure you said that you're going to be doing research in 2014 and that no offices would be closed between, I don't want to put words in your mouth, just tell me, between the first of October of this year and the end of September of next year?

Secretary VILSACK. No. What I suggested was that we weren't going to close any offices in 2014 calendar year.

Senator TESTER. Calendar year?

Secretary VILSACK. Calendar year, 2014. We're going to use that time to take, basically, take a look at where the work is. Now, again, the context of this is important to understand.

Senator TESTER. Yes.

Secretary VILSACK. A 20-percent reduction in workforce. Technology, changing the way in which we do work, allows us to ask the question: How would we modernize this system? And that's the analysis we're going to do this year.

Senator TESTER. Okay.

I was on the—it was the Agricultural Stabilization and Conservation Service (ASCS)—board 25 years ago, 24 years ago. And I can tell you one of the big problems that the FSA had then, even though it was under a different name, but the FSA offices was getting the computer programs. That program still exists. I just got a call from a neighbor that went in, they didn't have the program set up to do what needed to be done, they love their FSA agents, but were sent home and said come back another day when we have our programs updated.

Do you have your arms around that issue? Because, if you—let me just put it to you this way. If offices are closed and there's a tardiness in getting—and I understand it's a difficult situation for you, Mr. Secretary and the people around you. And if those offices are closed and they don't get those programs in a timely manner, we're setting ourselves up for an explosion in rural America.

Secretary VILSACK. Well—

Senator TESTER. With the new farm bill.

Secretary VILSACK. Certainly don't want that, and we're not going to have that.

Senator TESTER. Okay.

Secretary VILSACK. We're not going to have that.

Senator TESTER. Okay.

So, when you talk about where the work is, you're talking about how many contracts we're dealing with as far as per farm? How many entities?

Secretary VILSACK. How many entities; how many, you know, contracts they have; how many disaster—

Senator TESTER. How about distance of travel?

Secretary VILSACK. That is, obviously, you all have designated a 20-mile issue here. Frankly, there are, as I said, 30 offices that have no full-time employees. There's no one there, okay. There are 111 offices that have one employee. And there are some offices that have one employee that are within 30 miles of another office.

Senator TESTER. I got it.

I think the big issue here is that we have a new farm bill. In Montana, we've got some pretty vast distances. I mean, my brother-in-law travels 70 miles one way to get to the FSA office, okay. And I'm not saying that one will be closed down. It probably wouldn't be. But there are other places that are far more rural than that. And I would just say be very, very, very careful because these agencies are very helpful and I would love to be able to fill out my maps and do everything at home on my kitchen table but we're not even close to that yet. I mean, you might be, but the farmer isn't. We're not there. I mean, we've got this up but we don't have the stuff. And so, be careful when we start talking about closing. Make sure there is the support there to take care of these folks because direct payments are gone, this is a new system, and it may be a new system that we deal with our agents with and not the FSA office. I don't know about that because it's a new system.

I don't know how it's going to be done. So I would just ask you be very careful when you start talking about closing offices because these are the folks that actually determine whether they like you or not. Honestly.

Secretary VILSACK. Well, the goal here is to make sure that we serve folks in a proper and effective way and that we modernize a system that honestly, Senator, requires modernization but to do it in a way that appreciates the concerns that you've raised.

Senator TESTER. Yes. Okay, good.

And I would just, because my time has run out, I would just say that the modernizing the system language has been around for 25 years and it hasn't been done yet.

Secretary VILSACK. Well, it's happening, Senator.

Senator TESTER. Okay.

Senator PRYOR. Thank you.

I'll now go to the second round. We have another Senator or two that's going to be coming in in a moment but I'll go ahead and jump in. Let me follow-up on one of Senator Tester's questions there about the, sort of, the realignment of the FSA offices. Has your Department given consideration to just delaying this for a year while the new farm bill comes into effect or do you think you can do it right now?

Secretary VILSACK. Senator, I don't think the new farm bill is going to prevent us from doing what needs to be done given the context of a reduced workforce and ensuring better service. This is about better service. It's not about saving money. It's not about consolidation for the sake of consolidation. This is about bettering the service to producers.

And the reality is that we can do more for farmers and ranchers who are challenged. This is a challenging environment for folks. And I will tell you, it's a real challenging environment for folks in the middle. The big guys are doing okay. The small guys are coming up. But what's happening is an erosion of the middle. And for me, what we can do is help those folks stay in business. Now the only way to do that is to provide them information, access to new programs, and the ability to connect them with new opportunities. That requires a different cross-trained personnel. You can't do that if you only got one person in an office.

So you really have to look at how you would realign this. This is absolutely not going to compromise our ability to get the farm bill done. We understand that that is a principal, primary responsibility which is why we're focused on it, which is why we put in place these implementation teams, why we have prioritized the rulemaking process, because we know what folks out in the countryside want us to do and we're doing it.

Senator PRYOR. Also, I think one point that he made is true, and I know you'll consider this as you go through it. It may be that some of the most rural areas need that FSA office the most because they don't have the technology on the farm to otherwise connect. So we've talked about that before and I know you'll look at that as you go.

## MIDAS PROGRAM

Let me also ask about the MIDAS program and the MIDAS system. Do you have to—MIDAS has been kind of a long time coming and lots of money in it, you know—anyway, we all know the history there. But, do you have to make adjustments to it based on the new farm bill or is it pretty malleable?

Secretary VILSACK. The new farm bill doesn't really impact the design and the concept of MIDAS. The concept of MIDAS is, first and foremost, the ability to access information about your farm holdings regardless of what county you're sitting in at the time. That's not farm bill related in any way, shape or form.

The second piece of it is, whatever programs FSA offer, whatever programs FSA is providing, that you have the capacity if you have adequate broadband, and so forth, you have the capacity to access that information from a distant location not even going into a Farm Service Agency office if you don't have to. Your convenience; your choice. That's not farm bill dependent either. So this is about creating an infrastructure that provides better service regardless of what the farm bill is and regardless how many changes we have to make in future farm bills.

## AGRICULTURAL RESEARCH

Senator PRYOR. All right. Let me also say, I'm very pleased to see the funding increase for ag research. So, again, thank you for that. And I know that there's, you know, the capacity and competitive, it seems like there's an emphasis on competitive research here. And, could you just talk to the subcommittee about that and, you know, how you all made those decisions?

Secretary VILSACK. Well, I think there are three aspects of research. One is a modernized Agricultural Research Service (ARS) system which is our internal research efforts. We could talk about that. Second, is the National Institute of Food and Agriculture (NIFA), and that really is designed for our external relationships in which we are trying to leverage scarce resources. We're trying to stretch scarce resources. We're trying to create partnerships. But that is a system that we control within USDA.

The farm bill creates the new foundation which is really going to be private sector driven; we provide resources but we don't provide much direction. And what we're proposing with the institutes, the innovation institutes is filling the gap, where we would partner with the private sector, but the private sector would help drive this specific research project. We would provide funding, we would provide direct assistance but the private sector would basically make decisions about where best to focus on pollinators. Should it be on the vector; should it be on crop diversity; should it be on fort; what should it be? The private sector would determine that.

So if we had that suite of opportunities, we would have, I think, all our bases adequately covered and we would have more resources going into and we would be more effectively leveraging those resources.

Senator PRYOR. Thank you.

Senator Blunt.

## INNOVATION INSTITUTES

Senator BLUNT. Mr. Secretary, do you see those as specific locations or are those virtual locations in these new research development areas that are public and private or how do you envision that?

Secretary VILSACK. Well, I think, Senator, it's probably a combination. I think there will probably be some places where these institutes may have a staff person or so but, honestly, we are really focused on virtual centers these days in an effort to try to, again, leverage our resources as effectively as we can and our technology as effectively as we can. This is really more about identifying an area of need, pollinators and microbial resistance issues. And then, saying to the private sector, within that topic, what do you think the priority research should be; here's money to do it; let's work together. As opposed to what NIFA does; which is, NIFA says, we are focused on pollinators and we're focused specifically on vectors and we want you to look at that specific aspect of it and we want to see what you can come up with in terms of leveraging our resources on that particular, very specific, topic. So it's a combination of things we're trying to put together so that we've got all our bases covered.

Senator BLUNT. And for those, like the pollinator research, would you expect people to compete to be the lead agency or the lead land-grant university, or whatever, in that—

Secretary VILSACK. That could be a way in which it's done or the private sector could come in and say, look, this is something that we are specifically interested in. A seed company that understands the challenge that we face with pollinators right now, they could come in and say, "You know what? We would like to companion partner with you, USDA, on a joint relationship." We might ask University X to participate with us; we might have our own internal research folks work on this. It's really about creating as much flexibility and as much coverage as we possibly can in agricultural research because it has been underfunded and underappreciated for far too long. And the President's Council of Advisors on Science and Technology (PCAST) system basically suggested six of these institutes and we're proposing three in this budget.

## POULTRY SLAUGHTER MODERNIZATION

Senator BLUNT. Right. And research, as you well know, is one of the specific things mentioned when the Department was created so that you wouldn't have to have research done all over the country in all States and as part of the 1862 concept of what this Department would do. Senator Pryor, I'm pleased to see the research budget increase. I'm concerned on the food safety inspector budget. That it decreases, if I read these numbers right. And I suspect a lot of that relates to whether or not the new inspection regime on poultry happens during this budget year or not. And so, I'd like you to talk about that a little bit.

Secretary VILSACK. Well, that's correct. But, I think it's important to put this budget in a larger context before I answer your question.

Fifty percent of this budget is spent on four issues; four areas. It's spent on WIC, it's spent on fire suppression, it's spent on food safety and it's spent on rental assistance. Fifty percent of our budget. So when sequester is put into place or cuts are proposed or reductions have to take place, the other 50 percent of our budget has to bear not only their share of the cuts but this other 50 percent share because we've seen increases.

So we have to look for ways in which we can continue to do the job on food safety but allow, at least for some time, this other 50 percent to get a little bit of relief as we try to deal with scarce resources. So, one way to do that is by improving and modernizing the way in which we inspect poultry which we have not done for 60 years. And we believe, by doing this, we can not only save money, but I think more importantly, we can save lives. We believe that there are thousands of people who are getting sick that won't get sick under this new system because it takes our inspectors and gives them additional responsibilities to look at places where, we know, based on science, pathogens attached to poultry, as opposed to what they're currently doing which is focusing more on cosmetic issues. That's something, obviously, the company itself should be concerned about because it involves not the safety but the marketability of a product.

So our theory is that we would restructure the way in which poultry is inspected, save money, and also save lives.

Senator BLUNT. And where are we there? Do we have a proposed rule out on this?

Secretary VILSACK. We have a rule that's currently in the process of going through the regulatory process. And, we have obviously a lot of concerns expressed about this but I think a lot of folks who are expressing concerns may not fully appreciate and understand what we're actually focusing on trying to do here.

Senator BLUNT. And what would be a reasonable timetable on implementing the final rule?

Secretary VILSACK. Well, our hope is that we get this done in 2014 so that we essentially can factor it into the budget that you all are working on.

#### WIC FUNDING INCREASE

Senator BLUNT. I'll come back in a minute when we have a little more time, assuming we get back to another set of questions. I think you mentioned WIC as part of that 50 percent. I believe, I don't have those numbers in front of me at this moment, but I believe I saw a WIC increase of \$200 million. Am I close to the right number?

Secretary VILSACK. That's for the contingency, I believe. It's \$200 or \$150—

Senator BLUNT. When you're increasing one category by \$200 million it's pretty hard to do the other things that you would hope to do.

#### RENTAL ASSISTANCE PROGRAM

Secretary VILSACK. It is but, of course, there is need and there is a need for—the problem with some of these programs is that you don't quite know precisely how many people you're going to serve



from year to year so you have to have some wiggle room within that budget. The same thing is true with the rental assistance program which is why we're asking for a reform of that system to give us greater predictability and certainty about exactly what we actually have to spend in that category to provide 285,000 families with assistance.

Senator BLUNT. Well, I do think the direction you're headed in in the rental assistance is a good one and I look forward to working with you on that. And my time is up, Mr. Chairman.

Senator PRYOR. We've been joined by Senator Johnson.  
Senator Johnson.

#### ACTIVE PERSONAL MANAGEMENT

Senator JOHNSON. Welcome, Secretary Vilsack.

The farm bill directed you to develop a framework for determining whether an individual is actively engaged in a farming operation and thus their eligibility for farm program payments. As you know, both the Senate and House bills included a meaningful hard cap on payments that would allow payments to the operators and crop share landlords as well as one additional farm manager. I would urge you to take this approach which was endorsed with strong bipartisan support in both the Senate and House. But whatever approach you take in this rulemaking, can I have your commitment that you will pursue a structure that maintains an effective payment limit of \$125,000 that does not allow farms to manipulate the actively engaged rules?

Secretary VILSACK. Senator, we will do what the law requires us to do. I would point out that Congress has given us limited capacity in this respect based on the definition of family farm that's included in that discussion of actively engaged. We will take a look at what latitude we have, in terms of that definition, and we will do it in a way that maintains the integrity of the system that allows us to be able to explain it to ordinary folks as to why it's important to have a safety net for farmers and we will do it in a way that I think is consistent with the intent of Congress. But I will tell you, it is a fairly narrow avenue that you all have created for us to work in.

Senator JOHNSON. Do you have a specific timeframe for developing a rule defining actively engaged?

Secretary VILSACK. Our goal is to have a proposal by the end of calendar year 2014.

#### COUNTRY OF ORIGIN LABELING PROGRAM

Senator JOHNSON. I appreciate the work you've done to restructure our Country of Origin Labeling Program in a way that accurately conveys information to consumers while meeting our international trade commitments. I also appreciated your commitment to defending the program before the World Trade Organization (WTO) during the ongoing review. What do you anticipate the timeframe will be for the WTO process moving forward?

Secretary VILSACK. Senator, I think the next milestone in this process is probably sometime in June and July of this year; receiving some indication from the WTO as to whether or not we're right that we are in compliance with the WTO ruling or whether Canada

and Mexico's concerns have not been fully addressed. We believe we have addressed them. We believe we've done it consistent with the congressional directive as well as the WTO directive.

#### SUN GRANT INITIATIVE

Senator JOHNSON. With respect to the Sun Grant Initiative I'm disappointed that the budget request, once again, proposes to eliminate funding particularly since this important program was recently reauthorized in the farm bill as a competitive program. Noting that the manager's statement of the farm bill directs the Department to use the current framework of the Sun Grant Centers in order to maintain the current leadership and management of the program, what is your intention for the future of the Sun Grant Initiative?

Secretary VILSACK. Senator, I think that we are attempting to address the work that's done by the Sun Grants which is important work in both the bio-based product manufacturing innovation institute that is proposed as well as the increases and the resources that we've asked for under our Competitive Grant Program in NIFA. We understand the importance of this. We just think it ought to be rolled into the existing overall structure of research as opposed to being sort of in its own little area. Obviously, we will do what Congress instructs us to do on this but that's the rationale behind it.

#### LIVESTOCK DISASTER PROGRAMS

Senator JOHNSON. I sincerely appreciate the steps you've taken to get the livestock disaster programs out to producers as quickly as possible, particularly with the April 15 signup date. Obviously, there is a unique need for these programs in South Dakota as a result of the terrible Atlas blizzard last fall.

What is the Department doing to inform producers about the availability of the program as well as about the information that will be required to be eligible for payments?

Secretary VILSACK. At this point, we are making sure that our folks in offices around the country are well acquainted with what we're proposing and what we're doing so that they will be in a position to begin that education process very, very quickly. Our expectation is that folks who have been doing the disaster programs in the past aren't going to see any significant change in the way in which the programs are done. So we don't know that it's necessarily going to be a lot of education on the producer's side. We do know that we want them to be in a position to be able to file applications by April 15 and we are on track to get that done.

Senator JOHNSON. My time has expired.

#### LIMITED-IRRIGATION CROP INSURANCE PRODUCT PROGRAM

Senator MORAN. Mr. Chairman, thank you very much.

Mr. Secretary, unfortunately drought continues in Kansas and one of the innovative ways of promoting water conservation and yet allowing farmers a shot at success is the limited-irrigation crop insurance product program. It's a pilot program. We've never gotten

it beyond the pilot program. Can you help us accomplish a broader application of this concept?

Secretary VILSACK. Senator, I would love to be able to do that. But I think we have to do it in a way that is actuarially sound. And the reality is that we just, in many places in Kansas and other parts of the country, don't feel that we have adequate data to be able to do that. So, what we have done and attempt to do is on a case-by-case, individual-by-individual basis, come up with some kind of agreement that is akin to crop insurance and that is being done in a number of counties in your State. I think until we amass enough information and have enough data, you know, and which we're attempting to do, I think it would be a bit premature for us to actually institute a policy because we have to make sure that it's going to work.

You know, I think we have, you know, we are working on some strategies but our team has told me that they just simply are not comfortable with the data yet. So if there's a way in which we can accumulate more information we'd be happy to work with you and your—

Senator MORAN. Tell me a little bit more about what you are indicating—about a landowner-by-landowner or farmer-by-farmer opportunity?

Secretary VILSACK. It's an agreement. As I understand it, that it's a one-on-one basically. It's not a policy. It's not a program. It's working specifically with an individual.

Senator MORAN. Managed by the Risk Management Agency (RMA)?

Secretary VILSACK. I believe so, yes.

Senator MORAN. Okay.

#### UNIVERSAL SERVICE FUND REFORM

Mr. Secretary, we've had a conversation about this previously, maybe a year ago in this similar setting. You know that the Federal Communications Commission (FCC) issued an order related to the Universal Service Fund, so-called Universal Service Fund Reform. That happened in October 2011. There's been some modifications in my view fortunately by the FCC to ameliorate some of the problems that we've highlighted with that order. And one of the concerns I've raised with you, but with the FCC, is the relationship between that order and the ability for telephone companies, rural electric—I'm sorry, rural telephone companies to be able to repay the loans with the Rural Utility Service.

Can you bring me up to date on the status of that problem or that circumstance?

Secretary VILSACK. We expressed the same concerns and I think Chairman Wheeler is sympathetic to this. As I understand it, they've essentially capped the impact of some of the changes so it makes it a little bit easier for these small telecoms, telcos, to be able to make their payments. We have had very few incidences within USDA's portfolio of the inability to make payments. We'll obviously continue to work with folks but at this point in time we're at least appreciative of the steps that have been taken by the FCC recently. We also appreciate the fact that they've gone through a second round of the Connect USA Program, Connect

America Program, with a little bit more flexibility which I think is a good thing as well.

So we're working with them, we've communicated our concerns, and I think there's a bit more flexibility than we've seen in the past, and I think that's positive for rural telcos.

Senator MORAN. I do, too.

And I think that you were instrumental in causing that flexibility to occur and I appreciate that. I just encourage you to continue to work with us and others to make certain that the FCC gets an order that is not—the challenges that we face is that these rural telephone companies were doing what, in a sense, they were incentivized to do by the Federal Government. Asked to do, in fact, to expand broadband both in the President's plan and in the Rural Utility Service's program that's been around for a long time. And the FCC has an order that then it creates, certainly, a different financial circumstance than what was expected when these companies began the path of expanding broadband to rural America.

#### FSA OFFICE MODERNIZATION

Let me associate myself with the gentleman from Montana in his raising concerns about offices, FSA. I've been through this as a member of Congress back in my House days of colocation, reducing the number of FSA offices, reducing the number of NRCS offices, and there are tremendous challenges still with this concept that farmers have the technology necessary to do this at home or at their office. And I just would encourage you, and I think you had this conversation with Senator Blunt, that information would be provided to us as you develop a plan so that we can have input in the process. I assume no Secretary really wants us to have input in the process. But if we could, I think it will avoid us having the arguments and the debate at the end. If we can be a partner in this process it would be useful.

Secretary VILSACK. Senator, more than happy to have that. But, just again, the context of this is—remember the 50 percent of the budget? And then the other 50 percent? And then, so when you do sequester and when you do some of the things you all have done, something's got to give.

Now, in this particular case, this is not about saving money. It's really about modernizing the system. And I think that's an important point that I will be emphasizing just as you emphasize the challenges of this. This system has got to be modernized.

Senator MORAN. I detected your emphasis and I'm not a supporter of across-the-board cuts. I think it is the reason I would ask you to include us in this conversation is because we have a role here to prioritize how money is spent. And I'd like the opportunity to help accomplish that.

Thank you, Mr. Chairman.

Senator PRYOR. Thank you.

And I assume, as part of modernizing that ultimately we do save money and create more efficiency.

Senator Tester.

#### PUBLIC CULTIVARS

Senator TESTER. Thank you.

Mr. Secretary, I very much appreciate—you talk about the erosion of the middle. I think you are spot-on. And I think what you do to encourage the small producers of local food systems is very, very important.

And I, too, want to talk about what Senator Moran talked about and that is being an advocate for a way of life that, quite frankly, in my 57 years on this earth, I have seen evaporate. The way of life we've had in agriculture, when I graduated from high school, is leaving exponentially fast. And I say that not as an outside observer, I say that as someone on the inside looking out. And it's not your fault; it is a combination of things that have happened.

One of the things out there that I am very concerned about is the access to public seed varieties. We visited about this before and I do know that from a production of agriculture standpoint it is always great to think about seeds that will grow without any water or without any nutrients and with difficult situations with the climate change we have now. And that may be all well and good but the fact is we're seeing public cultivars. Those cultivars we don't have to pay for. Those cultivars that I can buy from you if you're a farmer and not have to pay a technology agreement for, are disappearing and disappearing quite rapidly. I've tried to advocate for some of the money set forth in food research and, by the way, we have been very remiss from public dollars going into research for seeds. It has been criminal, as a matter of fact. And we've seen the private sector do it and we see the private sector getting rich off of this.

So could you give me any idea on what can happen as far as—or what needs to happen? What you can do, what we need to do to be able to have more public cultivars out there that actually meet the needs of different regions of this country? Because I think it's very important.

Secretary VILSACK. Well, Senator, I think it's important for us to understand that we are focused on this as well. We have essentially over 100 projects in place today; 150 of our scientists are working on this in all 50 States to ensure that we continue to have the diversity in agriculture that's important.

Last year, I think, 700 germplasm samples were distributed from the 20 seed banks that we have. So there is work being done in this space, and there is a sensitivity to the need for all types of breeding systems to be supported. And I think the fact that you raised it last year, you're raising it this year, allows me to go back and make sure that our team is sensitive to this.

If I might just—this issue of the middle is just extremely important. You mentioned it and at some point in time I'd like just 1 minute of the committee's time to talk about it. If this is the right time, I'll do it. If not, I'll wait.

#### RURAL DEVELOPMENT

Senator TESTER. It's not a prime time for me because I've got questions I've got to ask. But I think the chairman will let you have at least a minute on this because I think it's a huge—I would just say it and I'm not going to—you understand it and you understand it well. I think what I am seeing as a farmer and I am still actively engaged in Agriculture is I'm not seeing a lot of options out

there as far as public. I can go buy seed like crazy but as far as public cultivars, there aren't many around. I'll just tell you that from my perspective. So that be that.

I want to talk a little bit about that middle a little bit from my perspective. And it revolves a lot around rural development. And I told you that in my 50 years of paying attention on this earth I have watched farmers get bigger and smaller and rural communities dry up. That's not stopping. It happens every time I go home and I drive into my little town that used to have a thousand people in it that now have 600; a school that used to have 165 kids in high school now has less than 60. We're seeing rural America continue to dry up.

Can you tell me what's in this budget that you're proud of, you're particularly proud of that is going to help rural development; it's going to help bring people back into frontier and rural America in a way that's positive. And if there are multiple things, list them very quickly. And tell me what you would like to see us do to really reinvigorate rural America, because, quite frankly, we've got a new farm bill right now, I voted for it, I support it, but it isn't going to do it. Hopefully there are things out there within your budget that will do it.

Secretary VILSACK. Well, Senator, I think that we've begun a process. We now have a strategy which I don't think we had before and the strategy is very clear: Production agriculture and exports, local and regional food systems creating new market opportunities, the bio-based economy, the ability to take what we grow and what we raise and every aspect of it and convert it into not just fuel and energy as we have but chemicals, polymers, plastics, I think that is the future, and a creative way of using our conservation resources not only to improve our land and water but also to meet regulatory responsibilities of regulated industries that can be met as easily with conservation on the farm as it can be with creating great infrastructure.

All of those aspects are in our budget, supported in our budget, and with the assistance of this committee and the Senate and the House, we will continue to do work in these four areas. And I honestly believe that will be a difference.

The problem has been that production agriculture is extraordinarily efficient and as it has become efficient fewer farmers were needed. What wasn't done was to have a companion natural resource economy to compliment production agriculture. We're putting that in place now. It will not be done overnight but it is where I think we're headed in the right direction.

#### AGRICULTURAL RESEARCH SERVICE VACANCIES

Senator TESTER. I appreciate that.

Just a passing note that I also want to get on the record, we have an ARS facility in Sidney, Montana. They have three openings there that are very, very important when it comes to research. Very important. Not just seed crops but pests, all sorts of good stuff they do. I would hope that, since we're out of sequestration now, that those vacancies might be able to be filled.

## GIPSA RULE

The last thing I would say is that I was going to get into the Grain Inspection, Packers and Stockyards Administration (GIPSA) rule but the fact is that, you know, the challenges there. If we're going to have a free market system, a capitalistic system in agriculture, GIPSA is pretty damn important from my perspective and I appreciate anything you can do to make sure that happens.

Secretary VILSACK. We tried, Senator.

Senator TESTER. I know you did.

Thank you.

Senator PRYOR. Go ahead and speak your piece on the middle.

Secretary VILSACK. I actually did in 30 seconds.

Senator PRYOR. Okay. Just want to give you a chance to do that.

## WIC FOOD COSTS

Let me also clarify something. I think that the WIC increase is \$107-plus million, say \$108 million, am I reading that right? There is a number, there's a \$322 million that where you're doing a new WIC package, there's increase but you have other offsets and changes in the program. But I do have a question about that because I think one of the challenges there is food prices go up and down and I think the USDA is expecting a 3.5 percent increase in food prices this year. And so, you know, they can rise sharply in any given year. So I guess the question would be—sounds like you're building in a contingency but you feel like you have sufficient contingency there to cover any increase in food cost this year?

Secretary VILSACK. We do, based upon our best estimate as to what the package would likely be. There's been a lot of conversation about food inflation recently. Unfortunately, folks are comparing it to the previous year where inflation was pretty low. But even this year, as I think Dr. Glauber will attest, it's within historic ranges. So despite our challenges, I think we're still going to see, you know, not an extraordinarily high rate of inflation. We think we're pretty confident with our WIC numbers.

## COUNTRY OF ORIGIN LABELING PROGRAM

Senator PRYOR. Senator Blunt, you have a question.

Senator BLUNT. Yes, I do.

Secretary, on the Country of Origin Labeling Program where are we in terms of the WTO action on that? And do we have a planned response if that action is an action against us?

Secretary VILSACK. Senator, I think we will get a read, a basic read, in June of what the WTO is likely to do and in July perhaps a more formal response. And I think it's important for us to allow that system to play out. That's why we were concerned about trying to change what we were doing in the middle of this process. I think the answer to your question, what do we do if we lose? I think a lot of it depends on precisely what the WTO says and if they don't agree that we've been in compliance, why we're not in compliance. Because, when they ruled the last time it was you can label. Our view was, from what they said, you weren't specific enough. Well, now we're quite specific. So we will see what they determine.

Senator BLUNT. And was, on the not so quite specific options, was one of the options North America label or not?

Secretary VILSACK. There was a lot of that type of conversation, but I think what we took from the WTO ruling was that you had to be quite specific in terms of the various steps in the process: where was the animal raised; where was the animal processed; where was the animal slaughtered; et cetera. And I think we have done that. We will see what the WTO says and once we see what they say, we will respond and react accordingly.

Senator BLUNT. And I assume the packers are having to adjust their processing lines to meet those various pedigrees of animal?

Secretary VILSACK. They do. And obviously they have raised concerns about that.

#### REGULATORY PROCESS

Senator BLUNT. You and I were in Brazil this summer for a couple of days talking to them about their regulatory environment on science-based changes, on biotech changes. Like what we saw there was they have come where they have what neither of us would have considered a back log of any kind. Whether that's accurate or not, what are your thoughts about what we can do to get our process to where it meets every requirement we need to meet but isn't needlessly slowing down this process of meeting world food needs and other things that we're involved in?

Secretary VILSACK. Senator, first of all, our Brazilian friends, they had a different starting point for when they began their regulatory process. And if you actually start it where we start our regulatory process, their timelines were very consistent with our current timelines. We have reformed the system. We have reduced the amount of time it takes for the regulatory decisions to take place. I think we've cut out somewhere in the neighborhood of 360 days in that system. We still have a little more work to do. We have also begun the process of reducing the backlog that I inherited when I became Secretary. I'd say we've probably cut it nearly in half and we are projected to continue that reduction to the point where we will be on time.

We've made certain commitments about activities in connection with this new system and we've lived up to those commitments at this point in time. So I'm reasonably confident that we now have a very good streamlined system that does the due diligence that is required but doesn't have a disproportionate delay just simply because the regulatory system is clogged up.

Senator BLUNT. I'm going to look at that chart again, if I can get my hands on it, and see. I do think we're a little slower but I'm prepared to take your word for that and look and see what that starting point is.

#### REGULATORY SYSTEMS

On that similar topic, Senator Pryor and I hosted a discussion session with Bill Gates a few days, about 10 days ago with this subcommittee to talk about what they're doing with ag research and application around the world, and I guess my question is what are we doing if anything to help other countries meet a standard



that's acceptable and at the same time not needlessly slow in meeting the needs that they have.

Secretary VILSACK. Well, I would say a couple things. First of all, we have worked with Brazil in an effort to have the two largest producers of biotechnology crops to speak on the same page at the same time with the same message to the rest of the world. And we are in the process now of taking a look at how we might be able to enlarge that in terms of membership both in Latin America and South America so that we, at least, have consistency.

We are sending the same level of messages to our friends in China about the importance of them understanding that it's in their long-term best interest to have a regulatory system that's more synchronized with ours. We have a pilot project that we're attempting to work with them on so that they can learn that synchronization is not going to put them in a disadvantageous position. So we are working with China to try to embrace this.

Obviously, we have some challenges with our European Union (EU) friends on this topic and I think that's going to be part of the overall conversations as we look at trade agreements and free trade agreements. We're not going to have a free trade agreement unless there is some better understanding upon the part of the EU of acceptance and market access to biotechnology crops. So it's a combination of things.

And then I'd say the last thing we are working with producers in Africa, in particular, to encourage them to understand the opportunities that new technology has created in terms of increased productivity. It's rolled up into our efforts of Feed the Future and work with the U.S. Agency for International Development (USAID) on embracing these new technologies in developing countries. So there's a multiple process, multiple-step process, in place.

Senator BLUNT. Thank you, Mr. Secretary.

And thank you, Mr. Chairman.

Senator PRYOR. Thank you.

And our vote has started, so let me say that I'd like to thank you and your team for being here today and your preparation and all your answers. We've covered a lot of ground and what we'll do is, because we have to run to this vote, we'll go ahead and leave the record open.

#### ADDITIONAL COMMITTEE QUESTIONS

We'd ask our members of the subcommittee who are not able to either ask questions today or weren't able to complete their questions today, we'd ask them to get all of their questions in by Wednesday, April 2. And then, we would appreciate the Department, if you could get us answers back within 4 weeks that would be great with us. And then, of course we want you to answer our questions first, right? Is that right?

Yes, okay.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

## QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

## AGRICULTURE BUILDINGS AND FACILITIES

*Question.* Secretary Vilsack, the Department is proposing the decentralization of the General Services Administration (GSA) rental payments and Department of Homeland Security (DHS) security payments. I understand that the increases to USDA Agency budgets are the equivalent shares of the costs based upon current space occupancy across the United States and that the central account has been reduced accordingly.

Can you please tell me the rationale behind the shifting of funds from the central account into the each Agency account?

*Answer.* The U.S. Department of Agriculture (USDA) agencies occupy centrally funded space for which they have no direct accountability or incentive to use in an efficient and effective manner. The centralized funding mechanism for GSA rent and DHS Security does not link these costs directly to the agencies' programs and delivery activities. Having agencies pay for the full cost of their GSA-leased space will encourage them to make good business decisions to further consolidation efforts, reduce space through teleworking and hoteling strategies and affect other economies of scale such as open space. Currently, the central account still pays the majority of their space costs and results in a lack of ownership by agencies for their occupied space. The shift of the rent and security funding will encourage agencies to make the best use of scarce funds.

*Question.* Will this shift result in savings for the Department? If so, will the Department reduce their appropriations request accordingly?

*Answer.* In the short run this shift will not result in savings for the Department. Agencies will have to assume the full costs for the GSA rental payment and the DHS Security payments for their occupied space, along with any rental or security cost overruns when they begin direct payment in fiscal year 2015. Also, GSA is now directing agencies into green space leases that often cost more than traditional office space. It will take time for the economies of scale to be effective. Eventually by having agencies totally responsible for their space usage and security payments there will be cost avoidance if not savings to the USDA agencies as a result of this initiative as they further their consolidation efforts, reduce total space needs through teleworking and hoteling strategies, effect other economies of scale such as open office space, or move to non-GSA space.

## AGRICULTURAL RESEARCH SERVICE

*Redirection of Funds*

*Question.* Mr. Secretary, I do understand some research projects should be discontinued for higher priority research and I am happy to see that the funding and staff years will remain at the Rice Research Facility in Stuttgart, Arkansas. However, I am not sure why the research funds for the Development and Characterization of Genetic Resources for Agronomic and Quality Traits Using Genomic Tools is being redirected to Livestock Genetic Improvements and Translational Breeding for Enhanced Food Production.

Can you please explain the rationale for redirecting the funds to this new initiative?

*Answer.* Thank you for the opportunity to highlight USDA's continued support for the U.S. rice industry, U.S. rice research, and rice breeding. Arkansas is the largest rice producing State and the Dale Bumpers National Rice Research Center (DBNRRRC), Stuttgart, Arkansas, and its scientists are key to that continued success.

The fiscal year 2015 President's budget initiative for "Advanced Crop and Livestock Genetic Improvements and Translational Breeding for Enhanced Food Production", is a cross-cutting initiative that includes research locations like the Dale Bumpers National Rice Research Center that are 100-percent crop research, and locations that are 100-percent animal research.

To be clear, the focus of the research at DBNRRRC remains on rice and the rice industry's needs. As you mentioned, the Stuttgart team is currently focused on the Development and Characterization of Genetic Resources for Agronomic and Quality Traits Using Genomic Tools.

Under the President's budget initiative for fiscal year 2015, the Stuttgart team will conduct similar work but gain access to key genetic resources, knowledge and tools for classical and genomics enabled rice breeding. This initiative is an example of USDA deploying its resources more effectively.

*Innovation Institutes*

*Question.* Mr. Secretary, the report from PCAST recommended the creation of six large, multidisciplinary innovation institutes focused on emerging challenges to agriculture, supported by public-private partnerships. In 2015, the National Institute of Food and Agriculture (NIFA) is requesting \$75 million for three new institutes which include pollination and pollinator health, manufacturing innovation and anti-microbial resistance.

Why were these three institutes chosen?

*Answer.* The research foci of these three innovation institutes are on important agricultural problems in the public domain, but where private sector participation can be essential in advancing the research goals and also deploying the research outcomes. Their selection was the ultimate product of stakeholder listening sessions conducted by the Department, administration priorities, and the feedback brought to us by members of Congress and a wide cross section of citizens with legitimate concerns about pollinator protection, anti-microbial resistance, and the state of the rural economy.

*Question.* How did USDA determine the scope of the three proposed Innovation Institutes?

*Answer.* USDA has based actions to date regarding the innovation institutes on five organizing principles:

- 1. Public-private partnerships are integral to solving important agricultural issues.
- 2. Competitive processes will be used to select the participants in the Institutes.
- 3. Institutes are to address the challenges to agriculture:
  - a. that the President's Council of Advisors on Science and Technology (PCAST) identified,
  - b. in a manner consistent with the intent of Congress, and
  - c. informed by the President's fiscal year 2015 budget request.
- 4. Institutes will take advantage of university, private sector, and ARS infrastructure.
- 5. Funds should go to research, not to bricks and mortar. The expectation is that multiple partners in diverse universities and organizations will mean a distributed virtual organization.

The PCAST report suggested several models that fit into these five guiding principles. They include bioenergy institutes established by the Department of Energy and British Petroleum, as well as the energy hubs and energy frontier research centers established by that same Department. USDA used these models, listened to stakeholder feedback, and determined the scope for the three proposed Innovation Institutes that fit into our established guiding principles.

*Question.* What criteria will the Department use when selecting the recipients of these grants?

*Answer.* The National Institute of Food and Agriculture will conduct a competitive process to select the recipients of these grants. Selection criteria will include the grant recipient's ability to form and maintain a high quality public-private scientific consortium; the scientific merit of the proposal; the qualifications of project personnel, the adequacy of facilities and project management; and the relevance of the project, which includes the project's potential for a dramatic and demonstrable impact on the defined problem to be addressed by the particular innovation institute.

*Question.* Will the recipient be expected to match or meet a certain funding level?

*Answer.* There are no preset funding levels at this time for recipients. There is a desire for significant non-Federal investment in the innovation institutes, as well as public and private intellectual capital, which is shared by both the PCAST report and the Department. This desire led the National Institute of Food and Agriculture to propose forming the innovation institutes under the authority of 7 U.S.C. section 450a. It was determined that this was the best of many existing authorities under consideration for this purpose because it authorizes agreements, including the receipt of funds, from any State, other political subdivision, organization or individual for the purpose of conducting research projects.

## FOUNDATION FOR FOOD AND AGRICULTURAL RESEARCH

*Question.* Will the new Foundation for Food and Agricultural Research receive funding from existing National Institute of Food and Agriculture programs?

*Answer.* Currently we do not believe that the Foundation for Food and Agricultural Research will receive any funding from existing National Institute of Food and Agriculture programs in fiscal year 2014 or fiscal year 2015.

## NATIONAL ANIMAL HEALTH LABORATORY NETWORK

*Question.* New funding is authorized in the farm bill for the National Animal Health Laboratory Network to enhance the capability of the Secretary to respond to emerging and existing threats to animal health and to coordinate enhancement of national veterinary diagnostic laboratory capabilities using existing Federal, State, and university facilities.

How would USDA ensure that this new funding would be leveraged to enhance current national veterinary diagnostic laboratory capabilities to detect, respond to and recovery from emerging and existing threats to animal health across the United States of America?

*Answer.* If funding were provided for the National Animal Health Laboratory Network (NAHLN) as authorized in the farm bill, the Department would prioritize activities based on the NAHLN strategic plan, carry out emerging disease detection and response initiatives, and increase the capacity and capability of the network. Specifically, USDA would increase support for laboratory infrastructure; dedicate funding to support the identification of emerging diseases; enhance support for animal health community preparedness needs, such as business continuity plans and validating diagnostic assays to fill identified gaps; and continue to support laboratories' capabilities through expanded outbreak scenario exercises. The existing network of laboratories across the country, established in 2002—based on long-standing cooperation, communication, accountability, and adherence to standards—would be leveraged through participation in emergency response exercises and in development and validation of diagnostic methods and techniques. The function of and commitment to the network has become integral to many of NAHLN's approximately 60 laboratories. The current diagnostic capabilities, facilities and expertise within these laboratories will be the basis for moving the network forward and addressing identified gaps.

## AGRICULTURAL RESEARCH

*Research Investment Balance*

*Question.* Does USDA anticipate reconfiguring the balance between major crop and specialty crop research? If so, how?

*Answer.* The President's Council of Advisors on Science and Technology (PCAST) raised the issue of the balance of the portfolio of research on agriculture in its report to the President on Agricultural Preparedness and the Agriculture Research Enterprise issued in December 2012.

The Under Secretary for Research, Education and Economics has suggested to the National Agricultural Research, Extension, Education, and Economics Advisory Board that it examine the question of the current balance of research in the Research, Education and Economics (REE) portfolio and give her its view of how the balance should be regarded and set in the future.

No decision has been made on reconfiguring the balance between major crops and specialty crop research at this time.

## NATIONAL SCIENCE FOUNDATION

*Question.* The President's 2012 PCAST report included a recommendation that the National Science Foundation increase its budget for basic science relevant to agriculture to \$250 million per year as compared to the current \$120 million. How has USDA worked with NSF in this regard to ensure that there is no overlap?

*Answer.* The President's Council of Advisors on Science and Technology (PCAST) recommended in its report to the President that the National Science Foundation (NSF) should receive an increase to \$250 million in its funding for basic science relevant to agriculture, which would have been an increase of \$130 million. USDA is not aware that NSF has received such an amount for agricultural sciences in recent appropriations.

Across the Department, there is a very cooperative relationship with NSF. The joint objective is to maximize the benefits of agricultural research and minimize duplication of effort. REE agencies, in particular the Agricultural Research Service (ARS) and the National Institute for Food and Agriculture (NIFA), consult with NSF about research priorities on a consistent basis. Specific projects are coordinated with NSF when appropriate and relevant. Because USDA's REE agencies have an Action Plan that is posted on our Web site, researchers across the country that may be seeking to apply for currently available NSF grants can understand what USDA is doing, and NSF reviewers can also check on current research projects underway at USDA. NIFA grants are also a matter of public information and made available

through the Current Research Information System and the Research, Education, and Economics Information System.

Through the Agriculture and Food Research Initiative, the Department's flagship extramural funding program, the NIFA conducts several joint programs with NSF: Ecology and Evolution of Infectious Diseases, the National Robotics Initiative, and Water Sustainability and Climate. The Ecology and Evolution of Infectious Diseases program supports research on the ecological, evolutionary, and socio-ecological principles and processes that influence the transmission dynamics of infectious diseases. The goal of the National Robotics Initiative is to accelerate the development and use of robots in the United States that work beside, or cooperatively with, people. The goal of the Water Sustainability and Climate (WSC) solicitation is to understand and predict the interactions between the water system and climate change, land use (including agriculture, managed forest and rangeland systems), the built environment, and ecosystem function and services through place-based research and integrative models. This programmatic cooperation speaks to the close working relationship of the two science agencies that helps to avoid duplicative research.

#### NIFA GRANTS

*Question.* How many competitive agriculture research grants were awarded in fiscal year 2014 and fiscal year 2013 compared to fiscal year 2012?

*Answer.* USDA awarded 996 non-formula agricultural research and integrated grants in fiscal year 2012. There were 808 non-formula agriculture research and integrated grants awarded in fiscal year 2013. Preliminary data show there were 966 non-formula agricultural research and integrated grants awarded in fiscal year 2014. The number of grants decreased in fiscal year 2013 due to funding reductions including rescissions, sequestration, elimination of mandatory funds, and the continuing resolution in that fiscal year.

*Question.* How many research grant applications were received in fiscal year 2014 and fiscal year 2013 compared to fiscal year 2012?

*Answer.* USDA received 4,301 research grant applications in fiscal year 2012 and preliminary data shows we received 5,650 research grant applications in fiscal year 2013. Preliminary data shows we received 6,191 grant applications in fiscal year 2014.

*Question.* Has the median award amount for agriculture research grants decreased since fiscal year 2012?

*Answer.* Yes, the median award amount for agriculture research grants from USDA has decreased from \$202,483 in fiscal year 2012 to \$192,500 in fiscal year 2013. We will not know if it has decreased or increased in fiscal year 2014 until all awards are made for the fiscal year.

#### FARM-VETS PROGRAM

*Question.* Mr. Secretary, the Department is requesting \$2.5 million to establish the FARM-Vets program to promote competition for basic and applied research that explores career opportunities and pathways, therapeutic interventions, resource conservation, and related studies for the veteran population in the food and agriculture sector. I understand that the funds will be used for projects that help veterans develop farming and ranching skills, business plans, and agriculture systems management.

Please explain how the FARM-Vets program will work?

*Answer.* The \$2.5 million request to fund the Food and Agriculture Resiliency Program for Military Veterans (FARM-Vets) program is designed to promote competition for basic and applied research. Research will explore career opportunities and pathways, therapeutic interventions, resource conservation, and related studies for the veteran population in the food and agriculture sector. Understanding why and how best to engage veterans in the agricultural sector is congruent with the critical need to identify a new generation of farmers, livestock producers, and entrepreneurs as an aging workforce transitions to retirement, especially in rural areas where shortages are acute. Similarly, there is a limited body of research that points to the therapeutic value of working the land in terms of psychological and behavioral health function and benefit.

The Department expects FARM-Vets basic and applied research projects to inform the establishment and scalability of educational programming that helps veterans develop farming and ranching skills, business plans, agriculture systems management skills, knowledge and access to credit. FARM-Vet research will complement the Beginning Farmer and Rancher Development Program (BFRDP) which the USDA also administers. BFRDP is an education, training, technical assistance and outreach program designed to help U.S. farmers, ranchers, and managers of

non-industrial private forest land—specifically those who have been farming or ranching for 10 years or less and those who aim to start. As a result of the 2014 farm bill, at least 5 percent of available BFRDP funding will be allocated to programming and services for military veteran farmers and ranchers annually through 2018. Since BFRDP cannot support research, future FARM–Vets discoveries will inform, improve and enhance BFRDP programming.

*Question.* How many veterans will benefit from this new program and will they receive cash grants?

*Answer.* The Food and Agriculture Resiliency Program for Military Veterans (FARM–Vets) program will be administered as a competitive research grant program in cooperation and coordination with colleges and universities. The FARM–Vets program will not provide direct cash grants to veterans. It will fund basic and applied research that will explore career opportunities and pathways, therapeutic interventions, resource conservation, and related studies for the veteran population in the food and agriculture sector. NIFA expects FARM–Vets basic and applied research projects to inform the establishment and scalability of educational programming that helps veterans develop farming and ranching skills, business plans, agriculture systems management, knowledge and access to credit, and land use issues. Any veterans participating in FARM–Vets research projects will benefit directly or indirectly based upon outcomes and findings. Actual numbers of veterans benefiting will be determined by the number of research studies funded, subset size participating, and results extrapolated to the full veteran population. The research conducted would also help ensure an evidence-based foundation on which program and policy can be built.

#### ANIMAL AND PLANT HEALTH INSPECTION SERVICE

*Question.* Mr. Secretary, what is the status of implementation of the national feral hog initiative?

*Answer.* The Animal and Plant Health Inspection Service (APHIS) is implementing a national, cooperative effort to reduce damage caused by feral or free ranging swine. APHIS is utilizing available funding to: (1) control feral swine population; (2) test animals for diseases; and (3) conduct research to identify better methods of managing feral swine damage. APHIS has established operational programs in all States where there is a recognized feral swine population. APHIS is leading the effort, tailoring activities to each State's circumstance and working closely with other Federal, State, tribal, and local entities.

APHIS has formed State-level task forces, to coordinate approaches and further ensure program success. We have begun to conduct operational activities in cooperation with our partners. APHIS has allowed variation among State agreements to account for individual State interests, regulations, along with variation in habitat and resources. 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. In States with relatively few feral swine we are collaborating on efforts to eliminate the animals from those States. In other States where feral swine are more abundant we are cooperating to suppress populations in targeted areas to reduce damage to agriculture and other resources. APHIS has been building upon previous successes, such as the 2013 New Mexico feral swine eradication project. Through this continuing effort, APHIS has removed feral swine from more than 5.4 million acres in New Mexico.

Another key part of the national program will include surveillance and disease monitoring to protect the health of our domestic swine. APHIS is testing feral swine for diseases of concern for U.S. pork producers, such as classical swine fever, which does not exist in the United States, as well as swine brucellosis, porcine reproductive and respiratory syndrome, swine influenza, and pseudorabies. APHIS is currently establishing procedures for disease monitoring, including the development of new surveillance and vaccination methods. Ensuring that diseased feral swine are not a threat to domestic swine keeps U.S. export markets open.

APHIS is conducting research to develop and evaluate new tools to further reduce damage inflicted by feral swine. Examples of potential tools that could dramatically influence the population growth of feral swine include toxicants and fertility control agents, coupled with safe delivery systems.

*Question.* What roles are States playing and how are costs being shared?

*Answer.* States will play a critical role in the success of this program. APHIS established strong partnerships with organizations such as State Associations of Fish and Wildlife Agencies, the National Association of State Departments of Agriculture, and the National Association of State Animal Health Officials. APHIS is collaborating with other Federal agencies, as well as tribal and local cooperators. Since en-

vironmental 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. Most States are developing feral swine task forces to enhance communication among entities that share a common interest in reducing or eliminating problems caused by feral swine. APHIS serves on these task forces, providing guidance on management options and utilizing available resources.

State, tribal, and local cooperators are providing both financial resources and in-kind services. In-kind services offered vary among States, ranging from housing for employees working in remote sites to supplying helicopters in the aerial program. States also are providing staff to assist with operational removal of feral swine in joint-projects. In fiscal year 2014, cooperators have pledged to provide more than \$7 million in funding and more than \$1 million via in-kind services toward reducing problems associated with feral swine.

*Question.* How will you determine priorities among States with existing heavy infestations and States with small hog populations in which elimination is a viable possibility?

*Answer.* APHIS will establish an operational program in all States where feral swine are recognized. Estimated populations within States vary from less than 1,000 feral swine, to more than 750,000 feral swine. APHIS worked with State Agencies and groups, such as State Association of Fish and Wildlife Agencies, the National Association of State Departments of Agriculture, and the National Association of State Animal Health Officials, to determine the appropriate strategy to address feral swine in each affected State. Consideration was given to such things as, estimated State current population, current and future damage prevented, as well as considering individual State laws and regulations.

In States where feral swine populations are large and widely distributed, our goal will be to suppress populations to a manageable level. At that point, we will work with States to utilize control methods to ensure agricultural and natural resources remain properly protected. Additionally, we will utilize funding where there is an opportunity to eliminate animals from a State or targeted area where rapid re-establishment is unlikely. As feral swine are eliminated from targeted areas, APHIS will shift support to increase emphasis in other areas, while maintaining the capacity to monitor for newly introduced animals.

#### PROGRAM REDUCTIONS

*Question.* Mr. Secretary, this budget proposes a reduction of \$37 million in APHIS program funding. These reductions are largely focused on programs that are high Senate priorities. Please explain the rationale for choosing these programs for reductions.

*Answer.* The fiscal year 2015 budget proposes reductions to the Avian Health, Cotton Pests, Plant Protection Methods Development, Specialty Crop Pests, and Tree and Wood Pests programs. In regard to the first two programs listed, APHIS and cooperators have made significant progress in meeting program goals. Because of the level of surveillance and analysis APHIS has already conducted regarding avian influenza, APHIS is able to make targeted reductions in the Avian Health program. Additionally, APHIS has eradicated boll weevil from 99.5 percent of cotton producing land in the United States and is beginning a series of surveys to confirm that the pink bollworm has been eradicated. The proposed decrease in the Plant Protection Methods Development program is for the National Clean Plant Network, for which Congress provided ongoing funding through the Agricultural Act of 2014. In regard to the reductions proposed for the Specialty Crop Pests and Tree and Wood Pests programs, APHIS is continuing its longstanding effort to balance the contributions of the Federal Government and cooperators, recognizing that there are national, regional and local benefits of pest and disease management.

*Question.* What assurances can you provide that Senate priorities regarding combating invasive pests and diseases will be honored?

*Answer.* USDA realizes the importance of these programs, but also believes that these activities should be a cooperative effort and a shared responsibility between the Federal Government and the State and local governments whose people will most directly and immediately benefit. The Department's budget represents our determination to find the correct balance in these responsibilities. USDA realizes the importance of these programs, but also believes that these activities should be a cooperative effort and a shared responsibility between the Federal Government and the State and local governments whose people will most directly and immediately benefit. The Department's budget represents our determination to find the correct balance in these responsibilities.

## CITRUS GREENING

*Question.* Mr. Secretary, please bring us up to speed on how the \$20 million in funds to combat citrus greening are being used and the prospects for controlling this ruinous disease.

*Answer.* USDA recognizes the devastating impact citrus greening, or Huanglongbing (HLB), is having on the Florida citrus industry and the threat it poses to other citrus-producing States. USDA established the new Multi-Agency Coordination (MAC) response framework in December 2013 to help address the industry's immediate needs in a more direct way. To jump start this initiative, USDA provided \$1 million to support projects that can bring practical and near-term solutions to combat the disease, and Congress also provided \$20 million through the Fiscal Year 2014 Consolidated Appropriations Act. In addition to APHIS, the MAC is comprised of representatives from the Agricultural Research Service (ARS); the National Institute of Food and Agriculture (NIFA); the Risk Management Agency; the Environmental Protection Agency; State representatives from Florida, Arizona, California, and Texas; and industry representatives from Florida, California, and Texas. The HLB MAC Group's priority is to fund projects that are ready to be taken from the research arena to the field and used to help growers right now. The HLB MAC Group has decided to establish two parallel processes for funding short-term, practical HLB research projects: (1) a direct funding process and (2) a stakeholder suggestion process.

*Direct Funding Process*

The HLB MAC Group will develop project proposals for some of the most promising tools identified by group members, with input from stakeholders. The MAC Group plans to provide funding for several of these projects in early May 2014. Examples of the activities that will be funded include scaling up biological control (using specialized wasps to control Asian citrus psyllid populations), field testing of promising anti-microbial treatments against HLB, and field-delivery systems for using thermal therapy to treat HLB-infected trees.

*Stakeholder Suggestion Process*

The HLB MAC Group will also use an online suggestion system. Industry, academia, and State and Federal researchers can submit short-term, practical solution suggestions for potential funding. The MAC Group is developing specific criteria for evaluating the suggested projects, including the stipulation that the tool or technique be ready to test in the field, implement immediately, or promise to provide a tool or solution for the industry in the near term. After the MAC Group reviews the project suggestions to ensure they meet the criteria, a science panel made up of Federal, academic, and industry experts will further evaluate them.

The MAC Group is moving as quickly as possible to provide funding as we know the urgent need for tangible tools to help growers in the most effective ways. Complementing these near-term, ready-to-implement solutions the MAC Group is funding, Congress directed at least \$125 million over 5 years to establish a research and extension program to combat citrus diseases and pests under the USDA Specialty Crop Research Initiative in the Agricultural Act of 2014 (farm bill). This funding, administered by NIFA and with input from stakeholders, will greatly expand USDA's ability to combat HLB with new science and technology for the mid- and long-term. USDA is hopeful that the short-term solutions funded by the MAC Group will help citrus growers deal with HLB while longer term solutions are developed.

*Question.* This budget requests reduced funding to combat citrus greening. Is this request adequate for the task?

*Answer.* The reduction proposed for Citrus Health efforts is not designed to reduce overall funding for the program. The reduction is part of USDA's longstanding effort to better balance the Federal portion of the costs of cooperative pest and disease programs that protect national, local, and industry interests. The budget requests sufficient funds to address this pest but relies on States and industry partners to increase their contributions to the program to ensure that the same level of effort will continue. Additionally, in fiscal year 2014, Congress provided an additional \$20 million in 2-year funding for the USDA Multi-Agency Coordination (MAC) Group related to citrus greening. The MAC Group will make these funds available in fiscal year 2014 and fiscal year 2015 to help develop field-delivery systems for promising tools to combat citrus greening.



## FOOD SAFETY AND INSPECTION SERVICE

*New Methods of Poultry Slaughter Inspection*

*Question.* Mr. Secretary, what is the current status of implementing the new poultry inspection processes?

*Answer.* We are hopeful that the final rule will be published soon so we may begin implementation.

*Question.* The Department's position has been that these new processes would improve food safety. However, we continue to hear dissenting opinions on this issue. What new information do you have since our hearing last year, and can you provide additional assurances that food safety will be improved as a result of these inspection processes?

*Answer.* The proposal to modernize inspection allows the Food Safety and Inspection Service (FSIS) to realign the duties of our inspectors so that they can focus on pathogen prevention and on proven food safety measures. Under the proposed new system, all FSIS inspection activities would focus on the critical food safety inspection and verification tasks, and the quality assurance tasks would be performed by industry. FSIS would continue to conduct carcass-by-carcass inspection, as mandated by law. A peer-reviewed risk assessment shows that a system that provides for increased off-line food safety inspection activities results in greater compliance with regulations, as well as lower levels of fecal contamination and equivalent or lower levels of *Salmonella* contamination. The risk assessment estimates that this new approach will prevent at least 5,000 fewer *Salmonella* and *Campylobacter* illnesses each year.

We recognize that there have been concerns expressed about the proposed rule based on findings in a GAO report about the pilot program. However, while GAO found that there were limitations in the Agency's data analysis in evaluating the poultry pilot—the one significant finding that GAO outlined with respect to the poultry pilot, GAO acknowledged in their report that FSIS plans to address these limitations in the final rule. It should be noted that the report was not an indictment against the poultry slaughter rule (PSR). In fact, GAO described the pilot project, and the effort to deploy inspection resources more effectively, as a positive step.

*Question.* The fiscal year 2015 request assumes implementation of these processes by the beginning of the fiscal year, and significant savings during the year. If the process is not implemented by October, do you plan to submit a budget amendment to ensure that FSIS has adequate administrative resources for the year?

*Answer.* At this time we do not plan to submit a budget amendment. A determination of adequate administrative resources for FSIS would have to be based on when the final rule for PSR is published and the balance of remaining appropriations.

## INSPECTOR SHORTAGE

*Question.* Mr. Secretary, we have been told that USDA's decision to rely more on temporary inspectors has resulted in an inspector shortage, which is stressing the entire system. Is this characterization accurate? Please explain what is going on.

*Answer.* This characterization is not accurate. Although the Agency has been hiring temporary inspectors, all positions required to maintain food safety are being staffed. Meat, poultry and processed egg facilities legally cannot operate without FSIS inspectors present, and a shortage of FSIS inspectors would result in reduced production or facility closures. It is important to note that this has not occurred. In the course of normal operations there will be unexpected absences that cause temporary staffing shortfalls until another inspector is in place. However, no recalls have been due to lack of inspectors on the job. The Agency maintains a standing corps of permanent and temporary or relief employees to provide inspection services in the event of illnesses, vacations, retirements and general scheduling issues. The Agency is committed to ensuring that we have the staffing, training, lab support, oversight and other resources that are necessary to ensure the safety of the food supply.

## CATFISH INSPECTION

*Question.* Mr. Secretary, as you know both this subcommittee and the Agriculture Committee are very interested in USDA issuing a new regulation on catfish inspections. The farm bill requires implementation within 60 days of enactment. However, your recently issued report on the status of the regulation indicates you plan to publish the final rule in December 2014. Please let us know if there is anything this subcommittee can do to help expedite this process.

*Answer.* When the proposed rule was published in February 2011, the Department solicited comments on several options for the definition of catfish in accordance with the 2008 farm bill, which left the definition of “catfish” open. Now that Congress has determined that all fish in the order Siluriformes are under FSIS jurisdiction, the matter is settled. While it is still necessary for a final rule to go through the necessary Departmental and OMB reviews, that clarification will help expedite the process towards publishing a final rule. FSIS estimates that the final rule will be published by December 2014.

#### OFFICE CLOSINGS AND AGENCY REDUCTIONS

*Question.* Mr. Secretary, I want to discuss your budget request for the Farm Service Agency. We all know the important role this Agency has in helping our farmers and ranchers. When comparing apples to apples, the budget cuts FSA by nearly \$66 million from last year.

Taking this steep reduction and office closures into account, do you believe now is a good time to be cutting FSA especially when a new farm bill is being implemented?

*Answer.* During preparation of the fiscal year 2015 budget, FSA conducted a review of current county offices and staffing levels, and found the potential to consolidate approximately 250 field offices. There are steps that need to be taken to reshape and restructure FSA’s county offices and workforce, however, before FSA can begin preparing any office consolidation plan. The Agency has not yet identified specific offices for closure.

*Question.* How can we reassure our farmers that FSA will be responsive when there will be fewer personnel and fewer offices open?

*Answer.* FSA’s salaries and expenses budget request reflects USDA’s continued commitment to achieving cost-savings and increased efficiencies, while continuing to provide farmers and ranchers with the highest levels of customer service.

FSA is presently working on a service center structure concept that will realign workforce and invest in improved technology to provide quality customer service by providing a full range of access to FSA programs, increased efficiencies through specialization, expanded customer flexibility and options in program delivery, and serve as a referral gateway to other agricultural and rural services.

The concept is intended to establish a more flexible footprint in each State to best utilize staff resources, improve program outreach to new and current customers and enhance cross training of FSA employees. The centralization of program service, resulting in generally larger staffs, will provide managers with greater employee supervision and oversight, increased opportunities to train employees, and improved internal controls that ultimately will improve efficiencies in program delivery and enhance public trust in the Agency.

*Question.* Do you believe it’s reasonable for this Committee to agree to close offices when we don’t even know which offices will be closed?

*Answer.* FSA will conduct a study during 2014 to identify areas for realignment. Until then, no specific offices have been identified for consolidation, and there is no list of offices under consideration for consolidation. Before attempting to close any office, USDA is committed, per statute, to hold public meetings in each affected county within 30 days of any announcement of pending closure as well as providing necessary Congressional notifications. However, FSA needs the flexibility to change its county office structure in the face of declining resources. Maintaining underutilized offices reduces our capacity to adequately serve the Nation’s farmers and ranchers.

*Question.* Please provide detailed information regarding USDA’s plan to determine which offices to close, including a proposed timeframe, and all information that will be considered, including the weight given to each factor.

*Answer.* FSA is working to more strategically locate and structure its workforce, workload, location, office staffing structures, and customer needs. This approach is not fully developed and information is not yet available.

#### MIDAS

*Question.* Since fiscal year 2009, this subcommittee has spent roughly \$300 million on Modernize and Innovate the Delivery of Agricultural Systems (MIDAS). While we are committed to modernizing IT systems of the Department, we are concerned there is no clear direction for the MIDAS program.

Can you please update us on the status of MIDAS?

*Answer.* MIDAS is live and deployed nationwide to 9,000 employees across 2,124 State and county offices to manage 11 million customer records and 5 million farms with 8.1 million tracts and 38 million fields. For the first time ever, the system con-

solidates land and producer information on one computer screen, which dramatically improves customer service and FSA processes. MIDAS has improved customer service by modernizing FSA processes in the county office, streamlining the process to reconstitute a farm replacing manual processes with automated workflows, reducing manual handling and paper tracking, and accelerating the synchronization of Social Security death notifications, reducing erroneous payments. Our roadmap includes continued simplification of the IT portfolio, partnering with key USDA Agencies and teams, and enhancing service delivery.

*Question.* How will MIDAS be used to implement the new farm bill?

*Answer.* Because MIDAS is the platform for producer and land information, FSA is coordinating the capabilities of MIDAS to meet the timelines for farm bill implementation. For example, MIDAS is in use today by FSA field office staff supporting producer updates of farm information required for farm bill program enrollments.

*Question.* After all this investment, how will MIDAS help our farmers?

*Answer.* Prior to MIDAS going live last year, all field offices and employees had to use multiple systems when serving producers who visited the county offices. They were required to move between systems (e.g. on the AS400, the Web systems, mainframe systems, GIS systems, etc.) to enroll producers into programs. They needed to print farm maps to work with producers on acreage volumes/content, as well as numerous manual processes. Along with providing a single view of producer data, MIDAS allows a producer to conduct their farm management business with any service center nationwide through a single visualization of the farm.

*Question.* The budget proposal includes maintenance funding for MIDAS. Is additional funding required if MIDAS will be able to, as has been stated, allow farmers to access USDA programs from their kitchen table?

*Answer.* The fiscal year 2015 budget proposes funding for the continued operations and maintenance of MIDAS, including support for service desk and application maintenance support, software licensing, and hosting. The development and maintenance of customer self-service that will allow farmers and ranchers to access USDA programs over the Internet is included within a larger portfolio of FSA initiatives aimed at transforming FSA business processes, service delivery practices, and information technology tools.

#### FOOD AND NUTRITION SERVICE

##### *Summer EBT Demonstration*

*Question.* The budget is requesting an additional \$30 million to expand the summer EBT (electronic benefit transfer) demonstration project.

Can you please explain how you intend continue these demonstration projects?

*Answer.* USDA's Food and Nutrition Service (FNS) implemented the Summer Electronic Benefit Transfer for Children (SEBTC) at sites in 10 States and Indian tribal organizations which provided the families of low-income school aged children with benefits similar to the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), giving them more resources to use at retail food stores during the summer months when school was out of session. A rigorous, independent evaluation of the demonstrations shows impressive results, i.e., that SEBTC can reduce food insecurity among children substantially. In addition, participating children in households with SEBTC ate more fruits and vegetables, whole grains, and dairy foods while consuming fewer sugar-sweetened beverages. These impacts were present at sites using the SNAP EBT model and the WIC EBT model.

Based on these encouraging results, FNS is proposing to continue these demonstration projects in fiscal year 2015, possibly by capitalizing on the strength of existing sites through further expanding in the same and adjacent areas as were included in the original demonstrations, or by testing the model through a full-State implementation in one or two small States. The information gleaned from statewide implementation in one or two States would provide important information on the feasibility of expansion of the pilots—in particular, whether the WIC EBT model or the SNAP EBT model has a higher possibility of success in implementation.

*Question.* Will you be using the WIC EBT model or SNAP EBT model?

*Answer.* USDA anticipates using both the SNAP and WIC models, and will make determinations based on an individual State's capacity. Currently, there are only eight States with statewide WIC EBT systems. FNS would likely make State selections based on a number of factors, such as rates of poverty and food insecurity, and Summer Food Service Program participation. Further, we would use this opportunity to further examine the efficacy of the WIC and SNAP models, to determine whether future activities should focus on one model over the other.

## WIC FOOD PACKAGE

*Question.* The budget also includes an increase of \$322 million to implement the new WIC food package.

Can you please describe how these funds will be utilized?

*Answer.* The \$322 million will be obligated for food grants in fiscal year 2015 as compared to fiscal year 2014. This increase is comprised of \$207 million in new budget authority and about \$115 million of carryover from prior years. Approximately \$102 million of the increase in food funding is attributable to normal food inflation. The remaining \$220 million increase is due to improvements in the food package to increase participants' access to fruits and vegetables, whole grains and low-fat dairy. The fruit and vegetable cash-value voucher for children is increased from \$6 to \$8 per month, the level recommended by the Institute of Medicine. Yogurt has been added as a partial milk substitute for children and women. Whole grain and fish options have been expanded to include pasta products and canned Jack mackerel, respectively.

These science-based revisions will improve the nutrition and health of the Nation to fiscal year 2014. This increase is comprised of \$207 million in new budget authority and about \$115 million of carryover from prior years.

*Question.* If this Committee is unable to provide these additional funds, how would the Department prioritize overall WIC funding?

*Answer.* We will continue work with the Committee to secure adequate funding to serve all who are eligible for the program and support the changes in the WIC food packages. Please note that all State agencies are required to implement the increase in the cash value voucher by June 2, 2014, and the budget request reflects the implementation of that change. The other major changes in the food package provide added options and flexibilities for State agencies in meeting the nutritional needs of participants. However, once the funding level is known for fiscal year 2015, State agencies will need to determine if they are able to implement the remaining food package improvements based on their specific food grant.

## PUBLIC LAW 480, TITLE II

*Question.* While I appreciate the budget keeps funding for Public Law 480 within the jurisdiction of this subcommittee, I do have concerns with your request allowing 25 percent of the emergency funds to be used for local purchase or cash.

How is providing less U.S. commodities for this important program better for our farmers?

*Answer.* When Public Law 480 became law in 1954, Congress was responding to both international hunger needs and an increasingly costly Government-held farm surplus commodities program. At the time, USDA was storing significant quantities of surplus commodities at considerable cost to the U.S. taxpayers. Donation for international food assistance was an effective means to dispose of the surplus commodities. Such surpluses do not exist today.

Given today's market, our food assistance operations need to balance market realities and food aid needs while also striving to reduce costs, especially in times of emergencies. With the strength of commercial agricultural exports, we would not expect substantial economic impact from the use of up to \$350 million of the Public Law 480 title II appropriations in emergencies for interventions such as local or regional procurement of the agricultural crises, food vouchers or cash transfers to provide for improved food aid delivery.

The administration's budget request seeks additional steps to improve the efficiency and effectiveness of the food aid programs. We know from the crises in the Philippines, Syria, and Somalia this year that these flexibilities helped to get food to thousands of families in need and were critical to our success, especially in the immediate response.

The administration continues to seek reforms in food aid due to the importance of these life-saving tools and the potential for cost savings. Products can be delivered more quickly to recipients, because the purchase and delivery of U.S. products can take on average between 4 and 6 months, while locally and regionally procured products can arrive as much as 11–14 weeks sooner. Studies have shown that local and regional procurements can reduce costs by 25–63 percent in specific situations. The increased efficiency and cost savings would allow USAID to reach up to 2 million additional people per year.

*Question.* Shouldn't we allow the changes made in the farm bill to happen before we start altering the program again?

*Answer.* The administration appreciates the additional flexibilities that the Agricultural Act of 2014 provided for the food aid programs. The budget request for increases in flexibilities reflects the same spirit of the farm bill provisions. The intent

is to allow for our food assistance response to meet the need of the emergency whether it is cash, local procurement, prepositioned U.S. commodities or U.S. commodities shipped from the United States.

#### RURAL DEVELOPMENT

*Question.* Mr. Secretary, this subcommittee values the income generation and job creation opportunities that Rural Development programs provide in rural America. However, this budget cuts overall Rural Development (RD) funding by 9 percent in budget authority and over 4 percent in program levels, compared to fiscal year 2014. Mr. Secretary, please explain why this budget doesn't focus more on the residents of rural America.

*Answer.* This budget continues USDA and Rural Development's commitment to serving rural America. While some programs see proposed reductions, others are increased and overall, Rural Development's portfolio continues to grow, currently standing at just under \$200 billion. In a time of fewer resources available across the Federal Government, this is a time of difficult choices. The funding levels requested will enable Rural Development to continue to serve individuals, businesses, and communities throughout rural America. His proposal builds on RD's foundational support in rural communities.

[The information follows:]

Rural Development's reach to residence of rural America is significant and will continue under the current budget:

- RD provided home ownership opportunities for 170,000 residents in 2013 (2012: 153 thousand residents).
- RD's community facilities programs provide 5.4 percent (3.1 million residents), 3.4 percent (1.9 million residents) and 9.3 percent (5.4 million residents) of rural residents new and/or improved essential communities facilities in health facilities, public safety facilities and educational facilities respectively in 2013 (2012: 7.42 percent: health 4.3 million residents; 3.71 percent safety. 2.1 million residents; 6.41 percent educational, 3.7 million residents).
- Through Rural Utilities Service, RD provided 8.7 million residents with new and/or improved Electric services in 2013 (2012: 8.3 million residents). RD provided 129,000 residents with new and/or improved telecommunications and broadband services in 2013 (2012: 63,000 residents). And RD provided 1.8 million residents with new and/or improved Water services in 2013 (2012: 2.5 million residents).
- Through Rural Business-Cooperative Service, RD created or saved 39,000 jobs through investments in business, entrepreneurship, cooperatives and industry in 2013 (2012: 52,000 jobs). RD provided assistance to 2,240 small business and cooperatives in 2013 (2012: 443 small business and cooperatives). RD provided renewable energy and efficiency opportunities with 14,734 million of kWh of generation (2012: 7,279 million kWh), and 1,379 million gallons of biofuels for rural residents in 2013 (2012: 1,232 million gallons).

RD expects to increase these significant contributions to rural American residents in the approved 2014 budget fiscal year and with the 2015 fiscal year budget proposal.

#### RENTAL ASSISTANCE

*Question.* Mr. Secretary, this budget includes proposed reforms to the Rental Assistance program, which provides rent subsidies to the poorest rural residents served by the Department. Approximately 6,000 rural Arkansas households rely on Rental Assistance to obtain affordable housing, with about 3,500 of these households being headed by the elderly. We need to make this program sustainable for the long term.

Please explain how these reforms will save money while continuing to protect the most vulnerable rural households.

*Answer.* The Rental Assistance program provides benefits that enable low-income Americans in rural communities to enjoy safe, decent and affordable rental housing. The cost of Rental Assistance has increased substantially. We are committed to maintaining the program, but recognize its increasing cost has caused significant budget pressure for many Rural Development programs. The 2015 budget requests new authorities to improve the management of the Rental Assistance program and ensure the long term viability of the program is ensured. Three of the authorities will provide systemic changes to increase program integrity and predictability. These changes will ensure that the Rental Assistance program continues to provide a safety net that assists the neediest rural residents and ensures the program's long-term sustainability.

One of the systemic changes to the Rental Assistance program establishes a minimum rent requirement of \$50 per month regardless of tenant income level. The proposal is similar to the minimum rent requirement used in HUD affordable rental housing programs. The proposal includes hardship exemptions for tenants that can demonstrate they are unable to pay the minimum, and eviction of tenants is prohibited if they cannot afford to pay the minimum rent. The second proposal would provide access to income verification through the National Database of New Hires. The third proposal would change Rental Assistance agreements so they renew on the 12-month anniversary date of the agreement, rather than automatic renewal if funding is exhausted prior to the anniversary date.

Rural Development estimates that the systemic proposals could save as much as \$20 million in 2015. The other two requested authorities will increase flexibility to manage the program, particularly in times of reduced budgetary funding or delayed funding under continuing resolutions. Having flexibility in renewal amounts and timing will extend the available funding to as many properties as possible during the reduced funding period.

*Question.* Under the minimum rent, how many households will see their rent payments increase?

*Answer.* The 2015 budget requests the authority to require a minimum rent payment of \$50 per month regardless of tenant income level. The proposal includes hardship exemptions for tenants that can demonstrate they are unable to pay the minimum. These hardships may include the loss of family income due to the termination of employment, termination of benefits from other programs, or the death of an income earner. The proposal also prohibits the eviction of tenants if they are financially unable to pay the minimum rent.

There are currently about 42,000 households that pay between \$0 and \$50 per month as their tenant contribution toward the rent payment. The actual number that would see their tenant contribution increase to \$50 per month would depend on the number of exemptions approved.

*Question.* How much will these reforms save?

*Answer.* The budget assumes that minimum rent and eliminating automatic renewals will save approximately \$20 million in fiscal year 2015. The savings estimated could decrease depending on the households that could be exempted from paying the minimum rent. Additional savings can be achieved in the future as all expiring contracts are renewed. Access to the National Directory of New Hires database will assist in maintaining a low improper payments rate and reduce the amount of subsidy. The other reforms will provide program flexibility in times of reduced funding: "partial year funding" and selective renewals both will enable the program to utilize available funds to the maximum extent possible and will not provide savings.

*Question.* Are you considering other reforms to further increase savings and improve program management?

*Answer.* RD has reached out to stakeholders to discuss the future sustainability of the Rental Assistance program and has solicited input in developing a long-term plan. Discussions have centered on how to determine if properties continue to meet the mission of providing low income rural residents with assistance. Rural Development has also asked about potential alternatives to improve the predictability of the program's funding needs, as RD proposes to achieve through the proposal to only fund Rental Assistance agreements once a year, on their 12-month anniversary date.

#### DIRECT SINGLE FAMILY HOUSING LOAN PROGRAM

*Question.* Mr. Secretary, the direct single family housing loan program has been the flagship housing program in this Department for years. Very low- and low-income rural households are provided homeownership opportunities with no down payment and low interest rates. This is the most efficient Federal homeownership program of its type, with its portfolio credit quality at least matching FHA and VA, and far exceeding the commercial subprime market.

This budget cuts this program by 60 percent from the fiscal year 2014 level, reducing the loan level from \$900 million to \$360 million.

Mr. Secretary, we rejected this proposal in fiscal year 2014. Why are you bringing it up again, so soon?

*Answer.* The Department acknowledges the importance of the Section 502 Direct Loan program in providing the only way for many low- and very low-income families an opportunity to attain homeownership in rural America. Our budget authority request for fiscal year 2015 has actually increased from \$24 million provided last year to \$27 million; however the subsidy rate has also increased due to cost of borrowing

for the Federal Government and additional subsidy provided to the borrower thereby causing a decrease in program level. With continued low interest rates and the increased use of our guaranteed program, we project at that about 43,000 of low- and very low-income rural families will be served with guarantees of loans from participating lenders. Last year, about 22 percent of our nearly 163,000 guarantees went to low-income families and 4 percent to very low-income families. The Single Family Direct loan program request will still assure families participating in Self-Help housing and those with greater needs will have access to credit to own their own homes.

*Question.* Is there any other Federal homeownership program that can help families the way that Section 502 does? If not, where will these families go to get housing assistance?

*Answer.* Single Family Housing Direct Loan program plays an important role in meeting USDA's commitment to improving the economic vitality and quality of life in rural America. It is anticipated that at the fiscal year 2015 proposed funding level of \$360 million for Section 502 approximately 2,900 low- and very low-income families will achieve homeownership.

USDA also intends to continue developing partnerships with qualified nonprofit organizations in rural areas to deliver program funds where they are needed most. These partnerships occur with our field offices and local nonprofits. We are also establishing a certified loan packager program where trained nonprofit staff would assure program funds go to those who lack other housing opportunities. We recognize that families living in more rural, poorer communities have difficulties accessing programs and services that promote long-term wealth. The Department anticipates that the assistance from nonprofit groups will provide targeted delivery of program funds to the most economically distressed and lower income communities.

*Question.* What is the current backlog of Section 502 applications?

*Answer.* [The information follows:]

DIRECT 502 LOAN PROGRAM PENDING REQUESTS THROUGH 30-SEP-2012, 30-SEP-2013, 26-MAR-2014

Report date	Number pending	Requested amount
30-Sep-12 .....	10,430	\$1,305,987,908
30-Sep-13 .....	7,826	978,056,660
26-Mar-14 .....	7,386	917,123,159

These numbers represent the number of unprocessed applications on-hand and the estimated amount of the requests, including any applications carried over from previous years. Upon notification of processing, applicants must update information as needed or the request is withdrawn.

*Question.* A \$360 million program level would only fund 60 loans in each State. How would you allocate such a small program in the face of huge demand in rural areas?

*Answer.* With a program level of \$360 million funds will be allocated to the States using the current allocation formula found in Rural Development Instruction 1940-L, which utilize a number of criteria, including: State substandard households; population areas less than 2,500; rural population; rural households between 50 and 80 percent of the area Median Household Income (MHI); and households below 50 percent of the area MHI. If it is determined that program objectives cannot be met using the formula allocation an administrative allocation could be substituted. An administrative allocation per 1940-L guidance would provide greater flexibility to direct limited funds to assure the funds best meet the intent of the program. Greater priority could be given to Self-Help participants and those most in need of this assistance, such as to remote areas and to underserved groups.

WATER AND WASTE DISPOSAL LOAN AND GRANT PROGRAM

*Question.* The Water and Waste Disposal Loan and Grant Program provides loan/grant combinations to remote, low-income rural communities. Lower income communities receive a larger grant share, while higher income communities are required to rely more heavily on loans. Mr. Secretary, this budget cuts Water and Waste grants by almost \$150 million.

With this cut, how will the poorest and most remote rural communities afford the investments they need to provide residents with clean water and sanitary waste disposal?

*Answer.* Rural Development is committed to continuing to serve small and economically challenged rural communities. The majority of the funds issued through the Water and Waste Disposal Loan and Grant program are loans. In most years the program maintains a 70-percent loan to 30-percent grant ratio as directed by appropriations. Through a scoring system and strict underwriting the program has been successful in ensuring that small rural communities have access to funding. In 2013, 46 percent of the projects funded served populations of 1,500 or more and 70 percent of the projects funded were to serve populations of 2,500 or fewer.

The reduced subsidy rate on our loan portfolio, combined with the low interest rates will make loans more affordable for many communities. This will allow Rural Development to ensure that grants are reserved for the smallest, most economically challenged communities. We will also make use of our Special Evaluation Assistance for Rural Communities and Households (SEARCH) program, to provide grants for predevelopment, planning, design assistance and technical assistance for financially distressed communities with 2,500 or fewer residents. In addition, we will continue to partner with other State and local programs to fund projects requiring grants. In cases where sufficient grant funding for a project is not available, we will work with communities to consider other alternatives, such as phasing of projects.

*Question.* Mr. Secretary, was this proposal included simply to take advantage of the \$150 million in mandatory funding that the recently passed farm bill provides for this program?

*Answer.* No. The mandatory funding provided in the Agricultural Act of 2014 to address the backlog of applications will allow Rural Development to provide assistance to more rural communities needing grant to construct water and waste infrastructure and to maintain affordable rates for the customers they serve. In April 2014, USDA will announce funding for projects. The funding will include the \$150 million in 2014 mandatory farm bill grants, partnered with loan and grant funding made available in the fiscal year 2014 appropriations.

#### RURAL CORPS

*Question.* Mr. Secretary, this budget proposes to hire 150 economic development experts to pilot a new initiative, the Rural Corps, to deliver development expertise to disadvantaged rural areas. Ten rural areas will be selected to participate in the pilot.

Please describe how this pilot initiative will operate.

*Answer.* To clarify, the budget proposes 250 additional staff years. Of this total, approximately 100 would fill portfolio management and other core functions in the national office. The remaining 150 staff would be located in the field. Of the 150 placed in the field, about 50 would be part of the proposed 21st century workforce pilot called Rural Corps.

*Question.* What exactly will the pilot be testing?

*Answer.* [The information follows:]

This pilot would test ways of:

- a. Serving high-need areas, like the Delta, Appalachia, the Southwest border, and Indian country.
- b. Modernizing Rural Development's field structure to suit a 21st century workforce and to reflect the changing dynamics of rural America, new technology, and the deep challenges in areas of persistent poverty.
- c. Leveraging Federal investments through increased coordination among Federal, State, local, private, and nonprofit partners; and
- d. Building a modern workforce that is mobile, flexible, responsive, outcome-oriented and accountable.

*Question.* How will the 10 pilot areas be chosen?

*Answer.* Rural Development will identify pilot areas first by characterizing the pool of communities with greatest demonstrated need defined as high poverty and low capacity for economic development. Rural Development will then select specific pilot areas applying preference for geographic and other forms of diversity in order to best apply learnings from the pilot to potential future delivery of RD programs.

*Question.* How will you measure success or failure?

*Answer.* [The information follows:]

In reviewing our efforts to reach new people and organizations we will measure:

- Number of applications received in pilot vs. comparable non-pilot areas;
- Portion of applications awarded in pilot vs. comparable non-pilot areas;
- Number of new contacts and partnerships built vs. comparable non-pilot areas;
- Non-Federal dollars leveraged in pilot vs. non-pilot areas;
- Periodic surveys of staff and partner organizations in pilot vs. non-pilot areas; and



—Mapping and tracking of where Rural Development investments are made.

*Question.* Doesn't 150 staff seem like a very high density of experts to be focused on only 10 areas? That would be 15 staff per area.

*Answer.* The proposed pilot requests no more than 50 staff in 10 pilot locations with up to 5 staff per area.

*Question.* This new staff would deliver technical assistance and coordinate and leverage resources from all Federal agencies. How do these responsibilities differ from responsibilities of current Rural Development employees?

*Answer.* While there are exceptions, most Rural Development staff that to work in State, area, and field offices are hired for a very specific and relatively limited and inflexible set of duties. In many offices more than 50 percent—60 percent of staff work specifically and exclusively on Rural Housing Service loans, loan guarantees, and Multi-Family housing programs. In a State with 50–60 employees, this means approximately 30 people who do housing work, 10 run Rural Development's other programs including community facilities, water/wastewater, business, energy. Add in administrative staff, an engineer, an architect, someone to do Human resources work, a public information coordinator and that's a full team.

To better serve and meet the needs of rural communities and to do more to support locally identified economic development priorities, staff who are part of Rural Corps would be selected for a different and broader skill set. For example, Rural Corps staff might be selected for expertise in community planning or economic development, and be cross-trained to understand resources and opportunities across USDA and across the Federal Government, as well as in the State and region where they work.

#### DEPARTMENT INITIATIVES

##### *Strikeforce Initiative*

*Question.* Mr. Secretary, please describe some of the successes the StrikeForce initiative, and lessons learned to date.

*Answer.* Since 2010 through the StrikeForce for Rural Growth and Opportunity Initiative, USDA has partnered with more than 400 community organizations, businesses, foundations, universities and other groups to support greater than 80,300 projects and ushered more than \$9.7 billion in investment in rural America. Because of StrikeForce efforts, USDA is improving access to capital, markets, healthy, affordable foods, electricity, broadband and water, increasing homeownership opportunities, and overall, improving the quality of life for rural families in areas of persistent poverty.

For example, in Alabama, Arkansas, and Mississippi, members of farmers' agricultural cooperatives are now providing locally grown peas, greens and watermelons to national grocery chains for sale in selected stores. They have received direct and indirect assistance from USDA, as well as support from their 1890s land-grant universities.

Also in Arkansas, our partnership with the Arkansas Delta Seeds of Change Coalition of 40 different organizations helped to create five new farmers markets in southeast Arkansas and the first summer feeding program using locally grown produce (in Forrest City). They are now seeking to expand farm to school opportunities in multiple school districts.

In New Mexico, USDA finalized 75 home loans and grants to families living in the colonias communities of Luna, Hidalgo, and Dona Ana counties along the United States-Mexico border in 2013—a 30-percent increase from the 2012 fiscal year.

In South Dakota, USDA helped to create the South Dakota Indian Business Alliance and the South Dakota Native Homeownership Coalition with the Governor's office, other Federal agencies and private funding. In the poorest county in the country, the Crow Creek Sioux Tribe just began work with another organization to assist with rural housing loan applications to increase the success in improving houses on the reservation.

*Question.* Do you have plans to continue to expand the initiative?

*Answer.* StrikeForce now operates in almost 800 rural counties, parishes, boroughs, tribal reservations and colonias in 20 States. Because of the success of StrikeForce in these States, numerous States are requesting to be included as official StrikeForce States. At their request, StrikeForce State coordinators are providing briefings and materials that explain the approach of the initiative. We will consider adding new States, as has happened every year since inception.

*Question.* How are you tracking and measuring success?

*Answer.* StrikeForce success is measured by the increase in program participation in the persistent poverty communities designated as StrikeForce areas (more than 20 percent poverty over 30 years). Increases in applications, eligible applications,

loans, grants, contracts and outreach meetings are all StrikeForce performance indicators. Participation by socially disadvantaged, limited resource producers, women and beginning farmers and increases in local and regional food systems are also performance indicators measured by StrikeForce. These indicators are tracked and reported throughout the year across various USDA agencies.

In 2013, the Natural Resources Conservation Service saw applications in StrikeForce areas increase 82 percent and the Farm Service Agency had a 14-percent increase over the year before. In the three original pilot States (Arkansas, Georgia, and Mississippi), program applications have increased 76 percent since 2010.

*Question.* Isn't the proposed Rural Corps initiative duplicative of the StrikeForce initiative? Please explain the differences.

*Answer.* StrikeForce is an outreach and partnership initiative that uses existing USDA personnel to raise awareness of, and break down barriers to participation, in all USDA programs in the poorest parts of 20 States. The participating USDA staff are not trained economic development professionals, as proposed under the Rural Corps. By working with communities and organizations, StrikeForce seeks to assist through available USDA resources, which includes Rural Development as well as all the Service Center agencies (FSA and NRCS), as well as other USDA agencies. Rural Corps would be able to draw on Rural Development resources and public and private resources to expand the capacity to assist these rural areas of concentrated poverty.

#### PROMISE ZONE INITIATIVE

*Question.* Mr. Secretary, will you please describe the administration's Promise Zone initiative?

*Answer.* Under the Promise Zones initiative, and the Department of Housing and Urban Development and USDA are partnering with high-poverty urban, rural, and tribal communities to create jobs, increase economic activity, improve educational opportunities, leverage private investment, and reduce violent crime. The Promise Zones will benefit from a comprehensive approach to development that will enhance and connect local assets ranging from schools to housing to jobs.

The first five Promise Zones are in San Antonio, Philadelphia, Los Angeles, southeastern Kentucky, and the Choctaw Nation of Oklahoma. A second round of Promise Zones selections will begin fall 2014 and will be announced Spring 2015.

The Promise Zones designation commits the Federal Government to partner with local leaders who are addressing multiple community revitalization challenges with on-the-ground technical assistance to help navigate Federal programs and regulations. This intensive engagement will help communities make the most of funding already available.

The participating agencies will be working with selected Promise Zones to improve the coordination among Federal resources to enhance place-based strategies and increase the progress of community revitalization initiatives. As outcomes are achieved and best practices are developed, Federal agencies will apply that learning in the delivery of Federal funding and services to other communities working toward similar goals.

*Question.* How were the two rural Promise Zones selected?

*Answer.* The first round of Promise Zone designations was made in January 2014. In this first round, only communities that had previously received Federal support from a certain set of selected programs (Promise Neighborhoods, Stronger Economies Together, Sustainable Communities, Rural Jobs Accelerator, etc.) were eligible to apply. These communities had demonstrated their capacity in one area of the Promise Zones work and have already demonstrated their preparedness to broaden their efforts to additional revitalization priorities.

In the next cycle, all high-poverty communities that meet the eligibility requirements will be able to apply.

Applications were scored according to the selection criteria and points set forth in the final Application Guide for the appropriate category of Promise Zone (urban, rural, or tribal).

In order to be selected, an application must have scored a total of 75 points or more. Once scored, applications were ranked competitively within each of the three Promise Zone categories. Rural applications were ranked against other rural applications, tribal applications were ranked against other tribal applications, and urban applications were ranked against other urban applications.

An inter-agency team led by Housing and Urban Development (HUD) ran the selection process for 2013, with USDA co-leading the rural and tribal selections. The

Departments of Education, Justice and Health and Human Services participated as reviewers and provided input on the application materials.

*Question.* How will you track and measure success in these zones?

*Answer.* USDA will measure and track success with two processes. First, USDA will work with Promise Zone designees, HUD, and the other Federal agency partners to track Federal and private-sector activities and investments that occur in the Promise Zones. In addition, the Department of Health and Human Services (HHS) will lead a rigorous external evaluation to assess the outcomes of creating jobs, increasing economic activity, improving educational opportunities, and reducing violent crime in the Promise Zones. Both of these processes will be supported by the commitment that all Promise Zone designees have made to tracking progress and sharing data across their community partners (private-sector, nonprofits, Federal, State, and local agencies, etc.). This will help all partners work towards improvement and accountability.

*Question.* How does the Promise Zone program differ from the Empowerment Zone/Enterprise Community program of some years ago?

*Answer.* The Promise Zones Initiative has several key components that were absent in the Empowerment Zone/Enterprise Community program. The first is the role of Promise Zone lead applicants as the backbone organization with leadership responsibility and authority. The second is the engagement of high-level officials from across the partner agencies who can help create smart and fast solutions to delays or issues that may arise for Promise Zone designees. Lastly, the initiative does not include an influx of significant grant dollars.

#### MADE IN RURAL AMERICA INITIATIVE

*Question.* Mr. Secretary, the President recently announced the Made in Rural America export and investment initiative. Will you please explain and discuss this new initiative?

*Answer.* The Made in Rural America export and investment initiative was established by the President in February 2014, with the goal of bringing together Federal partners to help rural businesses take advantage of export opportunities within the Federal Government. The President believes that exporting is a key opportunity for American businesses to expand and improve, and that access to Federal resources currently underutilized by businesses in rural America should be made more readily available. I strongly echo that belief, and have increased access to programs facilitating exports a priority in 2014. The President tasked the White House Rural Council, in coordination with the U.S. Department of Agriculture, the U.S. Department of Commerce, the Small Business Administration, the Export-Import Bank, the Office of the United States Trade Representative, and other agencies, to commit to connecting more rural businesses with resources that can help them in all phases of the export process, including beginning exporting, expanding current exporting operations, and accessing new customers in foreign markets. Federal agencies involved in the promotion of export resources will provide assistance to help rural businesses and leaders take advantage of new investment opportunities and access program information and resources from all across the Federal Government.

[The information follows:]

The Made in Rural America initiative sets out to do this by laying out a comprehensive strategy focusing on the following initial objectives:

- Host five Made in Rural America regional forums dedicated to promoting rural exports;
- Convene an Investing in Rural America conference later this year to connect major investors with rural business leaders, high-level Government officials, economic development experts, and other partners;
- Host training sessions to equip local USDA Rural Development staff in all 50 States plus territories with the tools they need to counsel businesses on export opportunities and resources;
- Provide enhanced export counseling for rural businesses to connect with foreign buyers through the Department of Commerce's U.S. Export Assistance Center trade specialists in over 100 domestic locations and in collaboration with USDA's field staff;
- Coordinate across the administration to promote rural-produced goods and services at trade events including trade missions, buyer programs, trade shows, and other promotion programs;
- Educate local leaders across the country on the importance of rural exports in partnership with NACo and through the Trade Promotion Coordinating Committee;

—Use the BusinessUSA online platform to better connect rural businesses with export and investment resources and coordinate support from across the Federal Government.

*Question.* What do you estimate the administrative costs to USDA to be for this initiative?

*Answer.* Administrative costs are expected to be minimal and no further funds are expected to be needed, due largely to the partnership between the agencies involved and the shared nature of costs.

*Question.* Do you have estimates on the job creation, income generation, and export enhancement benefits the initiative will foster?

*Answer.* Estimates for job creation, income generation, and export enhancement have not been developed, but appropriate metrics are being developed to measure the impact the initiative will have.

*Question.* How long is the initiative planned to last?

*Answer.* The Made in Rural America initiative has been implemented with the intent of increasing rural businesses' access to Federal programs and opportunities that can help connect them with investment opportunities and expand their reach to markets abroad. This will be an ongoing area of focus for the partners involved. The specific actions announced by the White House in February 2014 are expected to be delivered within 9 months from the time of the announcement of the initiative.

#### BIOTECHNOLOGY

*Question.* I understand and appreciate the work the Department has been doing to try to make deregulation decisions on biotech products in a more timely fashion. Secretary Vilsack has stated that USDA has reduced the time it takes to deregulate a biotechnology-derived agricultural product by roughly 360 days. In reviewing data from APHIS-BRS, that reference appears to apply to only one product, which was deregulated in 658 days.

BRS's figures show that it took USDA, on average, almost 900 days to make deregulation decisions on the eight products approved in 2013, with a range of 650 days to 1,366 days. However, Federal regulations require USDA to actually make a final decision within 6 months (180 days) after companies submit a petition for deregulation.

Can you help us better understand what further improvements will be implemented at USDA to ensure ag-biotech products are reviewed and deregulation decisions are made in a timely and predictable?

*Answer.* In November 2011, USDA announced improvements to its process to grant nonregulated status for genetically engineered organisms, and published the implementation of this process in a Federal Register notice in March 2012. The goal of these efforts was to significantly decrease the length and variability of the process without compromising the quality of the analyses that support our decisions. Our process improvement analysis revealed an estimated timeline of 13–15 months is required to conduct quality analysis to support our decisions and protect plant health. Additional information is provided for the record.

[The information follows:]

Prior to implementing our process improvements in March 2012, USDA had a backlog of 23 petitions. The average completion time for petitions prior to this announcement was nearly 3 years (1,034 days). USDA transitioned 12 in-process petitions into the improved process. Since our announcement, USDA has also received 10 new petitions that are also following the improved process.

USDA reduced its backlog from 23 petitions to 7 petitions. The Department currently has 16 petitions in review. Of those 16 in review, 9 of the petitions are in the new process and 7 are dependent on the preparation of Environmental Impact Statements (EISs). Only one petition currently under review, not requiring an EIS, is part of the backlog. Petitions that require preparation of an EIS, take longer to complete nevertheless we have aggressive schedules to complete them. USDA expects to complete the remaining backlogged petitions in fiscal year 2015. Completion timelines will continue to decrease as the backlog is cleared.

The improved petition process includes five major phases. Though we have not yet reached our overall timeline targets for completing petitions, we have made significant progress in decreasing timelines for multiple phases of the petition process.

- 1. Review of nine petitions for completeness resulted in an average time savings of 257 days (8.5 months).
- 2. Publication of the petition for 60-day public comment occurred for 16 petitions.
- 3. Preparation of 12 plant pest risk assessments (PPRA) resulted in an average time savings of 53 days.

—4. Preparation of 10 environmental assessments (EA) in an average of 267 days (target = 180 days). USDA expects completion times to decline towards the 180 day target as the backlog is cleared. USDA has prepared 10 EAs under the new process. USDA had recently improved the EA-preparation process, and since 2005 was completing them in an average of 213 days. The present slow-down is attributed to the large petition backlog moving nearly synchronously through the EA-drafting phase; USDA expects completion times to decline towards the 180 day target as the backlog is cleared.

—5. Publication of PPRA and EAs has two possible paths:

—*Path 1.*—This path is for petitions involving genetically engineered (GE) organisms that raise no substantive new issues. USDA publishes the PPRA and EA for a 30-day public review in the Federal Register with a preliminary determination. The target timeline for Path 1 petitions is just shy of 14 months (420 days).

Five petitions completed Path 1 in an average of 798 days. Two of these petitions were the first to go from start to finish under the improved process, and they completed the process in 658 days (1.8 years), about a year faster than the old process.

—*Path 2.*—This path is for petitions involving GE organisms that raise substantive new issues. USDA publishes the PPRA and EA for 30-day public comment in the Federal Register, revises the documents based upon public input, then publishes a final PPRA, EA and determination in the Federal Register. The target timeline for Path 2 petitions is about 15 months (460 days). Two petitions transitioned into the improved process completed Path 2 in 1,364 days. To date, no petitions completed Path 2 from start to finish.

*Question.* Is there a role for Congress in helping to improve predictability so that farmers continue to gain access to the best tools in a timely way?

*Answer.* USDA appreciates the efforts of Congress to provide the necessary resources to USDA's biotechnology program and its continuing efforts to oversee certain genetically engineered (GE) organisms that might pose a risk to plant health. The level requested in the President's fiscal year 2015 budget proposal for biotechnology regulatory services will provide sufficient funding to meet the new process timelines.

*Question.* The subcommittee also notes, in December 2013, at USDA's annual stakeholder public meeting, the Department promised to eliminate the current backlog of 16 biotech petitions by the end of 2014. At the same meeting in 2011, USDA committed to eliminating the backlog of 22 petitions in "about a year." In 2 years, USDA was able to decrease the backlog by only six petitions.

How does USDA intent to accomplish its goal of clearing the backlog by the end of 2014?

*Answer.* Prior to process improvement implementation in March 2012, USDA had a backlog of 23 petitions. Since implementation, USDA has also received 10 new petitions that also follow the improved process. USDA has reduced its backlog from 23 petitions to 7, while also managing 10 new petitions since implementation. USDA expects to complete the remaining backlogged petitions in early 2015. Completion timelines will continue to decrease as the backlog is cleared. Though we have not yet reached our overall timeline targets, we have made significant progress in decreasing timelines. For example, complete reviews have decreased from 324 days to 67 days; and plant pest risk assessment preparation has decreased from 143 days to 90 days. We remain committed to meeting the target timelines.

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#### QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

##### DROUGHT

*Question.* I want to extend my thanks and gratitude for your efforts in assisting California farmers, ranchers, communities, and citizens with our historic and unprecedented drought disaster.

I have no greater priority than leveraging all available resources to conserve and maximize water within California, and to help my State and its agriculture industry mitigate the impacts of worsening drought conditions.

In just my State alone, the California Farm Bureau estimates that 500,000 acres of farmland will go fallow. It is also my understanding that an estimated 100,000 head of cattle will be lost from my State's herds. The California Department of Public Health has estimated that 17 rural communities are already at risk of running out of drinking water, and it is clear that drought conditions will continue to worsen

over the coming months since there is little chance of significant rain beginning this summer.

How does the Department plan to target conservation programs and other resources to safeguard lives, maintain the drinking water supplies of rural communities, and help farmers conserve water and save their crops, especially permanent crops?

*Answer.* USDA is exploring every avenue of assistance through its programs to address the drought and its impacts. Since 2012, USDA has focused more than \$78 million of its Natural Resources Conservation Service (NRCS) conservation program assistance in States with extreme or exceptional drought to assist producers with mitigation efforts. Of these efforts in fiscal year 2014, USDA has made \$25 million available through the Environmental Quality Incentive Program (EQIP) to help California agricultural operators use water more efficiently, stabilize fallow cropland, and protect their agricultural lands for future use. Funds are available statewide to install a number of conservation practices including irrigation efficiency, cover crops, rehabilitation of existing spring developments, protection of grazing lands, and other supporting components.

In addition to California, USDA provided \$10 million of EQIP funds for drought recovery in Nevada, Idaho, Nebraska, Colorado, Kansas, New Mexico, Texas, and Oklahoma. These funds will implement long-term strategies for conservation practices to mitigate the effects of future droughts. Providing this targeted funding allows States to prioritize drought mitigation activities through their locally led process.

Beginning October 1, 2013, the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) assists livestock producers in recovering losses resulting from the additional cost of transporting water to livestock due to an eligible drought. The cost of transporting water includes costs associated with water transport equipment fees, labor, and contracted water transporting fees.

The Department has participated in informational drought meetings throughout California that are sponsored by the California Department of Food and Agriculture. We are diligently addressing questions from growers, insurance companies, industry groups, the Farm Bureau, and other interested parties on the impact of water availability. We have provided explanations of crop insurance policy coverage and prevented planting provisions. As a result of significant concern over saving perennial crops, the Department has provided information that allows producers to consider options to mitigate the impacts of drought without jeopardizing their insurance coverage.

Rural Development is actively working with impacted communities in California to determine potential assistance. Through the Water and Waste Disposal Loan and Grant Program, loans and grants for immediate and longer term infrastructure solutions can be provided to communities with populations of 10,000 or fewer to provide safe water and deal with waste water.

The Agency can also provide funding thru the Emergency Community Water Assistance Grant (ECWAG). In January 2014, USDA Rural Development launched a new simplified process for the ECWAG program. The new process will reduce the filing burden on eligible applicants and improve the Rural Development's ability to deliver assistance to effected areas more quickly.

Currently, 19 impacted communities have expressed interest in our ECWAG Program. The California Rural Development Office is working with these communities on application requirements, reviewing submitted applications and utilizing the new simplified ECWAG process wherever possible.

In addition, USDA Rural Development Water and Waste Circuit Riders are available to impacted communities to provide technical assistance and support as they identify needs and explore solutions.

#### FOOD SAFETY

*Question.* Mr. Secretary, I am deeply concerned about the increasing food safety risk from *Salmonella* and *Campylobacter*. As you are aware, an ongoing outbreak linked to poultry facilities in California has sickened 481 consumers. It is my understanding that there are more cases that may be linked to this outbreak, according to the Centers for Disease Control.

According to testing done by the Food Safety and Inspection Service during 2012 in processing facilities; approximately 26 percent of chicken parts tested positive for *Salmonella* and 21 percent tested positive for *Campylobacter*.

Testing by the National Antimicrobial Resistance Monitoring System of retail meat in California in 2011 found that 71.7 percent of chicken breasts tested positive

for *Campylobacter*. This disturbingly high rate has remained essentially the same since this testing began in 2002.

I am deeply disturbed by the fact that we have not made progress over the last 10 years in reducing the number of illnesses and deaths attributed to *Salmonella* and *Campylobacter*.

Mr. Secretary, your Acting Under Secretary of Food Safety, Brian Ronholm, told me your Department will create a new *Salmonella* standard for poultry parts by the end of September and a revised *Salmonella* standard for ground chicken by the end of the year. I sincerely hope that they will be strong enough to result in a significant decrease in the number of foodborne illnesses linked to this pathogen.

I am deeply concerned your Department has no timeline for when it will develop *Campylobacter* standards for these products. When specifically will you create *Campylobacter* standards for poultry parts and ground chicken?

*Answer.* In May 2010, FSIS announced performance standards for *Campylobacter* in turkey and young chickens. The Agency issued a Federal Register notice for not-ready-to-eat (NRTE) ground or otherwise comminuted chicken and turkey products in December 2012. This notice announces FSIS will conduct *Campylobacter* testing from samples taken from establishments producing these products and also announces FSIS' intention to develop new *Campylobacter* performance standards for these products. Efforts are underway toward gathering data and other information so that next steps on reducing *Campylobacter* prevalence can be determined. Once these steps are completed it will allow us to provide a more specific timeline.

*Question.* Mr. Secretary, I applaud your Agency's actions in 2012 to declare six additional deadly strains of *E. coli* as adulterants in meat. These bacteria presented a clear and present public health threat, and your Agency took a zero-tolerance stance against them.

I am also gravely concerned that multi-drug resistant strains of *Salmonella* are equally deadly and should also be addressed with a zero-tolerance standard.

There have been three multi-State outbreaks of multi-drug resistant *Salmonella* associated with poultry products since 2011, causing 751 known illnesses and 1 death. According to the Centers for Disease Control and Prevention, only 5 percent of *Salmonella* cases are part of recognized outbreaks. Therefore, these highly visible outbreaks may only represent the tip of the iceberg.

What is deeply disturbing to me about the multi-drug resistant *Salmonella* strains is that they are often resistant to medically important antibiotics. These multi-drug resistant strains have caused alarmingly high rates of hospitalizations and blood infections compared to what is normally expected with human cases of *Salmonella*.

This is why I wrote to you this past fall, urging you to take a stronger regulatory stance against these strains because they represent a greater public health risk. Based on your response, it is my understanding you do not believe your Department has the authority to do so.

Mr. Secretary, what actions can your Department currently take to combat multi-drug resistant *Salmonella* strains?

*Answer.* In the fiscal year 2015 budget, there is funding for collaborative work with Centers for Disease Control (CDC) and Food and Drug Administration (FDA) Centers for Veterinary Medicine, as well as sister USDA Agencies including Agricultural Research Service (ARS) and other departments to better understand the source, distribution and genetic evolution of antimicrobial resistant strains encompassing the entire transmission chain. FDA has the biggest role in combating these types of strains, but USDA absolutely sees ourselves as part of the solution and cooperates with our sister agencies to that end. In the *Salmonella* Action Plan, FSIS outlines several actions it will take to drive innovation that will lower *Salmonella* contamination rates, including establishing new performance standards; developing new strategies for inspection throughout the full farm-to-table continuum; addressing all potential sources of *Salmonella*; and focusing the FSIS education and outreach tools on *Salmonella*. The action plan also involves enhancing *Salmonella* sampling and testing programs to ensure they factor in the latest scientific information available and account for emerging trends in foodborne illness.

*Question.* Do you believe USDA needs additional authority to better protect the public from multi-drug resistant *Salmonella*?

*Answer.* Under relevant case law, *Salmonella* is not considered an adulterant, but using the existing legal framework, FSIS has established situations in which food that is contaminated with *Salmonella* is considered to be adulterated. FSIS is always adapting regulatory strategies to maximize their public health benefit. For instance, while FSIS has reduced the national average of *Salmonella* on young chicken carcasses during the past decade, our experience this past year with the *Salmonella* outbreak associated with Foster Farms poultry products reinforces the need

to control this pathogen on chicken parts. A recently completed baseline survey found the national average of *Salmonella* on chicken parts to be approximately 24 percent. FSIS believes setting a performance standard for chicken parts will help reduce consumer exposure to *Salmonella*. Frequent presence of *Salmonella* in a product may indicate that the production process is not adequately controlled, and in situations like this, food that is contaminated with *Salmonella* is considered to be adulterated. In these instances, the Agency has the authority to close an establishment for failing to produce safe food and to keep it closed until adequate control measures are in place. The Agency has exercised this approach when supported by evidence that the facility in question was producing a product that was injurious to health.

*Question.* Mr. Secretary, the Centers for Disease Control reports that our food safety system has not made progress in the last decade in reducing the number of illnesses and deaths caused by *Salmonella*. The CDC also reports that poultry products remain the most common commodity associated with foodborne outbreaks and the most common source of *Salmonella*.

Mr. Secretary, the Animal and Plant Health Inspection Service runs the National Poultry Improvement Program, which tests for *Salmonella* strains that are important to the health of live poultry. The program also tests for a strain that causes illnesses associated with eggs.

However, the National Poultry Improvement Program has not focused on testing for *Salmonella* strains that cause foodborne illness in humans, such as *Salmonella Heidelberg*, the strain implicated in recent outbreaks.

Mr. Secretary, what additional actions can your Department take regarding poultry farms to help reduce the incidence of *Salmonella* strains that cause foodborne illness in humans?

*Answer.* The Department has identified *Salmonella* as a top priority for FSIS in the 2011–2016 Strategic Plan. To remain on target, the Agency convened a working group, which developed a *Salmonella* Action Plan to itemize specific innovations to reduce *Salmonella* contamination rates in meat and poultry products. The Agency's authority starts at the establishment, not at the farms. However, FSIS works with its sister agencies, the Food and Drug Administration and Animal and Plant Health Inspection Service (APHIS) to reduce the prevalence of foodborne illness. In order to help decrease the prevalence of *Salmonella* on FSIS-regulated products at pre-harvest, the Agency will develop a document summarizing the lessons learned from previous poultry and beef pre-harvest meetings, and lessons incorporated into FSIS policies. The Agency will also continue to work with industry members on specific outbreaks to identify best practices and organize and host pre-harvest poultry meetings to inform future multi-agency Government policy or best practice guidelines.

#### ANTIBIOTIC USE

*Question.* Mr. Secretary, I have become very concerned about the overreliance on antibiotics in agriculture and how this trend directly contributes to increasing antimicrobial resistance and virulence in foodborne pathogens.

Over the last few years, we have seen the emergence of multi-drug resistant, highly virulent *Salmonella* in poultry products. For example, between 2002 to 2011 resistance to Ceftriaxone, an important antibiotic used to treat children who have *Salmonella*, increased from 10 percent to 34 percent in chicken, and from 8 percent to 22 percent in ground turkey.

This is why I have introduced legislation to ban the non-therapeutic use of medically important antibiotics in animal feed. I have also worked closely with the Food and Drug Administration on their important efforts to achieve this goal through administrative action.

Specifically, FDA Commissioner Hamburg recently published guidance that will require all medically important antibiotics used in animal feed to be administered only upon the order of a licensed veterinarian and only for therapeutic reasons.

What will be critical is that veterinarians take a leadership role in working closely with producers to prevent infections without using antibiotics, and to use antibiotics only when no alternatives exist.

What steps is USDA taking to reduce antibiotic use in agriculture and prevent the development of antibiotic resistance?

*Answer.* The issue of antimicrobial resistance (AMR) requires multidisciplinary coordination from both the public health and animal health sectors. USDA remains firmly committed to working with State and Federal partners, veterinarians, and producers to analyze the various uses of antibiotics in food animal production and to promote practices justified by sound science that could reduce the use of antibiotics on the farm while protecting animal health. The Food and Drug Administra-



tion (FDA) has been developing new Guidance for Industry (GFI) related to the AMR issue for the past several years. USDA participated in discussions with FDA on several of these Guidance documents, most recently GFI 213, which seeks the voluntary removal of label claims for growth promotion or feed efficiency for medically important antimicrobials which would bring all feed and water uses of medically important antimicrobial drugs under the oversight of a veterinarian. USDA is supportive of FDA AMR policies that effectively secure human and animal health. In addition, we are working with FDA to identify metrics to assess the impacts of current and future policy actions related to antimicrobial drug use in livestock and poultry.

USDA is at the forefront of promoting biosecurity practices to reduce disease exposure and spread to keep livestock and poultry healthy, which can reduce the need for antimicrobial use. These efforts include the development of new vaccines, enhanced diagnostics, and alternative treatments to antimicrobial products such as immunomodulators (drugs which can enhance immune response and could potentially reduce some uses of antimicrobials). Furthermore, USDA has worked to develop a better understanding of the ecology and epidemiology of animal disease agents on-farm and at harvest and processing to identify ways to mitigate the risk of animals becoming infected and the risk of transmission of disease agents by foodborne routes. These efforts, combined with educational efforts promoting the judicious use of antimicrobials, will support a strong, healthy, and thriving U.S. animal-agriculture system as well as public health. In this regard, USDA is working with Federal, State and industry partners to help ensure the effectiveness of antimicrobials. Antimicrobials are beneficial in animal agriculture to improve the health and welfare of animals. We are committed to helping provide sound science to inform appropriate policy decisions regarding antimicrobials. The appropriate use of health management practices is pivotal to an on-farm strategy to optimize antimicrobial use on U.S. livestock and poultry operations.

*Question.* How is USDA helping to increase veterinary oversight of antibiotic use?

*Answer.* USDA has been assisting the Department of Health and Human Services (specifically the Food and Drug Administration (FDA)) in its development of policies related to the use of antimicrobial drugs in food-producing animals. We have provided FDA with results of analyses from a small producer survey conducted in part to gain information about producers' access to veterinarians. This information was critical for FDA to make decisions about how best to require veterinary involvement in the selection and use of medically important antimicrobial drugs via feed or water in livestock and poultry production. In addition, we work with producer groups and veterinary organizations to help assure the judicious use of antimicrobial drugs through quality assurance programs and educational modules. Further, we are working with producers, practitioners, and the pharmaceutical industry to describe antibiotic use practices by producers, determine the prevalence of antimicrobial resistance on the farm, identify risk factors for resistance development, and, develop and implement interventions to reduce antimicrobial resistance.

#### DOWNED NON-AMBULATORY VEAL RULE

*Question.* Mr. Secretary, I have been concerned over the years by the fact that downed, non-ambulatory veal calves can be slaughtered for human consumption.

I wrote to your Department in 2009 asking that the slaughtering of downed veal calves be halted, and I have introduced legislation in the past to ban this inhumane practice. I was happy to see that your Department announced in 2013 that it would propose a rule to finally accomplish this important goal.

However, I was deeply disturbed by the recent, egregious inhumane handling of veal calves at a plant in New Jersey. What was particularly troubling about this specific situation is that the inhumane handling clearly happened over a long period of time and was identified by an undercover video, rather than by Federal inspectors that were present at the establishment.

This is why I recently wrote again to Acting Under Secretary Ronholm, requesting that USDA move as quickly as possible to propose and finalize a rule to ensure that downed veal calves are ineligible for slaughter, and that they receive prompt and humane euthanasia.

Mr. Secretary, do you believe this is a rule you can propose and finalize before the end of fiscal year 2015?

*Answer.* FSIS anticipates publishing the proposed rule by the end of calendar year 2014. In addition, the Agency will continue to use its existing authority to ensure that veal calves and other livestock are humanely handled in connection with slaughter.

## FEDERAL INSPECTOR'S TRAINING

*Question.* Will you agree to re-evaluate the training and deployment of your Federal inspectors to better ensure that the health and handling of livestock receive adequate oversight?

*Answer.* We are fully committed to consistent improvements in our training and deployment of our Federal inspectors. We are actively developing and implementing action plans to ensure better oversight and to fulfill our obligations under the Humane Handling Act at regulated industry establishments.

## SPECIALTY CROP PEST PROGRAM

*Question.* Mr. Secretary, specialty crops are a tremendous part of California's \$44.7 billion agriculture industry. In fact, my State produces the vast majority of the produce, fruits, and nuts consumed across the United States.

I am concerned about the proposed cut to the Specialty Crop Pest program. This program received \$152 million last year, but your budget request for this program is only \$137 million. This represents a significant cut of 10 percent to this critical program.

The Specialty Crop Pests program helps to combat devastating pests that destroy crops or could result in the loss of critical markets to these crops. For example, the Citrus Health Response Program is critical to combating citrus greening disease and the pest that spreads it. I am deeply concerned that reduced funding for the program could allow this disease to spread across California and devastate our citrus industry.

The Specialty Crop Pests program also combats the European Grapevine Moth and the Light Brown Apple Moth, two pests of significant economic impact to producers in my State. In fact, significant progress has been made towards eradicating the European Grapevine Moth from the Napa region of California, and it is critical that work continue to meet this goal.

How will the Department plan to safeguard the specialty crop industry when faced with a 10 percent cut to the Specialty Crop Pests Program?

*Answer.* APHIS recognizes the importance of the programs for which reductions are proposed. These efforts not only help ensure the availability of fresh produce, they also support U.S. producers' ability to export their products. USDA realizes the importance of these programs, but also believes that these activities should be a cooperative effort and a shared responsibility between the Federal Government and the State and local governments whose people will most directly and immediately benefit. The Department's budget represents our determination to find the correct balance in these responsibilities. USDA realizes the importance of these programs, but also believes that these activities should be a cooperative effort and a shared responsibility between the Federal Government and the State and local governments whose people will most directly and immediately benefit. The Department's budget represents our determination to find the correct balance in these responsibilities.

## DOMESTIC FLOWER GROWERS

*Question.* Mr. Secretary, I am proud that California is home to many of our Nation's top domestic flower growers. I believe one important way to support the domestic flower industry is to highlight the importance of sourcing locally and domestically grown fresh cut flowers.

This is why I urged the First Lady in 2012 to display domestically grown flowers in the White House. I was delighted that the recent State Dinner for French President Francois Hollande used domestic flowers—including blue and purple irises grown in California.

Mr. Secretary, America's cut flower industry is at a critical juncture. Since the early 1990s, the United States cut flower industry has rapidly lost market share to imported flowers from South America as a result of trade preferences contained in the Andean Trade Preferences Act.

Before the enactment of this law, American producers contributed 64 percent of the cut flowers sold in this country. Today, American producers supply just 20 percent of the total domestic market.

Mr. Secretary, I am grateful that your Department has been supportive of the domestic flower industry, including in the effort to have domestic flowers displayed at White House events.

What additional actions can your Department take to promote the use of domestically grown flowers in the United States and to expand this unique and important sector of our Nation's agriculture industry?

*Answer.* USDA supports the marketing of domestically grown flowers through a number of programs. Market News, for example, improves market transparency for domestic growers by reporting market prices for cut flowers and other ornamental crops at wholesale and shipping points, and by reporting the volume of imports through the key entry points such as Miami and various Mexican crossing points. Market News also publishes several specialized market reports on ornamental crops, including the Miami Shipping Point Ornamental Price Report, the Boston Wholesale Ornamental Price Report, the Miami Ornamental Shipping Point Trends, and the Weekly Summary for Ornamentals. AMS is working toward expanding Market News reporting of local and regional markets, which will capture cut flowers and other ornamental crops that are sold locally. Current reports on farmers' auctions include flower sales. Farmers' markets are another sales outlet for domestic flowers.

USDA also supports marketing by developing and updating U.S. grade standards, which are an essential element in resolving disputes concerning product quality, provide a basis for domestic and international trade, and promote efficiency in marketing. There are currently three U.S. grade standards for cut flower products which describe the quality of flowers in the marketplace. AMS will work with the cut flower industry as needed to develop, update, or otherwise improve U.S. grade standards so that they reflect current cultural and marketing practices.

Finally, the Specialty Crop Block Grant Program has funded 23 projects specifically focused on cut flower research, marketing, production, and consumer and producer education since 2009, for a total of more than \$1.4 million. The 2014 farm bill increased the funding available to each State for Specialty Crop Block Grants and these resources continue to be available to support industry proposals.

#### HORSE WELFARE

*Question.* Mr. Secretary, I have long been an advocate of horse welfare. One particular egregious example of inhumane treatment of horses that concerns me is the practice of soring.

As you are aware, Mr. Secretary, "soring" is a practice employed by bad actors to inflict pain, injury, and disfigurement to horses' legs to force them to produce an exaggerated gait.

As you are aware, a 2010 report by the Inspector General found that the current legal structure of low fines, weak horse welfare safeguards, and a reliance on industry self-regulation have proven completely ineffective in ending the abuse of horses.

It is my belief that USDA would benefit from increased authority and additional resources to end the disturbing practice of horse soring.

To that end, I am a cosponsor of the Prevent All Soring Tactics Act, along with 50 other members of this chamber. This act would ban the use of soring devices like chains, end the failed system of industry self-regulation, and increase penalties for violators. This legislation is strongly supported by animal welfare groups, the national horse industry, and the veterinary community. It is my hope that this bill will pass soon.

Mr. Secretary, how important will the "Prevent All Soring Tactics Act" be to your Department in its efforts to end the abusive practice of horse soring?

*Answer.* Soring is a concern, and USDA's Horse Protection Program aims to reduce or eliminate the abusive practice of soring of horses. Currently, horse show sponsors and/or show management have statutory responsibility under the Horse Protection Act (HPA) to prevent unfair competition and must identify and disqualify sored horses. USDA works collaboratively with the 12 current Horse Industry Organizations (HIOs) to train and license designated qualified persons used to inspect horses for soring at all events covered by the HPA. In fiscal year 2013, APHIS' Investigative and Enforcement Services issued 1,255 official warnings and, in collaboration with USDA's Office of the General Counsel, pursued administrative enforcement actions against 36 alleged violators of the HPA. Beyond this, APHIS obtained 19 decisions and orders to resolve alleged violations of the HPA, which resulted in orders assessing \$4,200 in civil penalties and disqualifying 10 individuals from participating in HPA-regulated activities.

Under the proposed Prevent All Soring Tactics Act, USDA would take the necessary action to license, train, assign, and oversee horse inspectors as required to continue efforts to reduce and eliminate horse soring.

## QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

## FARM BILL IMPLEMENTATION

*Question.* Enactment of a farm bill this February ended a 2-year holding pattern for farmers and ranchers. It authorized new commodity, dairy, disaster, and risk management programs and represents the most significant change in farm policy in a generation. USDA has already started the process of implementing the livestock disaster programs with a goal of producer signup starting April 15, 2014. Producers are eager for USDA to continue implementation of farm bill programs.

How are you prioritizing implementation of farm bill programs?

*Answer.* Farm bill program implementation has been designed to create certainty for our customers, to be orderly for our staff, to recognize the deadlines established by law, and to recognize any pressing priorities of the farming and ranching community regarding markets, weather, and crop cycles. Our initial prioritization, therefore, involved making livestock disaster payments to producers affected by disasters since October 1, 2011. Payments for those years had not been possible until disaster assistance authority was restored in the recent farm bill. We sent a clear message that livestock producers would be quickly paid for past losses, and started signup on April 15—with payment starting shortly thereafter. As of late June, over \$1 billion in payments have been made, largely under the Livestock Forage Program. We also made sure that programs continuing under the new farm bill were available to producers this past spring, such as the marketing assistance loan program. For example, loan rates were announced shortly after bill passage, so that winter wheat producers could take out marketing assistance loans as soon as their crop was harvested.

We know that producers are conservers of our soil and water, which is also a priority. On June 9, FSA restarted continuous signups in the Conservation Reserve Program, as well as the CRP Transition Incentives Program for beginning and socially disadvantaged farmers and ranchers. In lieu of a general sign-up this year, we're allowing producers with CRP contracts expiring this September to receive a 1-year contract extension. And we've implemented the farm bill requirement that in certain cases producers enrolled through general sign-up for at least 5 years can opt-out of their contracts. Resumption of the Biomass Crop Assistance program began in early June to assist with the peak season for the removal of forest residues that pose a fire threat.

Implementing new programs—such as the new dairy program and Agricultural Risk Coverage/Price Loss Coverage (ARC/PLC) is also a priority, and this work has been on-going for several months. We are very much focused on having these programs be as effective as possible, and ensuring that producers understand how best to use them. A robust outreach and education plan is being developed to help farmers prepare for complex decisions they will make later this year under ARC/PLC, the new margin protection program for dairy, and enhanced protection under Crop Disaster Assistance Program. These programs will be available, and producers will need to start making decisions, this fall.

*Question.* The farm bill included \$100 million for implementation costs. How do you plan to allocate those resources?

*Answer.* The 2014 farm bill provided this funding to assist in the implementation of title I programs, which continues many programs from the 2008 farm bill, but also creates several new programs, a new Margin Protection Program for dairy and a new safety net approach for agriculture, the Agricultural Risk Coverage and Price Loss Coverage programs. These programs all have important implementation activities for fiscal year 2014 and fiscal year 2015, including the development of software, hiring temporary employees, training field office staff and producer outreach and education. Under FSA's current spending plan estimates, approximately \$33.1 million would be utilized in fiscal year 2014. The assumptions include \$6.2 million for temporary employees, \$6.4 million for travel related to training, \$3.7 million for postage and other operating expenses, \$10.8 million for IT development and \$6.0 million for extension and education. The remaining \$66.9 million would be utilized in fiscal year 2015. The assumptions include \$27.0 million for temporary employees, \$10.9 million for travel related to training, \$8.6 million for postage and other operating expenses, and \$20.4 million for IT development. The spending plan assumptions are subject to change as FSA begins the implementation process for each program and a clearer understanding of specific administrative requirements are better defined.

*Question.* USDA has already fast-tracked implementation of livestock disaster programs. When can livestock producers expect payments to be made for their losses?

*Answer.* Payments are issued within a few days of contract approval. The timing of a particular payment depends on the complexity of the application, the time needed for review, and whether documentation of losses provided to FSA offices is complete or requires follow-up. As of April 8, just 4 months after the farm bill was signed, USDA has received more than 160,000 applications for help and issued more than \$1 billion in disaster relief to farmers and ranchers nationwide.

*Question.* When can producers expect signup to begin for Price Loss Coverage and Agricultural Risk Coverage programs?

*Answer.* Late this summer FSA plans to provide producers information on their current base acres, yields and 2009–2012 planting history and offer them an opportunity to verify this information with their local FSA office. Then later this fall, there will be an opportunity to update yields and reallocate bases—this is the critical first step in rolling out the ARC/PLC program. By mid-winter all producers on a farm will be required to make a one-time election between price protection, county revenue protection, and/or individual revenue protection for the 2014–2018 crop years.

#### MIDAS IMPLEMENTATION

*Question.* MIDAS was chartered in 2007 to reengineer and modernize the Farm Service Agency's antiquated IT systems. The ultimate goal of the system was to streamline delivery of farm programs and give producers access to farm programs online.

The original cost of MIDAS was reported to be \$305 million with full implementation to be completed in March 2014—this month. However, it is clear that USDA will not be able to meet the goals and timelines originally envisioned and repeatedly reported to this subcommittee.

At this time, the subcommittee has already invested over \$305 million in MIDAS, and USDA is far behind schedule on implementing the system.

Further, GAO has reported on separate occasions, in 2008, 2011, and 2013, that successful implementation of MIDAS is at risk, warning that USDA's ability to deliver system capabilities on time and within budget is limited by its failure to adopt sound management practices.

USDA recently embarked on a process to re-scope the timeline and cost of the project. This process is ongoing.

I understand that the Department is in the process of updating cost and implementation goals for MIDAS. How much do you expect the scope and cost of MIDAS to change?

*Answer.* To ensure effective implementation of the 2014 farm bill, changes will need to be made to the MIDAS plan. Modernization of the FSA acreage reporting and inventory reporting processes included in the MIDAS Acreage Reporting/Inventory Reporting release will be placed on hold so focus could be placed the Acreage Crop Reporting Streamlining Initiative (ACRSI). The original AR/IR release was focused on a solution for just FSA, whereas ACRSI is a multi-agency approach to acreage reporting and inventory reporting. All remaining MIDAS funds are to be focused on the Business Partner release due to be rolled out in early fiscal year 2015.

*Question.* USDA was given plenty of warning that the MIDAS plan was flawed, why did it take the Department so long to address program deficiencies and inform the subcommittee of program changes?

*Answer.* In recognition of the strategic importance of the MIDAS investment to the future transformation of FSA, the Department and FSA have been intensely focused on developing a MIDAS plan to address program deficiencies. In January 2013, USDA initiated a re-baseline of the MIDAS investment. It was expected that the re-baseline would produce an approach to mitigate risks and provide improved program outcomes. Recommendations provided by oversight bodies such as the Government Accountability Office (GAO) regarding the original program plan are being incorporated into the re-baseline.

FSA will take several steps to strengthen the management and budgetary controls over the MIDAS program to improve program delivery effectiveness. First, it will intensify the focus on business needs and program delivery driving the technology and business process changes. Second, it will strengthen managerial oversight and accountability to focus on FSA's Farm Program Delivery business needs. Third, it will re-align FSA's organizational structure to better leverage resources between/across program delivery and production. Finally, it will implement controls and check points on budgetary decisions.

## PED VIRUS

*Question.* There is a threatening animal disease that has severely impacted the pork industry in a very short period of time. In the last year alone, farms in 27 States have tested positive for the PED virus and over 4 million pigs have died as a result. Little is known about how the disease came to the United States, nor much about how it is spreading, but the potential economic impacts could be devastating. Many eyes will be on USDA's quarterly hog report on March 28.

Demand for pork products is highest in the coming summer months when families and friends gather for barbecues, and grocery store prices will inevitably reflect supply impacts due to the PED virus.

How much is the price of pork expected to increase in the coming months?

*Answer.* The USDA's Economic Research Service forecasts second-quarter prices of live 51–52 percent lean equivalent hogs to average \$78–\$82 per cwt (hundred-weight), about 22 percent above prices a year ago.

*Question.* What is USDA doing to help mitigate the economic impacts to industry and consumers?

*Answer.* To prevent further spread of the disease and, evaluate control and elimination strategies, USDA is participating and assisting in epidemiological investigations and risk assessments of incidents. These actions are designed to determine how to minimize the impact of porcine epidemic diarrhea virus (PEDV)'s impact on swine producers and the swine industry. In addition, the Department is negotiating with China to relax their restrictions on live swine shipments from the United States. We expect that this issue will be resolved in June 2014. We are considering what additional actions, such as assistance with diagnostic testing and additional on-farm biosecurity, may be necessary to reduce the spread and impact of PEDV.

*Question.* Does the budget request dedicate sufficient resources to research, surveillance, and other areas to gain control of the virus?

*Answer.* Because USDA developed the fiscal year 2015 budget before the Porcine Epidemic Diarrhea virus (PEDV) situation became prominent, we have not included a specific request for funding in our fiscal year 2015 request for monitoring and management activities. If additional funds are needed in fiscal year 2015, the Department will pursue alternative funding sources. Agencies have used programmatic flexibility to support activities such as:

- APHIS, in conjunction with State and industry partners, has been working to develop appropriate responses to PEDV and Swine Delta Coronaviruses at a national level.
- Furthermore, since the PED virus was identified in the spring of 2013, ERS economists have used expert opinions from industry contacts to develop a balance sheet that calculates ranges of production losses due to the virus. ERS took this approach because, as a non-reportable disease, there is no data series that explicitly itemizes PED losses. The forecasts that ERS has submitted to the inter-agency process incorporate calculated production loss estimates. These estimates help to form the basis of pork production and other sectorial indicators that are published monthly in USDA's World Agricultural Supply and Demand Estimates.
- Moreover, a Hatch Multi-State Group, Enteric Diseases of Food Animals: Enhanced Prevention, Control and Food Safety (NC1202), is in place as a result of the ongoing Hatch capacity funding. This group is funded from October 2012 through September 2017. It is taking steps to address this disease, particularly through work being conducted at The Ohio State University. For example, it developed new diagnostic tests for detection (real-time RT-PCR; immunofluorescent antibody). Also funds have been used to support early stages of PEDV vaccine development. Additionally, the National Animal Health Laboratory Network, funded in part through NIFA Food and Agricultural Defense Initiative dollars, is cooperating with disease surveillance on PEDV. Because the disease is so recent, no competitive projects have received funding to date.
- Lastly, ARS has been developing plans to focus research at the National Animal Disease Center (NADC), in Ames, Iowa, on Porcine Epidemic Diarrhea Virus (PEDV). The aim of the research is to provide scientific information needed to enable the development of countermeasures and enhance on-farm biosecurity. Emphasis will be placed on identifying mechanisms of viral pathogenesis, transmission, and immunity to PEDV, including other emerging coronaviruses of swine.

## BIOTECH REGULATION

*Question.* The United States remains the global leader in agriculture production because American farmers are the best at doing what they do if given a level play-

ing field. Improved seed technology enables farmers to increase yields or mitigate losses due to drought or disease. More than 90 percent of soybeans, corn, and cotton grown in the United States are biotech products.

Before any of these products can be brought to market, they must receive approval from USDA. While I recognize that USDA has attempted to make improvements to their process, what Americans are witnessing is that it takes as much as three times longer to gain approval for a new seed in the United States than it does in competing countries like Brazil and Argentina—putting American farmers at a competitive disadvantage.

How can USDA improve its review and permitting processes to allow for more timely approvals?

*Answer.* In fiscal year 2010, USDA conducted an internal review on its petition process for genetically engineered (GE) organisms to identify ways to speed up the time to reach a deregulation decision. While our regulations provide a timeline of 180 days, our process improvement analysis revealed an estimated timeline of 13–15 months to conduct quality analysis to support our decisions and protect plant health. USDA uses the Plant Protection Act and National Environmental Policy Act as the framework for its regulatory processes and decision-making, which ultimately drive our timelines. Other countries do not have to necessarily adhere to the same requirements.

USDA has implemented process improvements to quickly establish what path our reviews will take and what level of environmental review is necessary.

In regard to timelines in competing countries, Canada's directive does not specify the length of time that they are supposed to finish their reviews (with the exception of the timeframes for crops with stacked traits). Brazil's timeframe in regulation is 270 days, but they do not always meet this.

Canadian Food Inspection Agency data compiled from February 2010 to June 2013 covering 21 applications have a range of 7 months to 3.5 years, with an average of 22 months. The average timeframe for a Canadian cultivation approval for a single event is 24 months. Canadian cultivation involving breeding stack adds an additional 2 months on average.

Brazil is taking about 12 months to complete their reviews (prior to 2007, length of time was 4–8 years). The average timeframe for a Brazilian cultivation approval of a single event is 27 months. Brazilian approvals for cultivation of breeding stacks add an additional 15 months on average.

We are making good progress on reducing the time it takes to review and complete biotech approvals. USDA is committed to continuing efforts to meet the new timeframes it set. We assure the Committee that this is a high priority for USDA.

*Question.* What is the current backlog of applications and when does USDA expect to clear out the backlog?

*Answer.* The backlog petitions, or as we generally refer to them as legacy petitions, totaled 23 in March 2012. Any petition received after that date was not counted as part of the backlog because they were new petitions.

The 23 petitions considered as part of the backlog are:

03–104–01p*	Scott's/Monsanto HR Creeping Bentgrass
03–323–01p	Monsanto glyphosate-tolerant sugar beet (Partial Deregulation)
09–015–01p	BASF imidazolinone tolerant soy
09–055–01p	Monsanto drought tolerant corn
09–063–01p	Stine Seed GT corn (extension)
09–183–01p	Monsanto stearidonic acid soy
09–201–01p	Monsanto modified-oil HT soy
09–233–01p*	Dow AAD–1 HT corn
09–328–01p	Bayer glyphosate/isoxaflutole tol soy
09–349–01p*	Dow 2,4–D glufosinate soybean
10–070–01p	Virginia Tech blight resistant peanuts
10–161–01p*	Okanagan non-browning apple
10–188–01p*	Monsanto Dicamba soybean
10–281–01p	Monsanto MS glyphosate tolerant corn
10–336–01p	Syngenta's Rootworm Resistant Corn
11–019–01p*	ArborGen cold-tolerant eucalyptus
11–063–01p	Pioneer GT Canola
11–182–01p	Simplot Low-Browning Potatoes
11–188–01p	Monsanto GT Canola
11–202–01p	Monsanto Increased-yield Soybean
11–234–01p*	Dow 2, 4–D, glyphosate, glufosinate soybean

11-244-01p .....	Pioneer BT/GT corn
11-342-01p .....	Genective glyphosate resistant corn

The petitions in the chart above highlighted with an asterisk (\*) are still pending. These account for seven of the 23 backlog petitions. The remaining items have been completed; that is, we have made a determination of nonregulated status or they were withdrawn by the submitter. We have completed 16 petitions since the implementation of the process improvements in March 2012. Of the seven still in review, Okanagan apples is the only one that is not associated with an Environmental Impact Statement (EIS), which are not subject to the timeline goals of the petition process improvements and take significantly longer to complete. We expect to complete that petition sometime this summer. With this determination, all petitions that do not require an EIS will be cleared from the backlog.

Six of our petitions require an EIS; in its November 2011 announcement, USDA indicated that petitions that require an EIS will take more time and could not be completed in the timeframes established. With respect to the petitions associated with an EIS, we anticipate making final determinations on the following petitions by the end of fiscal year 2014:

- Dow's ADD-1 HT corn;
- Dow's 2, 4-D, glufosinate soybean; and
- Dow's 2, 4-D, glyphosate, glufosinate soybean.

In addition, we are scheduled to complete Monsanto's Dicamba soybean by the end of the calendar year.

Finally, we are projecting a final determination on ArborGen's cold-tolerant eucalyptus petition in early calendar year 2015. With this determination, APHIS will have cleared the backlog of petitions.

#### INTERNATIONAL AGRICULTURE DEVELOPMENT

*Question.* The subcommittee had the pleasure of hosting Bill Gates a couple weeks ago for a discussion about research, innovation, and the global landscape of agriculture. He mentioned that one of his foundation's greatest challenges is the lack of regulatory processes related to biotechnology approvals in many developing countries and the hardships faced with trying to introduce improved seed and technology.

As you alluded to in your opening statement, can you talk about the efforts of the Foreign Agricultural Service, and that of USDA in general, in working with these countries to develop a regulatory process?

*Answer.* Promoting agricultural production and biotechnology exports to increase food security in the world is a stated strategic goal for USDA. It remains one of the key guiding principles for the work of the Foreign Agriculture Service (FAS), both in our policy and capacity building activities. USDA promotes sustainable, market-led growth across the entire food production and market chain.

Specific capacity building activities organized by USDA include: regulatory workshops aimed at science-based, predictable, transparent, World Trade Organization (WTO)-compliant regulatory development; farmer-to-farmer exchanges; establishment and strengthening of networks or associations of farmers; communication trainings for civil society and members of the media; information and resource sharing for the local academic community; and capacity strengthening of African countries to engage in relevant international discussions that impact the development or trade of biotechnology products.

In implementing this activity, USDA works with other relevant U.S. Government (USG) agencies, the U.S. university system, and the U.S. private and non-governmental sectors. Where applicable and useful, USDA also works closely with other like-minded country governments, such as Argentina, Australia, Brazil, and Canada.

*Question.* With half of the world's remaining planted acreage available in Africa, is there a particular focus on African countries?

*Answer.* USDA's biotech outreach and capacity building efforts in Africa focus on Burkina Faso, Egypt, Ghana, Kenya, Mozambique, Nigeria, South Africa, and Uganda. These countries have been identified as priority countries based on their acceptance and adoption of the technology and the influential role they can play in their respective regions. In addition, USDA has been engaging with regional organizations, such as the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). In COMESA and SADC, USDA supports the development and implementation of regional biosafety regu-



latory frameworks to help African countries with limited resources take advantage of the benefits of the technology.

Examples of USDA's recently concluded biotech outreach and capacity building activities include the following:

—*COMESA Regional Biosafety Framework*.—In August 2013, USDA facilitated endorsement of a regional policy on biotechnology and biosafety in eastern and southern Africa. The policy will allow for sharing of regulatory information and resources, and enable adoption of biotechnology in the region. USDA continues its engagement with COMESA to support the implementation of the policy.

—*United States-Brazil Biotech Workshop*.—In April 2013, the United States and Brazil concluded a successful outreach initiative on biotechnology to nine influential African countries to develop pro-biotechnology African champions and further strengthen United States-Brazil collaboration in biotechnology.

#### DATA SECURITY IN AGRICULTURE

*Question.* Farmers have been sharing data with agribusiness, State agencies, and USDA for decades. Much of this data is personal and includes information about specific farming practices. The use of data, combined with technology, has given U.S. farmers new tools to maintain their competitive edge. However, as with any scenario where a farmer shares personal information about their property, farming practices, and yield, privacy concerns are raised. It's fair to say a lot of data on farmers is out there in the private and public domain, and American farmers are rightfully concerned that their data remain private.

This concern is not unfounded, especially following the Environmental Protection Agency (EPA) release of personal information on more than 80,000 farmers in 29 States. Lawsuits have been filed to stop EPA from disclosing more personal information about farmers.

In almost every mission area, USDA collects and procures a significant amount of producer data for research and statistical analysis.

What assurances do farmers have that personal data collected by USDA is protected from public dissemination? Are these protections in law or regulation?

*Answer.* USDA is committed to protecting a producer's personal data, as required by the Privacy Act (5 U.S.C. section 552a—as amended), the Freedom of Information Act (5 U.S.C. section 552—as amended), and, more specific to the protection of producer data, as identified in section 1619 of the Food, Conservation and Energy Act of 2008 (7 U.S.C. 8791). Since enactment in 2008, 7 U.S.C. 8791 has served as the foundational baseline outlining USDA's requirement to protect information that has been provided by a producer in order to participate in a USDA program and to protect geospatial information maintained by USDA. For participants in the Federal crop insurance program, information provided by the producer is protected from public dissemination by the Federal Crop Insurance Act, section 502(c) (7 U.S.C. 1502(c)), Protection of Confidential Information, which precludes the Department from releasing to the public information provided by the producer, unless the producer consents to the release of such information.

*Question.* Are privacy standards consistent within the Department at different agencies? Should they be consistent?

*Answer.* USDA agencies are generally governed by the Privacy Act, Freedom of Information Act, and E-Government Act of 2002. In addition, some programs or agencies within USDA may have program authorizing statutes that impose additional, and sometimes differing, privacy standards. Also, each USDA Agency has the authority to develop detailed policy that is specifically designed to address the protected data types most commonly processed within the Agency. For example, Farm Service Agency has Agency-specific protected data policy identifying the responsibility to safeguard any information that sheds light on a producer's financial situation or farm operations, such as farm loans or farm loan application information, farm lease agreements, owner and operator/tenant agreements, actual crop production amounts, actual crop yields, cropland acres, farmland acres, specific crop acres, number of livestock, or irrigation/non-irrigation data. Also, the Federal Crop Insurance Act specifically prohibits the Department and approved insurance providers from disclosing to the public information furnished by a producer participating in the Federal crop insurance program.

*Question.* Does USDA ever share farmer data with other governments to entities outside the Department, such as EPA? If an Agency were to request such data, would the Department share it?

*Answer.* USDA has shared protected producer data with Government entities outside the Department, however, the sharing of protected producer data can occur only if the requesting non-USDA Government entity meets the authorized disclosure cri-

teria that control USDA's ability to share protected producer data. 7 U.S.C. section 8791 establishes the standard baseline USDA must follow concerning the sharing of protected producer data. Within 7 U.S.C. section 8791 there is policy indicating that USDA is able to make an authorized disclosure of protected producer data when the requesting individual or organization is working in cooperation with the Secretary in a USDA program. If a non-USDA Government entity were to request that USDA share protected producer data, under 7 U.S.C. section 8791 USDA is required to confirm that the requesting non-USDA Government entity is in fact working in cooperation with the Secretary by providing technical or financial assistance concerning a Department program. Based on a thorough evaluation of applicable documentary material, USDA will make a determination as to whether the requesting non-USDA Government entity will or will not be certified as a USDA Cooperator. If a non-USDA Government entity does qualify for USDA Cooperator status under the authorized disclosure provision within 7 U.S.C. section 8791, USDA will share only that protected producer data that is necessary for the non-USDA Government entity to participate in the identified USDA program. By way of example, when USDA Cooperator status is confirmed the Farm Service Agency uses a USDA Cooperator memorandum of understanding to document the terms and conditions associated with the disclosure of protected producer data to a certified USDA Cooperator. If a non-USDA Government entity does not qualify for USDA Cooperator status under the authorized disclosure provision within 7 U.S.C. section 8791, USDA will not release protected producer data to the requesting non-USDA Government entity.

For participants in the Federal crop insurance program, farmer data is not generally shared with other Federal, State, or local agencies outside of USDA unless it is to aid in the administration and management of the Federal crop insurance program. Farmer data is not normally released to other Federal, State, or local agencies unless a demonstrated need exists that may impact the Federal crop insurance program. However, these agencies are also bound by the same public disclosure restrictions contained within section 502(c) of the Federal Crop Insurance Act that apply to USDA, insurance companies, etc. Generally, the Department's published routine uses of this data guide such sharing of the information and can be found in the Privacy Act system of records, FCIC-10, entitled "Policyholder."

#### FOOD SAFETY INSPECTION

*Question.* Since fiscal year 2013, the budget request has assumed implementation of a final rule on modernization of poultry slaughter operations and the savings associated with it. OMB has not indicated a firm date for publishing the final rule, and USDA would seemingly need time after its publishing to negotiate with its labor unions before implementation could take place. Given these factors, there is little confidence that the new inspection system will be implemented in fiscal year 2015 and the proposed operational savings will be realized.

Without taking decentralized rent and security payments into account, the request for FSIS is nearly \$20 million below current operating levels, and that figure assumes pay increases.

If the modernized inspection system is not implemented in fiscal year 2015, does the budget request propose adequate resources for the Agency to fully meet its inspection obligations?

*Answer.* We are fully committed to maintaining all mandated inspection obligations. If poultry inspection modernization is not implemented in fiscal year 2015, FSIS would prioritize available resources to ensure mandated inspections are performed.

*Question.* When can we expect a final rule to be issued on poultry slaughter modernization? What is the cause of the delay?

*Answer.* FSIS is in the process of preparing a final rule on poultry slaughter after considering the comments received. It is not possible to provide a specific timeline.

*Question.* What is a reasonable timeline for implementing the final rule?

*Answer.* We anticipate the rule to be fully implemented within 18-24 months from the date of publication of the rule in the Federal Register.

#### COUNTRY OF ORIGIN LABELING

*Question.* The budget request assumes continued enforcement of the amended final rule on country-of-origin labeling (COOL) that was issued by USDA in May 2013. Like the original final rule, Canada and Mexico have challenged its compliance with international trade obligations under the World Trade Organization (WTO) agreement. Indications suggest that a WTO panel will issue an interim report with their decision in June of this year, with a final report the following month.

Should the WTO panel rule against the United States in its report, would USDA further amend its final rule to avoid retaliation?

*Answer.* We expect a final report to be circulated publicly this fall. Any appeal of the panel report will not be resolved until sometime in 2015. USDA's 2013 final rule constitutes compliance. Therefore, it would be very premature to speculate on what actions would be necessary to further modify the COOL program.

*Question.* What would be the Department's COOL activity in fiscal year 2015 in the event of an unfavorable ruling?

*Answer.* We do not expect the Appellate Body to issue its report until sometime in 2015. We consider that the 2013 final rule constitutes compliance. It is premature to speculate what actions would be necessary following that report.

#### FOREST SERVICE ISSUES

*Question.* I understand that the Department of Agriculture, through the Forest Service, along with other Federal agencies and the State of Missouri, is engaged in discussions with The Doe Run Company concerning their legacy liabilities in southeast Missouri. As I hope you will appreciate, Doe Run is vital to the regional economy of southeast Missouri, and I want you to understand that the continued viability of the company is a matter of keen interest and importance to me.

Are you aware of the ongoing discussions involving your Department?

*Answer.* Yes, I am aware of the matter.

*Question.* Can I get your personal assurance that you will pay close attention to this matter, and that you will make sure that Doe Run receives fair treatment, consistent with the importance of this company to the long-term economic interests of southeast Missouri?

*Answer.* Throughout this process, the USDA and the other Government agencies have endeavored to treat Doe Run fairly and with respect.

#### RURAL ELECTRIC USER FEE

*Question.* The budget proposes a new user fee on RUS borrowers to cover administrative expenses for environmental assessment costs associated with electric transmission infrastructure projects. Little to no explanation is provided as to the origin of the fee proposal, the parameters of how fees would be assessed, or the intended use of the fee's revenue other than to supplement salaries and expenses.

Have current borrowers been consulted during the process of formulating the user fee proposal?

*Answer.* The origin of this action was a recommendation of the inter-agency Rapid Response Team for Transmission (RRTT). The RRTT is an outgrowth of the 2009 memorandum of understanding between nine Federal agencies regarding coordination in Federal agency reviews of electric transmission facilities on Federal land, and other Executive orders and Presidential memorandums on expediting the review and permitting of electric transmission facilities. A specific goal of the RRTT was to "improve the overall quality and timeliness of electric transmission infrastructure permitting, review, and consultation by the Federal Government on both Federal and non-Federal lands."

Of all of the Federal agencies involved in the review and permitting of electric transmission facilities, the Rural Utilities Service (RUS) was the only Agency that did not have cost recovery authority. This action proposes to give RUS cost recovery authority. The proposed cost recovery language is consistent with the intent of that for the Federal land management agencies and, if authorized, is expected to greatly improve RUS' ability to more effectively manage and process transmission related applications for financial assistance from its borrowers.

Transmission line proposals can be very complex covering multiple jurisdictions including States with the potential for environmental, historic preservation, and landscape-level effects. Many projects are locally and regionally significant and controversial and having a greater Agency presence is desirable to ensure that the Agency's and the public's interests are adequately addressed.

In many cases RUS is serving as the lead Agency for the environmental review activities under the National Environmental Policy Act and as the lead Agency in the National Historic Preservation Act, Section 106 review process. Not being able to be as hands-on with face-to-face meetings when necessary has been a deterrent in expediting the review and permitting processes for these proposals.

Current borrowers were not consulted specifically on this proposal. However, over the years, many of the RUS's Generation and Transmission rural electric cooperative borrowers have requested to be allowed to contribute travel expenses for environmental staff to attend meetings. These past offers have not been accepted.

*Question.* How much revenue is USDA anticipating the user fee to incur?

*Answer.* RUS estimated that the cost implications for borrowers would be modest. The user fee will be limited to travel and per diem expenses. RUS estimated that the costs per project would be no more than \$15,000–20,000 per project (\$2,500 per travel event at a maximum of 8 travel events per project). RUS estimated that these costs would apply to 4–7 projects per year. With a cost of \$15,000–20,000 per project for 7 projects, the total estimated revenue would be between \$105,000 and \$140,000 per year.

*Question.* What will be the fee structure?

*Answer.* The fee structure would be limited to and based on the General Services Administration's per diem rates, [www.gsa.gov/perdiem](http://www.gsa.gov/perdiem).

*Question.* Will the additional resources for salaries and expenses lead to additional RUS staff?

*Answer.* All proposed resources will be used by existing RUS staff for travel and per diem expenses.

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#### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

##### COMMODITIES/CROP INSURANCE

*Question.* Secretary Vilsack, as you are aware, cotton producers are transitioning to a crop insurance based safety net known as the Stacked Income Protection Plan (STAX). Because STAX will not be available to producers before the 2015 crop year, the 2014 Agricultural Act provides transition assistance for upland cotton producers using their 2013 cotton base acres. It is my understanding that the payments for the 2014 crop should be available on or after October 1, 2014. This is especially important since the only other risk management tools available to cotton growers for the 2014 crop are existing crop insurance products and the marketing assistance loan.

Will it be necessary for the Department to conduct a separate signup for the cotton transition payments and if so what information will be required from participants?

*Answer.* There will be a separate signup for the cotton transition program later this summer. Among other eligibility criteria, eligible producers should have an upland cotton base on the farm as of September 30, 2013. Additionally, the Department plans to make STAX available for the 2015 crop year, and believes it will be able to offer coverage on most of the traditional planted cotton acreage. Materials and areas of availability are projected to be released by late summer 2014.

*Question.* When do you expect to hold signups for cotton transition assistance?

*Answer.* We anticipate signup will begin later this summer and payments will be made this fall.

*Question.* Mr. Secretary, it is important to note that beyond defining the term "significant contribution of active personal management," the 2014 farm bill does not instruct the Department to make any changes to the way individuals and entities are determined to be "actively engaged in farming." The limited authority Congress granted the Department to change this definition was designed to complement existing rules and regulations. It is vitally important to maintain consistency, to the extent practicable, with the regulations promulgated as a result of the significant changes made by the 2008 farm law which eliminated the three-entity rule and moved to direct attribution. When implementing the provisions of the 2014 farm law, I urge you to consider the extensive changes made as a result of the 2008 law and the costs to many operations associated with making the organization changes necessary to comply with the new rules. Any further changes that go beyond the scope of the new law will result in unnecessary costs to growers and result in uncertainty for our farmers and their lenders.

Additionally, the implementation of the new adjusted gross income limit, as well as the new unified payment limitation, in 2014 will have a substantial impact on a wide range of farming operations. The magnitude of that impact is particularly daunting when such changes are considered in combination with the application of possible changes to the definition of "significant contribution of active personal management" beginning with the 2015 crop year. Some farmers will need to make substantial adjustments in their farm plans in order to comply with the new rules, and those farmers who will no longer be eligible for program benefits will have to take that into consideration when financing their 2015–18 crops.

In order for these reforms and related provisions to be well understood and implemented in a manner that minimizes confusion, the Department should conduct outreach to affected stakeholders in advance of promulgating a regulation and, in so

doing, provide adequate time for public comment on any proposed changes to the regulations.

I would expect that USDA will publish these regulations for public comment at the earliest possible date so our farmers have an opportunity to review and comment on the proposal. The timing of publication of the final rule and flexibility to comply with the new regulations is paramount to applying the new requirements in a manner that will be fair, equitable, and enhance program integrity.

When do you intend to publish the proposed rule?

*Answer.* USDA intends to have the proposed rule published by the end of 2014.

*Question.* What process, including outreach activity, is the Department considering to develop the proposed definition for “significant contribution of active personal management?”

*Answer.* USDA conducted a listening session on March 27, 2014, regarding all Farm Service Agency and Risk Management Agency programs, including a session on the forthcoming actively engaged proposal. The proposed rule will be published in the Federal Register to seek public comment. We will also issue a press release soliciting comments. Further outreach, public meetings or avenues for public input will be explored as the proposal is developed.

*Question.* Will the Department consider the impact of these changes on different regions and organizational structures as suggested in the conference report?

*Answer.* Yes, the Department is taking into consideration the regional and organizational structure impacts of any proposed changes.

*Question.* Will the Department provide adequate time for comment and for adjustment to any changes to the rules?

*Answer.* The public will be provided with sufficient time to evaluate the proposed rule and submit comments for consideration.

*Question.* Please provide some insight regarding how USDA intends to manage structural changes made to operations as a result of the new farm bill programs and new eligibility requirements.

*Answer.* Although this cannot be assessed before public comments are received, or before the regulation is promulgated, USDA will closely consider and evaluate these issues regarding the proposed definition change during the rulemaking comment period.

*Question.* Will you commit to ensuring that farmers are not penalized for making changes to the structure of their operations to minimize regulatory burdens and manage risks associated with modern agriculture, including changes in land values and changes in operating and compliance costs?

*Answer.* The process for the proposed rule provides an opportunity to evaluate and assess the issues associated with the development of the proposed definition.

*Question.* Mr. Secretary, the president’s fiscal year 2015 proposed budget for the Department includes \$14.3 billion in reforms to crop insurance. As you know, the president signed the Agricultural Act of 2014 into law on February 7 of this year. This new law, which Congress debated for almost 3 years, makes significant reductions in the title I safety net programs in favor of greater reliance on the crop insurance programs. In fact, the new law reduces the overall level of Federal financial support for production agriculture even though the risk of loss emanating from natural disasters and global market disruptions persist.

My farmers in Mississippi asked for a new farm bill that would provide a reasonable period of certainty in a financial safety net as they carry on in a highly risky business. We often hear from this administration about how we need to move to risk management programs and away from paying farmers just for being farmers. Given the lower rates of participation in crop insurance in my area and the additional cost of premiums, it wasn’t an easy task to convince my growers in Mississippi that they needed to balance price risk protection programs with crop insurance as the cornerstone of the farm safety net. I fear that if the proposed budget cuts were adopted, crop insurance may remain affordable for some parts of the country and become a less viable tool for other parts of the country, specifically the mid-south. The administration’s budget proposal to cut crop insurance just a few weeks after Congress minimized the strength of the traditional title I safety net is deeply concerning.

The President’s budget proposal indicates the rate of return for crop insurance companies is currently expected to be 14 percent and that an additional \$2.9 billion can be removed from the reimbursement rate of administrative and operating expenses without harming the delivery system. The simple statement equating conditions 8 years earlier with today’s program is not compelling.

What was the actual pre-tax rate of return on retained premium for crop insurance companies for the crop insurance years 2010, 2011, 2012, and 2013?

*Answer.* The rate of return on retained premium for insurance companies is provided for the record.

[The information follows:]

Reinsurance year	Return on retained premium
2010 .....	+ 32 percent
2011 .....	+ 18 percent
2012 .....	- 15 percent
2013 <sup>1</sup> .....	+ 8 percent

<sup>1</sup> As of April 2014. The return is likely to decrease somewhat as additional losses are reported.

**Question.** Please provide the analysis, including any and all assumptions therein, for the discovery of these rates of return on retained premium for the crop insurance companies.

**Answer.** No assumptions have been made. The rate of return on retained premium for crop insurance companies for 2010 through 2013 is calculated directly from accounting data maintained by the Department.

**Question.** In 2011, the administration stated that the crop insurance companies had an expected rate of return of 14 percent ("Living Within our Means and Investing for the Future, The President's Plan for Economic Growth and Deficit Reduction," page 18). That claim was made again with each of the President's budget proposals for fiscal year 2013, fiscal year 2014 and fiscal year 2015. Please provide the assumptions and analysis that has supported this 14-percent estimate in each of these years and indicate how the performance of the program in the most recent years has or has not affected this estimate.

**Answer.** At the time the current Standard Reinsurance Agreement (SRA) was implemented in 2011, the expected rate of return on retained premium for insurance companies was around 14 percent. This is the assumption that was used in the President's budget proposals for fiscal year 2013, fiscal year 2014, and fiscal year 2015.

At this point in time, complete data is available for only 2 years under the current SRA—therefore, at this time RMA does not have a basis to change the original return of 14 percent.

**Question.** Please provide the analysis, including any and all assumptions therein, for the discovery of total administrative and operating expenses by the private delivery system.

**Answer.** The total administrative and operating (A&O) subsidy paid to insurance companies is calculated directly from accounting data maintained by the Department. The total A&O subsidy for the last several years is provided for the record.

[The information follows:]

[Dollars in billions]	
Year	A&O subsidy
2010 .....	\$1.37
2011 .....	1.36
2012 .....	1.40
2013 .....	1.39

**Question.** How will the total cost of selling, servicing and adjusting policies change with the addition of the new crop insurance programs and other requirements contained in the new farm bill?

**Answer.** The impact of the 2014 farm bill on the cost of selling, servicing, and adjusting policies is not anticipated to change significantly with the addition of new programs. The most significant changes, the Supplemental Coverage Option (SCO) and Stacked Income Protection (STAX) programs, will be accompanied by additional A&O subsidy paid to insurance companies for their costs of selling and servicing. In addition, they will have the opportunity to earn underwriting gains.

**Question.** If costs increase, will the insurance companies be provided any additional compensation?

**Answer.** The two most significant changes to the crop insurance program, SCO and STAX, will be accompanied by additional A&O subsidy paid to insurance companies based upon the additional premium collected from sales of the new programs. These reimbursements will not be subject to the A&O cap in the current SRA.

To the extent that most other farm bill measures will likely result in the increase of crop insurance policies sold, such increase in sales will be accompanied by additional A&O subsidy reimbursement, subject to any applicable A&O reimbursement limitations as specified under the current SRA.

## CONSERVATION

*Question.* Secretary Vilsack, the 2014 Agricultural Act consolidates several existing conservation program authorities into a single initiative known as the Regional Conservation Partnership Program (RCPP) with the primary purpose of leveraging Federal conservation investments in conjunction with local and regional partners. Projects carried out through this new authority are to improve soil quality, water quality and quantity, and wildlife habitat on a regional or watershed scale in areas of the country with a significant presence of agricultural production. One major component of the program allows for the Secretary of Agriculture to designate eight Critical Conservation Areas as geographic priorities within the program. Can you share with me the timeline and process by which the Department of Agriculture intends to name these regions of the country? I would like to request that you and your staff keep me aware of any significant developments as this implementation process advances and I hope that the region of the Lower Mississippi River Valley receives serious consideration for a designation as a Critical Conservation Area within the new Regional Conservation Partnership Program.

*Answer.* USDA's NRCS has been reviewing the application of the statutory criteria to various watersheds through a rigorous, science-based process in order to designate Critical Conservation Areas (CCAs) under the RCPP program. The Lower Mississippi River Valley is among the watersheds receiving serious consideration for designation. Selections of Critical Conservation Areas along with the RCPP announcement of program funding are expected in late May or early June.

*Question.* Secretary Vilsack, upon enactment of the 2014 Agricultural Act several conservation programs were repealed causing USDA to request a new apportionment from the Office of Management and Budget (OMB) to implement the new law. It is my understanding that USDA has not received this new apportionment to date; however, the Department's anticipated timeframe to start new enrollments for certain conservation programs is this summer. Do you think that USDA will be able to conduct sign-ups and obligate all of the fiscal year 2014 funding in this amount of time? What will happen to the remainder fiscal year 2014 funding in the event USDA cannot spend all of it within that timeframe?

*Answer.* USDA has been working to update guidance and to effectuate system changes necessary to manage the funding for the continuing and new conservation programs, and is currently holding sign-ups and processing applications for most of the conservation programs. USDA plans to obligate funds for all programs by September 30, 2014; however, any unobligated funds will be fully utilized in the first quarter of fiscal year 2015.

*Question.* The 2014 Agricultural Act establishes a single easement program, the Agricultural Conservation Easement Program (ACEP), through consolidating the authorities of the Wetlands Reserve Program (WRP), the Grassland Reserve Program (GRP), and the Farmland Protection Program (FPP). Earlier this month you made some remarks at the Commodity Classic in San Antonio, Texas, in regards to the implementation plan and program sign-ups USDA intends to conduct for the new easement program during the remainder of fiscal year 2014, particularly with regards to enrollment of new wetland easements. I understand there is currently a backlog associated with prior year enrollments of WRP restoration agreements totaling approximately \$500 million. Can you tell me how USDA intends to address this backlog in the context of implementing a new, consolidated easement program moving forward? What is the status of USDA's Natural Resource Conservation Service's (NRCS) fiscal year 2014 apportionment request associated with this issue and do you anticipate any complications from the Office of Management and Budget (OMB) in regards to receiving the full apportionment request to address this backlog? Can you verify if NRCS will be utilizing prior year funds available to address this problem or will this issue have to be addressed through the use of new program funding provided in the Agricultural Conservation Easement Program?

*Answer.* USDA has set WRP State acreage targets to complete closing and restoration on prior year enrollments over an anticipated 3-year timeframe. Closing and restoration targets are set for each State annually and are administered at the State level. States will be able to focus more effort on closing, restoration, and monitoring of prior year enrollments of WRP in fiscal year 2014 due to the reduction of land permitted to be enrolled in ACEP this year compared to prior year WRP enrollment levels.

USDA will be utilizing prior year funds to address the closing and restoration of prior year WRP enrollments to the fullest extent possible. States will receive an allocation of the restored fiscal year 2009 through fiscal year 2013 WRP funds for financial and technical assistance to complete this work on prior year enrollments. It is anticipated that the outstanding work on existing enrollments will consume the

entire amount of the prior year WRP balances over the next 3 fiscal years. Once the prior year balances are exhausted, any remaining work on prior year enrollments will be financed by new ACEP funds.

*Question.* New conservation compliance requirements for crop insurance eligibility were included in the 2014 Agricultural Act. Section 2608 of the farm bill allows for USDA to implement the rules and regulations for this new requirement as an interim rule effective upon publication with an opportunity for public notice and comment. Implementation of conservation compliance will require input from at least the Farm Service Agency (FSA), the Natural Resource Conservation Service (NRCS), and the Risk Management Agency (RMA). Many outside organizations are interested in the outcome of this rule. Since the rule will be effective upon publication, how much stakeholder involvement will be part of this rulemaking process? Given that landowners must be in compliance with sodbuster and swampbuster requirements in order to receive payments from USDA, will USDA publish a conservation compliance rule that reflects all commodity and crop insurance program changes made by the 2014 Agricultural Act? Should producers anticipate USDA to issue new regulations for conservation compliance and all commodity and crop insurance program changes simultaneously? In the past under the leadership of Chief Dave White, NRCS tried to address a series of administrative issues in regards to wetland compliance such as precipitation data, tile setback distances, tract vs. field determinations, etc. What, if any, of these prior issues will be addressed in the conservation compliance regulation?

*Answer.* NRCS, the Risk Management Agency (RMA) and the Farm Service Agency (FSA) meet weekly to ensure a rulemaking, implementing the conservation compliance provisions of the Agricultural Act of 2014 addresses all applicable FSA, NRCS and RMA programs. The original conservation compliance provisions from the Food Security Act of 1985 that require producers to farm highly erodible lands according to an approved conservation system and avoid draining wetlands remain. The 2014 FB rulemaking will offer the public an opportunity to comment. Prior to initiating development of the rulemaking, FSA will hold a listening session to receive public input on March 27, 2014.

RMA plans to amend crop insurance policies effective for the 2015 reinsurance year (July 1, 2014–June 30, 2015) to inform every policyholder of the new conservation compliance requirements.

Section 2611 of the Agricultural Act of 2014 authorizes the Secretary of Agriculture to use existing processes and procedures for producers to certify compliance with the conservation compliance provisions for crop insurance purposes. Therefore, RMA plans to use the same processes that FSA has used since enactment of the 1985 Food Security Act.

#### ENERGY

*Question.* The 2014 Agricultural Act includes changes in the Biobased Markets Program to address the treatment of forest products within the Biopreferred Procurement and the Biobased labeling programs. The conference report includes several examples USDA should consider as it develops what constitutes “innovative approaches” in the growing, harvesting, sourcing, procuring and manufacturing of forest products in order to qualify for entry into the program. Will you commit to implement the 2014 farm bill program changes as expeditiously as possible, consistent with Congressional intent, and in a manner that treats all forest products fairly?

*Answer.* USDA’s BioPreferred program commits to implementing the 2014 farm bill program changes as expeditiously as possible, consistent with Congressional intent, and in a manner that treats all forest products fairly. We are also fully engaged in carrying out the law as written in compliance with the Administrative Procedures Act. To that end, program staff first implemented a farm bill listening session (March 2014) where we summarized the farm bill-mandated program changes with approximately 100 program participants, outlined our approach for accommodating these changes, and received stakeholder feedback on both.

BioPreferred program staff is also working with USDA’s Forest Products Laboratory (Madison, Wisconsin) to draft a procedure to determine eligibility for wood-based products for mandatory Federal preferred procurement and voluntary product certification and labeling.

#### CATFISH

*Question.* Secretary Vilsack, nearly 6 years have passed since the enactment of the 2008 farm bill, which requires the USDA Food Safety Inspection Service (FSIS) to create a new science-based program for the inspection of all catfish—foreign and domestic. I am concerned about the Department’s seeming unwillingness to imple-



ment a law passed in 2008—and fortified in the 2014 farm bill—to ensure healthy and safer food for consumers.

Can you provide me assurance that your Department will honor the law enacted by the legislative body?

*Answer.* Upon the enactment of the 2014 farm bill, FSIS immediately began the process of updating a draft final rule on catfish inspection to ensure that it covers all fish in the order Siluriformes. FSIS estimates that the final rule will be published by December 2014.

*Question.* What is the current status of the Catfish Inspection Program, which was mandated by Congress to be fully implemented within 1 year of the date of enactment of the new farm bill law?

*Answer.* Upon enactment of the 2014 farm bill, FSIS immediately began the process of updating a final rule on catfish inspection in accordance with the law. FSIS has established an implementation team representative of all program areas from within the Agency and pre-decisional involvement discussions with union officials has been scheduled to occur on May 1, 2014. FSIS estimates that the final rule will be published by December 2014.

*Question.* What is the current status of your efforts to develop a memorandum of understanding (MOU) with the Food and Drug Administration (FDA) in order to improve inter-agency cooperation and to ensure that inspections of dual jurisdiction facilities are not duplicative?

*Answer.* Upon enactment of the 2014 farm bill, FSIS and the Food and Drug Administration (FDA) immediately began to engage in discussions regarding a draft MOU in order to ensure that inspection oversight will be non-duplicative, that requirements for domestic and foreign Siluriformes products will be met, that information sharing will support these efforts, and that the intent of Congress will otherwise be met. A tentative MOU completion date is the end of April 2014.

#### FOOD SAFETY

*Question.* Secretary Vilsack, the administration is requesting fewer funding resources for the Food Safety Inspection Service (FSIS)—despite significant food safety challenges facing the American public and a growing workload. Are you confident that FSIS can adequately protect our Nation's food supply with fewer resources?

*Answer.* Yes, we are confident that FSIS can protect our Nation's food supply. Both USDA and FSIS have created efficiencies that allow for maintaining food safety while utilizing fewer resources. Efficiencies such as billing process improvements, travel and other operational cost reductions along with a consolidation of District offices, are just a few actions the Agency has taken.

*Question.* We have received a number of inquiries from industry stakeholders regarding USDA's efforts to finalize a rule intended to improve poultry slaughter inspection systems, known as HIMP (HACCP-based Improvement Models Project). When does the Department plan to issue this final rule? In light of stakeholder concerns regarding worker safety in slaughter facilities, how does the Department intend to help improve safety conditions for workers?

*Answer.* FSIS is in the process of preparing a final rule on poultry slaughter after considering the comments received. It is not possible to provide a specific timeline. The safety of FSIS and plant employees is an issue we take very seriously. FSIS received numerous comments raising worker safety as a potential side effect of the rule, and it has partnered with the Federal agencies responsible for worker safety to address these concerns in the draft final rule. To ensure that food safety improvements are made with the safety of workers in mind, FSIS committed in the proposed rule to requesting five Health Hazard Evaluations by the National Institute of Occupational Safety and Health (NIOSH) to assess the impact these changes could have at poultry facilities. The first of these evaluations has been completed, and the report can be found at: <http://www.cdc.gov/niosh/hhe/reports/pdfs/2012-0125-3204.pdf>. In its report, NIOSH found that working conditions, injury rates, and the number of birds processed per employee did not change at this plant after implementation of HIMP. It also made several recommendations to improve worker safety at this facility, which FSIS' Administrator has called on the industry to implement. USDA will continue to do everything it can within its authority to encourage safer working conditions for its personnel and that of the establishments it regulates.

## QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

## BRAZILIAN BEEF RULE

*Question.* I am aware of the current proposed rulemaking which would allow fresh and frozen beef from Brazil to be imported into the United States. Can you tell me the last time that USDA employees were in Brazil for site visits regarding this rule and what their impression is of the commitment and follow through from the Brazilian Government to keep the United States safe from foot and mouth disease?

*Answer.* USDA employees conducted a rigorous risk analysis of the region and visited Brazil five times to verify and complement the information provided by the Brazilian authorities. The most recent visit was in February 2013. USDA officials found that the surveillance, prevention, and control measures implemented by Brazil in the States under consideration are sufficient to minimize the risk of introducing foot and mouth disease (FMD) into the United States via the importation of fresh/frozen boneless beef. Based on the findings of the visits and through evaluation of the FMD situation in the region, APHIS concluded that the commodity under consideration can be safely imported into the United States.

*Question.* My constituents tell me that they have asked APHIS for documents which were used to prepare this proposed rule, but they have only received some of those documents and most of them were in Portuguese. Did APHIS not translate these documents in order to take their information into account while preparing this rule? Is there a reason why the constituents shouldn't have access to these documents to help them better understand USDA's rationale for this proposed rule?

*Answer.* USDA has shared all of the documents that Brazil provided with any constituents who requested them. Some of the documents APHIS used as a reference in the risk analysis were submitted to us in Portuguese. USDA personnel involved in the evaluation had sufficient language skills to read these documents without requiring they be translated into English. In addition, in most instances the same or related data were provided in other documents or verbally presented to USDA during site visits. The information provided by Brazil and the conclusions reached are thoroughly described in the risk analysis that was made available for public comments.

*Question.* Did USDA work with our domestic producers while preparing this rule?

*Answer.* In December 2013, USDA published a proposed rule to allow fresh/frozen beef with foot and mouth disease mitigations to be imported from 14 States of Brazil. In March 2014, the Department extended the comment period by 60 days, until April 22, 2014. This extension provided domestic producers with ample opportunity to register their input on this rule. USDA is carefully considering all comments received on this rule, and will determine whether to finalize or modify the regulatory changes. USDA wants to continue encouraging other countries to import more U.S. foods, but these countries will not comply if we do not hold ourselves to the same standards we are asking of the rest of the world.

## DIETARY GUIDELINES

*Question.* I know that USDA and HHS are in the process of working through your scientific advisory committee process to potentially modify the 2010 dietary guidelines. The dietary guidelines are important to ensure they are based on the most recent scientific information that's available to advise Americans on how a healthful diet fits into their lifestyles. Reading some of the information after the second meeting about topics outside of nutrition leaves me to question the mission of this scientific advisory committee. Can you please share what the mission of this committee is and what the process will be moving forward?

*Answer.* Similar to previous Dietary Guidelines Advisory Committees, the 2015 Advisory Committee is currently assessing the nutritional and diet-related health status of Americans and will focus on topics that they believe are relevant and timely. Because different factors are important today than were a decade ago, the 2015 Committee is addressing topics not addressed previously. The Advisory Committee has acknowledged a need to move away from focusing on individual foods, food groups, and nutrients, and is reviewing dietary patterns as a whole. They view the diet to be more powerful as a sum of its parts rather than being focused on specific aspects of the diet. They have also noted that historical focus on specific aspects of the diet may have had unintentional consequences that have not been beneficial to diet and health over time. Since the diets of Americans have not changed much over the past few decades and are in need of improvement, the 2015 Advisory Committee has placed an emphasis on behaviors and strategies for improving the diets of Americans. Also, in their initial deliberations, the 2015 Advisory Committee identified a desire for their recommendations to ensure a healthy, nutritious, safe, and

sustainable diet. The Advisory Committee has discussed the relationship between sustainability and our ability to meet dietary goals in the future, and plans to look at how other countries have addressed similar topics in their guidelines, but they currently have not discussed using sustainability as a rationale to change the dietary guidelines.

The dietary guidelines are based on the preponderance of current scientific evidence, and the Committee is currently undergoing an extensive, rigorous, transparent review process in developing their report. This report will be used by the Government to create the dietary guidelines. The Committee examines the state of current scientific evidence using systematic reviews (with support from CNPP's Nutrition Evidence Library), data analyses, and/or food pattern modeling analyses. Additional sources of information may include existing evidence-based reports, input from expert guest speakers, as well as oral and written comments from the public. Thus, while individual studies and personal testimonies may suggest convincing results, the Committee is tasked to look at the evidence collectively to inform their recommendations. The Advisory Committee is still early in its review process and no conclusions or recommendations are available at this time.

The Committee's report informs the Government's development of the Dietary Guidelines for Americans, but not all recommendations made by the Committee are included in the final policy document. The guidance in the policy document is based on those topics with the strongest available evidence. Additionally, some topics discussed in the Committee's report may only be included contextually in the dietary guidelines and thus do not have policy implications.

#### IT INVESTMENTS

*Question.* Describe the role of the Department of Agriculture Chief Information Officer in the oversight of IT purchases. How is this person involved in the decision to make an IT purchase, determine its scope, oversee its contract, and oversee the product's continued operation and maintenance?

*Answer.* In compliance with the Clinger-Cohen Act, USDA established a Capital Planning and Investment Control division in the Office of the Chief Information Officer (OCIO) that also has IT Governance responsibility. This division reviews USDA investments and provides a monthly report to the Chief Information Officer (CIO).

In addition, USDA's annual appropriations act that requires the CIO approval requests CIO approval for new systems or major upgrades to existing systems. Moreover, the purchase of information technology projects over \$25,000 requires written approval by the CIO.

Technical reviews of investment progress through the System Development Life Cycle (SDLC) are handled by the Integrated Advisory Board (IAB), chaired by the Associate CIO for Technology, Planning, Architecture, and E-Government. The IAB is comprised of the following: Enterprise Architecture Advisory Council, Capital Planning Advisory Council, Enterprise Security Governance Council, and the Critical Partners Advisory Group. Each of these bodies is made up of subject matter experts (SMEs) from each of the USDA Mission Areas (reflecting USDA Agencies and Staff Offices) within the areas of capital planning, security, enterprise architecture, records management, Section 508, budget, procurement, and enterprise infrastructure and applications. At each stage of the SDLC, the IAB evaluates IT investments to make recommendations to agencies and offices on corrective actions and to make final recommendations to the CIO and senior policy officials.

*Question.* Describe the existing authorities, organizational structure, and reporting relationship of your Department Chief Information Officer. Note and explain any variance from that prescribed in the Information Technology Management Reform Act of 1996 (aka, the Clinger-Cohen Act) for the above.

*Answer.* The Office of the Chief Information Officer is a component staff office within Departmental Management, which is led by the Assistant Secretary for Administration. This allows for regular interaction with other staff office directors. However, the CIO reports directly to the Secretary on matters regarding information technology, consistent with the Clinger-Cohen Act. The existing delegation of authority for the Chief Information Officer can be found in Secretary's memorandum 1030-30, dated August 8, 1996, at 7 CFR section 2.89.

*Question.* What formal or informal mechanisms exist in your Department to ensure coordination and alignment within the CXO community (i.e., the Chief Information Officer, the Chief Acquisition Officer, the Chief Finance Officer, the Chief Human Capital Officer, and so on)? How does that alignment flow down to Agency subcomponents?

*Answer.* The formal mechanisms are two-fold. First, in 2009, Departmental Management was created as an umbrella organization that includes several administra-

tive offices. This structure allows the CXO community to be brought together on a regular basis to coordinate efforts. Departmental Management is led by the Assistant Secretary for Administration, who also serves as the Chief Acquisition Officer for USDA.

Second, specifically pertaining to IT, the CXO positions are represented on USDA's Executive Information Technology Investment Resources Board, or E-Board, chaired by the Deputy Secretary. In addition to the CXOs, the E-Board also includes the Assistant Secretary for Administration (vice-chair) and USDA's Under Secretaries. The E-Board ensures that USDA maximizes the value and manages the risk of IT investments; aligns investment recommendations with the USDA mission, strategic plan, budget, enterprise architecture, and information security; develops corrective action plans for IT investments that are not performing in accordance with established cost, schedule, or technical/business performance; and works to minimize duplicative or overlapping investments across USDA.

Informally, the Chief Information Officer and the Director of the Office of Procurement and Property Management (OPPM) meet bi-weekly with a few staff from the OCIO and OPPM to explore opportunities for improving the acquisition of IT goods and services. This coordination has yielded both a closer working relationship and several specific initiatives. For example, OPPM staff have been instrumental in assisting in the development of several enterprise contracts that have saved the Department thousands of dollars and reduced security risks by eliminating the use of old versions of software that were vulnerable to hackers. Through the utilization of these enterprise contracts, USDA has eliminated the widespread duplication of software. Working directly with agencies, the Department as a whole will have achieved a combination of cost-savings and cost-avoidance from eliminating contracts totaling \$1.23 million between 2013 the end of fiscal year 2014.

*Question.* How much of the Department's budget goes to Demonstration, Modernization, and Enhancement of IT systems as opposed to supporting existing and ongoing programs and infrastructure? How has this changed in the last 5 years?

*Answer.* During the past 5 years, the Department consolidated and completed the migration of all USDA agencies into one enterprise financial system through the Financial Management Modernization Initiative (FMMI). Consequently, the Department's financial systems currently have no budget going to Demonstration, Modernization, and Enhancement (DME) for IT systems. FMMI completed the DME phase in June 2013. FMMI is currently in the steady state operations and maintenance state, supporting existing and ongoing programs and infrastructure.

*Question.* Where and how is the Department of Agriculture taking advantage of this administration's shared services initiative? How do you identify and utilize existing capabilities elsewhere in Government or industry as opposed to recreating them internally?

*Answer.* The Department is enthusiastic about our opportunities to participate in the administration's shared services initiative, both as a service provider to other Federal agencies, and as a consumer of financial services. The overall vision of the Financial Management Line of Business (FMLoB) is to improve the cost, quality, and performance of financial management (FM) systems by leveraging shared service solutions and by implementing other Government-wide reforms that foster efficiencies in Federal financial operations.

In fiscal year 2014, the Department has completed the formal application process to become a financial shared service provider. The Department's Financial Management Modernization Initiative (FMMI) has resulted in a state-of-the-art financial management system that all USDA agencies use. Our objective is to make USDA's financial management system available for other Federal entities, providing economies of scale and cost savings across the Federal Government. Our National Finance Center (NFC) offers a complete Enterprise Resource Planning (ERP) software solution, which integrates all aspects of financial management services with a program management support structure.

The NFC's mission is to provide effective and efficient tools and services that are used to ensure proper financial management at the Department-wide level, and to ensure that adequate financial records are maintained for accountability and reporting to the Inspector General, Congress, other Federal agencies, and to the public. NFC accomplishes this by maintaining the FMMI ERP financial management system, reporting through the Financial Data Warehouse, an automated cash reconciliation work sheet used for daily reconciliation with the United States Treasury, the Purchase Card Management System, the Travel System, the Personal Property System, and the Purchase Order System.

USDA's primary objectives for this NFC shared services effort are to provide:

- an enterprise financial management service that allows other organizations to reap the benefits in less time and less money with less risk and increased serv-

- ice quality as compared to starting from scratch with a new ERP or financial management implementation;
- integration with NFC payroll processing services;
- complete audit compliant financial solution with full documentation meeting financial requirements;
- continuous process improvements, operational and organizational improvement, for those shared services retained in the future State portfolio;
- more powerful and flexible financial management and reporting;
- administrative payments, collections, and certifications;
- computerized editing/auditing capabilities; and
- customer focus/advocacy to provide the best possible customer service and support.

The Department is also looking for opportunities to leverage expertise and services from other agencies for applications that they could provide more efficiently. For example, the Treasury is offering a Centralized Receivable service. USDA has also scheduled an April briefing by the Grants Center of Excellence at the Department of Health and Human Services. The Department is committed to using its resources with optimal effectiveness and efficiency regardless of where these services are obtained.

*Question.* Provide short, two-page, summaries of three recent IT program successes, projects that were delivered on time, within budget, and delivered the promised functionality and benefits to the end user. How does your Department define “success” in IT program management?

*Answer.* [Follows:]

#### SUCCESS #1: USDA FINANCIAL MANAGEMENT SYSTEMS

USDA plays a critical role in the financial management of the Federal Government by providing financial services to other Federal agencies. USDA’s National Finance Center (NFC) administers and operates over 20 financial and administrative service systems in support of all agencies of USDA and over 100 non-USDA customers. These systems include such services as: payroll/personnel, central accounting, billing and collections, and travel. In 2013, USDA processed time and attendance and payroll for over 655,000 Federal employees on a bi-weekly basis, including the Department of Commerce, and others.

NFC has successfully invested in the reengineering and operation of financial management and administrative systems in USDA, consistent with the goals and objectives of both the USDA 5-Year Financial Management Plan and the Chief Financial Officer’s Strategic Plan. This has resulted in three important improvements in financial management for the Federal Government.

The Financial Management Modernization Initiative (FMMI) project was initiated in 2009 to modernize the technology underlying the USDA financial system environment. This initiative replaced the Corporate Financial Management System (CFMS), including the mainframe-based Foundation Financial Information System (FFIS) financial system, with SAP Inc. Enterprise Resource Planning (ERP), migrating the current distributed, multi-instance mainframe system to a federally compliant, consolidated, single-instance Web-based system. FMMI is operational in all USDA Department Staff Offices and Agencies.

USDA has also increased the usefulness of financial information to its customers by deploying SAP Inc. business software, including the SAP BusinessObjects (BOBJ) reporting tool, SAP HANA, and more. The BOBJ technologically advanced reporting system delivers an ad-hoc financial reporting tool and a comprehensive dashboard delivery tool. This implementation continues to provide a foundation for future plans to support real-time reporting. BOBJ has approximately 4,000 users and continues growing.

Similarly, USDA deployed the SAP HANA software as a means of gaining access to real-time financial data, which increases the accuracy of financial projections. The Department was an early Federal adopter of HANA, and has presented demonstrations to numerous Federal audiences.

USDA also completed software enhancements to the SAP ERP Central Component (ECC) and Governance Risk and Compliance (GRC) software components, Business Intelligence (BI) and Public Budget Formulation (PBF).

Overall, USDA developed, tested, and implemented in excess of 250 software changes related to FMMI that enhanced USDA’s ability to operate efficiently, including: timely payments to vendors, improved billing and collections processing, and enhanced reporting. These changes were a combination of enhancements and corrective actions that improved the usability of the financial system and the accuracy of the data reported.

Finally, USDA has improved IT governance and monitoring of its financial systems. For example, USDA became a certified SAP Center of Excellence (CoE). This effort includes the strengthening of service delivery, process controls, governance and customer advocacy. The USDA also initiated the establishment of a business process repository to establish a single point of access for all system monitoring and enhancements and business process modifications.

Through these financial system IT modernization and enhancement projects, USDA has improved the Federal Government's ability to conduct financial business with accuracy, timeliness, and integrity. This benefits the many private industry partners with which the Government does business, along with the Federal workforce and their communities who can rely on prompt, accurate payments. For example, the Department's financial systems have successfully provided seamless, uninterrupted operation and delivery of payroll to Federal employees despite the impact of major disruptions such as the 2013 Government shutdown, weather storm closures, and Hurricanes Sandy and Irene. This continues the tradition demonstrated by the USDA's financial system uninterrupted reliability in spite of the destruction of our primary data center by Hurricane Katrina.

*Question.* What best practices have emerged and been adopted from these recent IT program successes? What have proven to be the most significant barriers encountered to more common or frequent IT program successes?

*Answer.* The USDA continues to address Agency issues and concerns resulting from their increased knowledge of FMMI by conducting business process re-engineering and listening sessions. This results in a clear understanding of the issues being faced, expedites the correction process and builds a trusted relationship between the Department and agencies. The outcome continues to enhance the software and business process improvements.

*Question.* Describe the progress being made in your Department on the transition to new, cutting-edge technologies and applications such as cloud, mobility, social networking, and so on. What progress has been made in the CloudFirst and ShareFirst initiatives?

*Answer.* The USDA National Finance Center (NFC) already provides cloud-like services for Department applications and the Financial Management Modernization Initiative (FMMI) system. The Department is evaluating how to utilize and provide cloud services to better support our mission. The models offered by NFC can be grouped into two categories: (1) Software as a Service (SaaS) in which software is deployed as a hosted service and accessed over the Internet, and (2) Platform as a Service (PaaS) in which platforms can be used to more efficiently develop and deploy new applications. The NFC is working towards FedRAMP certification for both SaaS and PaaS service offerings.

*Question.* How does the Department of Agriculture implement acquisition strategies that involve each of the following: early collaboration with industry; RFP's with performance measures that tie to strategic performance objectives; and risk mitigation throughout the life of the contract?

*Answer.* USDA has developed management guidelines that are used in acquisitions throughout the Department. These include the following:

- (1) Early collaboration with industry through market research, and interactive vendor participation in pre-proposal activities such as the Request for Information (RFI) process.
- (2) All contract RFPs are performance-based, which reduces the risk to the Government. All service contracts include performance measures and metrics that are tracked on a regular basis (bi-weekly, monthly, and quarterly). These are tied to the Department's strategic performance objectives by the USDA budget formulation process.
- (3) Risk management is performed for each contract throughout its complete lifecycle. The contractor is required to submit and maintain a risk management plan, and provide a risk register with mitigation strategies at least monthly. In addition, each contractor is required to submit a quality assurance plan with appropriate surveillance metrics.

*Question.* According to the Office of Personnel Management, 46 percent of the more than 80,000 Federal IT workers are 50 years of age or older, and more than 10 percent are 60 or older. Just 4 percent of the Federal IT workforce is under 30 years of age. Does your Department have such demographic imbalances? How is it addressing them? Does this create specific challenges for attracting and maintaining a workforce with skills in cutting edge technologies? What initiatives are underway to build your technology workforce's capabilities?

*Answer.* Yes, USDA shares these demographic imbalances with other Federal agencies. We have implemented a succession plan to actively recruit IT talent under 30 years of age. The Department actively recruits through college visits and via col-

lege alumni within USDA to attract younger recruits. In addition, we are cross-training USDA resources to shift responsibilities from IT personnel resources scheduled for retirement.

*Question.* What information does your Department collect on its IT and program management workforce? Please include, for example, details about current staffing versus future needs, development of the talent pipeline, special hiring authorities, and known knowledge gaps.

*Answer.* The Department uses the individual development plan (IDP) to plan and monitor employee skills and knowledge. USDA agencies maintain a 2-year staffing plan to ensure alignment to the mission of the organization. This combination, along with new employee recruiting, acts as our talent pipeline to ensure the Department has skilled employees in sufficient numbers to fulfill its evolving needs. USDA also has special hiring authorities for the IT workforce. Where knowledge gaps are identified, the Department uses contracting services to fill these gaps as required until such time as they can be integrated into the permanent IT workforce. For example, the Department uses contractors from Deloitte and Accenture to provide subject matter expertise in emerging Big Data analytics.

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#### QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

##### COUNTY OFFICES

*Question.* Mr. Secretary, as USDA's budget proposal includes closing 250 FSA county offices, I want to make sure you are aware of the fact that North Dakota FSA offices are having difficulty in the western part of North Dakota recruiting and retaining FSA personnel. Can you tell us how the Department determines which offices should close? Are you conducting some type of workload assessment or simply selecting offices by physical location?

*Answer.* FSA is aware of the challenges western North Dakota is experiencing with recruiting and retaining employees in FSA service centers. FSA has been working with the States in the Bakken area to lessen the impact of these issues by providing approval for additional hiring and authority to offer relocation and retention incentive payments. In preparing the fiscal year 2015 budget, FSA estimated the potential to close or consolidate approximately 250 offices. This projected level assumed continued declining funding as evidenced in previous years, and a shift in workload activity. Although FSA will benefit from the efficiencies gained through office consolidations, no office closure plan has been approved at this time and the Agency has no compiled a list of specific offices to close. Before attempting to close any office USDA is committed, per statute, to hold public meetings in each affected county within 30 days of any announcement of pending closure.

*Question.* Mr. Secretary, as you know, the Federal crop insurance program provides producers with risk management tools to address crop yield and/or revenue losses on their farms and is the best tool North Dakota farmers have for managing risks inherent to farming. I understand that the provision to link conservation compliance to crop insurance, despite my opposition to its inclusion, is being done on an accelerated rule making process and will be put out as an interim final rule. Can you share with me how you plan to develop the rule to ensure penalties for farmers found out of compliance are not unreasonable and are widely understood?

We included wetlands mitigation bank provision in the farm bill to help farmers deal with conservation compliance costs. Will you commit to working with our producers to make sure that the bank works for North Dakota farmers?

*Answer.* USDA plans to amend crop insurance policies effective for the 2015 reinsurance year (July 1, 2014–June 30, 2015) to inform every policyholder of the new conservation compliance requirements, and publish a rule (7 CFR, part 12) late this summer to provide the details involved with connecting conservation compliance with crop insurance. Additionally, a fact sheet and frequently asked questions will be published to assist in educating producers. Finally, USDA intends to provide a list of policyholders currently out of compliance with the provisions to their approved insurance providers during the 2015 reinsurance year to extend individual outreach. Any violations do not result in the loss of premium subsidy until the reinsurance year following the violation.

*Question.* Mr. Secretary, USDA's budget for fiscal year 2015 once again calls for over \$14 billion over 10 years in cuts to the crop insurance program. When I talk to North Dakota farmers, they tell me crop insurance is absolutely critical to their operations, critical to their ability to make it through bad weather and markets. That's why I supported language in the recently passed farm bill called the "SRA Sideboard" provision that prevents USDA from cutting crop insurance unilaterally

through what are called Standard Reinsurance Agreements (SRAs). Is it your understanding that none of USDA's proposed \$14 billion in crop insurance cuts could be implemented without an act of Congress?

*Answer.* Yes, the recent farm bill language amended the Federal Crop Insurance Act making the SRA budget neutral with respect to A&O subsidy and the financial terms related to risk sharing. In addition, terms for premium subsidy are also prescribed in the act and may only be changed by Congress.

#### WETLAND MITIGATION

*Question.* Mr. Secretary, included in the farm bill is report language that recommends NRCS adopt an acre-for-acre mitigation standard; given congressional intent in this area, how is the Department adjusting wetland mitigation policy?

*Answer.* The Department is aware of the need to make wetland mitigation options more transparent and available for producers. In certain situations current policy allows for mitigation to occur on an acre-for-acre basis, as recommended by the farm bill report. These situations include farmed wetlands and wetland sites with disturbed herbaceous vegetation.

#### WIC FOOD PACKAGE

*Question.* Mr. Secretary, on behalf of North Dakota's potato growers, I am disappointed by the Department's recent decision to exclude fresh white potatoes in the food packages for WIC in contradiction to the clear direction Congress gave you in the fiscal year 2014 Omnibus. What troubles me is the lack of consistency in the program and its development. For example, Both the 2005 and the 2010 DGA notes that potassium and dietary fiber are nutrients of concern, potatoes are specifically excluded from purchase despite that both nutrients are readily available in fresh white potatoes at an affordable price;

Should changes to WIC food packages be based on the most recent Dietary Guidelines for Americans?

*Answer.* The WIC food packages are based on scientific recommendations from the National Academies' Institute of Medicine (IOM).

The restriction of white potatoes, which was recommended by the IOM in 2005 and has been in place since 2007, is based on data indicating that consumption of starchy vegetables meets or exceeds recommended amounts, and food intake data showing that white potatoes are the most widely consumed vegetable.

Continuing the exclusion of white potatoes maintains consistency with the IOM's recommendations and minimizes the introduction of additional confusion for WIC participants. That said, the Department recognizes the language included in the fiscal year 2014 appropriations bill expressing the expectations of Congress that all varieties of vegetables be included in the food package. Additionally, the Department continues to be committed to a science-based review process for the food packages provided by WIC. In order to accommodate both of these goals, as we advised Congress in our February 28 letter, the Department intends to jumpstart its regular review of the WIC food packages in order to seek the assistance of the IOM to learn if the basis for its recommendation for the exclusion of white potatoes from the WIC food packages is still supported.

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#### QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

##### COUNTRY OF ORIGIN LABELING

*Question.* The World Trade Organization (WTO) is expected to make a ruling this summer on the ongoing dispute over country-of-origin labeling (COOL) requirements brought against the United States by Canada and Mexico. While I have supported COOL since its inception in the 2002 farm bill, I am concerned with the U.S. Department of Agriculture's decision to continue to implement a final rule, "Mandatory Country of Origin Labeling of Beef, Pork . . .," despite direction from Congress not to. The Fiscal Year 2014 Consolidated Appropriations Act strongly recommends the "Department delay implementation and enforcement of the final rule (78 Federal Register 31367) until the WTO has completed all decisions related to cases WT/DS384 and WT/DS386." It is my understanding that the Department continues to expend resources to implement the final rule, including conducting outreach and education for employees who will be responsible for compliance activities.

What actions will the Department take to comply with the Fiscal Year 2014 Consolidated Appropriations Act?

If the Department does not comply, what—if any—legal requirements prevent you from doing so?



*Answer.* USDA is proceeding with enforcing the May 2013 final rule in accordance with the statute and with the need to bring us into compliance with our WTO obligations. Should the United States not enforce the May 2013 final rule, it could be construed that USDA has not taken action to address the findings by the WTO panel.

#### WIC FOOD PACKAGE

*Question.* On February 28, the U.S. Department of Agriculture issued a final rule to update the food package for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). I commend the Department's work to increase access to fruits and vegetables, whole grains and low-fat dairy based products. I also believe that the WIC food package should be based on the best scientific research available. However, I would like to know more about the metrics used to justify the continued exclusion of fresh white potatoes. Specifically, in a letter to this subcommittee, you stated that "the restriction of white potatoes, which was recommended by the Institute of Medicine (IOM) in 2005 and has been in place since 2007, is based on data indicating that consumption of starchy vegetables meets or exceeds recommended amounts, and food intake data showing that white potatoes are the most widely used vegetable." However, in your testimony you note that the WIC food package was updated to "better reflect current nutrition science and dietary recommendations." According to 2009–2010 data from the Centers for Disease Control and Prevention (CDC), women and children are consuming too few starchy vegetables today. Women aged 19–30 consume only 2.4 cups per week, meeting less than half of the 2010 dietary guidelines recommended intake of 5 cups. Children also fall short of the 2010 dietary guidelines with girls aged 2–4 consuming 0.6 cups per week less than the maximum recommendations and boys in the same age group consuming 1.4 cups less.

Given the 2010 dietary guidelines recommended intake and CDC consumption findings for women and children, can you explain which metrics the Department used to determine that "consumption of starchy vegetables meets or exceeds recommended amounts?"

*Answer.* The changes to the WIC food packages were made based on scientific recommendations from the National Academies' Institute of Medicine (IOM). The IOM was charged with reviewing the nutritional needs of the WIC population—low income infants, children, and pregnant, postpartum and breastfeeding women who are at nutritional risk—and recommending changes to the WIC food packages. The exclusion of white potatoes, as recommended by the IOM, is based on the amounts suggested in the 2005 Dietary Guidelines for Americans (DGA) for consumption of starchy vegetables; food intake data indicating that consumption of starchy vegetables meets or exceeds these suggested amounts; and food intake data showing that white potatoes are the most widely used vegetable.

The 2010 dietary guidelines were issued subsequent to the IOM report that formed the basis of the WIC food package changes. IOM determined that the addition of white potatoes in the WIC food packages would not support the goal of expanding the types and varieties of fruits and vegetables used by program participants. The next regular review of the WIC food package is set to begin this year. IOM will utilize current science and the 2015 Dietary Guidelines for Americans, when available, as it develops its recommendations to the Department to inform our next course of action with respect to the WIC food package.

*Question.* Furthermore, what nutritional data was used to justify the continued exclusion of fresh white potatoes? The white potato is a known source of potassium, fiber, vitamin C, and many B vitamins. Several of these vitamins have been found to be lacking or inadequate in the diets of young children by the IOM.

*Answer.* The final WIC Food Package Rule continues to authorize a wide variety of choices within the authorized fruit and vegetable options. Additionally, the final rule includes several significant improvements to the food package that more closely align with the National Academies' Institute of Medicine's (IOM) recommendations and will increase WIC participants' access to fruits and vegetables, whole grains and low-fat dairy.

Consistent with a major recommendation of the Dietary Guidelines for Americans, increasing fruit and vegetable intakes by WIC participants was cited as a priority by the IOM. This provision supports the goal of expanding the types and varieties of fruits and vegetables available to program participants. The WIC Program does, however, continue to promote white potatoes as a healthful source of nutrients and an important part of a healthful diet, through nutrition education provided to WIC participants. WIC clients who also participate in the Farmers' Market Nutrition

Program (FMNP), may use their FMNP vouchers to purchase white potatoes offered at farmers' markets.

*Question.* Can you provide a timeline for when the Department intends to begin its regular review of the WIC food package? What steps will you take during this process to ensure the best scientific research available is used to determine both sufficient consumption and nutritional value when determining what should or should not be included in the food package?

*Answer.* The Department continues to be committed to a science-based review process for the food packages WIC provides and intends to jumpstart its regular review of the WIC food package. Initially scheduled for mid-to-late 2015, the review is now set to begin more than a year earlier, so that we can seek the assistance of the Institute of Medicine (IOM), to learn if the basis for its recommendation for the exclusion of white potatoes from the WIC food packages is still supported by the most current science available. This review will incorporate current science and the 2015 Dietary Guidelines for Americans recommendations. The Department will use the updated scientific information it receives from the IOM to inform its next course of action with respect to the WIC food package.

#### SUBCOMMITTEE RECESS

Senator PRYOR. So, but anyway, the subcommittee will meet again at 10 a.m. on Thursday, April 3. And we will have the Food and Drug Administration.

So again, I want to thank you for being here today. It's been a very useful and productive hearing.

And with that, we will adjourn.

Thank you.

[Whereupon, at 11:10 a.m., Wednesday, March 26, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 3.]

## MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[CLERK'S NOTE.—The following testimony was received subsequent to the hearing for inclusion in the record.]

PREPARED STATEMENT OF HON. PHYLLIS K. FONG, INSPECTOR GENERAL, OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF AGRICULTURE

Thank you, Chairman Pryor, Ranking Member Blunt, and members of the subcommittee, for the opportunity to submit a statement concerning the Office of Inspector General's (OIG) recent and planned audit and investigative work, as well as OIG's fiscal year 2015 budget request.

Despite the past year being a period of restricted resources, OIG continues to achieve substantial and far-reaching results that serve American taxpayers' interest in more effective government. In fiscal year 2013, our audit and investigative work obtained potential monetary results totaling over \$1.2 billion. We issued 54 audit reports intended to strengthen Department of Agriculture (USDA) programs and operations, which produced about \$1.1 billion in potential results. OIG investigations led to 551 convictions with potential results totaling almost \$122.7 million.<sup>1</sup>

These monetary results far surpass our annual budget. From fiscal year 2006 to fiscal year 2013, the potential dollar impact of OIG audits and investigations has totaled \$8.5 billion, while our appropriations have been just \$670 million. For every \$1 invested, we have realized potential cost savings and recoveries of about \$12.62. This figure does not capture the significant, but less easily quantified, results of our efforts to improve public safety or implement program improvements.

After summarizing our most significant recent audit and investigative activities under our major strategic goals, I will conclude with a description of what OIG has done over the past several years to live within its budget constraints.

Before I do so, however, I would like to address one of the broader concerns facing USDA. In our work, we often find that the Department and its agencies need to focus more on how they monitor their programs and ensure that participants are complying with requirements. As we have identified in our 2013 Management Challenges, many USDA agencies place their primary focus on administering programs and providing benefits—often at the cost of designing sufficient controls to ensure that program funds serve their intended purposes. This problem cuts across USDA and has emerged in agencies in all departmental mission areas.

While individual audits and investigations may bring to the fore problems specific to particular agencies and programs, USDA needs to prioritize compliance and monitoring as vital elements of proper program management. In this vein, OIG is evaluating the Farm Service Agency's compliance activities; a related project involves reviewing the Risk Management Agency's (RMA) national performance reviews and determining how useful they are in ensuring program compliance.

### GOAL 1—SAFETY AND SECURITY

#### *Strengthen USDA's Ability To Implement Safety and Security Measures To Protect the Public Health as Well as Agricultural and Departmental Resources*

To help USDA and the American people meet critical challenges in safety, security, and public health, OIG provides independent audits and investigations. Our work addresses such issues as the ongoing challenges of agricultural inspection activities, the safety of the food supply, and homeland security.

<sup>1</sup>As established by Congress in the Inspector General Act of 1978, audit monetary impacts derive from funds put to better use and questioned/unsupported costs. Investigation monetary impacts come from recoveries, court-ordered fines, restitutions, administrative penalties, as well as other judgments.

*Investigation Leads to Judgment Against California Meat Packing Plant*

In June 2012, two defendants entered into a settlement agreement to pay the United States over \$304,000 and pay the Humane Society of the United States (HSUS) over \$19,000. In October 2013, six defendants, including individuals and companies, entered into a settlement agreement to pay the United States approximately \$2.7 million and pay HSUS approximately \$112,000. In addition, one of the companies entered into a consent judgment in favor of the United States Government in the amount of \$155 million. The settlements resulted from a *qui tam* civil complaint filed by HSUS in February 2008 against the company and its entities; the complaint prompted an investigation by OIG and the U.S. Attorney's Office for the Central District of California into allegations that a California company mistreated cattle destined for slaughter and adulterated meat, including some products distributed to the National School Lunch Program.

*The Food Safety Inspection Service (FSIS) Needs To Ensure That Swine Slaughter Plants Follow the Federal Meat Inspection Act*

FSIS inspects over 600 plants that slaughter swine, and our audit of plants subject to FSIS' enforcement found that the agency's actions do not deter swine slaughter plants from becoming repeat violators of the Federal Meat Inspection Act. As a result, plants have repeatedly violated the same regulations with little or no consequence. We found that, in 8 of the 30 plants we visited, inspectors did not always examine the internal organs of carcasses in accordance with FSIS inspection requirements, or take enforcement actions against plants that violated food safety regulations. As a result, there is reduced assurance that FSIS inspectors effectively identified pork that should not enter the food supply. Agency officials concurred with our recommendations.

*The Agricultural Marketing Service (AMS) Needs To Ensure That Organic Dairy Cattle Have Appropriate Access To Pasture*

OIG also conducted an audit of how AMS implemented the "access to pasture" rule as part of its National Organic Program (NOP). While the agency has generally implemented this rule successfully, we noted that NOP officials had not clearly defined how producers should demarcate herds of organic milk-producing cattle, which meant that some certifying agents treated organic dairy producers differently, allowing some to add cattle to organic dairy herds, when other agents would not. Because the regulations are not clear in defining herds of organic cattle, consumers may not always be receiving the high-quality organic product they expect. We also noted that NOP needs to include organic feed brokers within the NOP certification process to ensure that organic feed is not commingled or contaminated. Finally, we found that smaller operations were often unaware of recordkeeping requirements of the access to pasture rule regarding livestock confinement, grazing, or the cattle's dry matter intake. AMS concurred with our recommendations.

Among other audits in process, OIG is evaluating how FSIS has implemented the Public Health Information System (PHIS) for Domestic Inspection, and whether PHIS adequately addresses the agency's key mission elements.

GOAL 2—INTEGRITY OF BENEFITS

*Reduce Program Vulnerabilities and Strengthen Program Integrity*

One of OIG's most important goals is helping USDA safeguard its programs to ensure that benefits are reaching those they are intended to reach. Given the importance of the Food and Nutrition Service's (FNS) Supplemental Nutrition Assistance Program (SNAP)—its \$86 billion in fiscal year 2013 represents 56 percent of USDA's budget—OIG continues to direct a large percentage of its resources to combatting the trafficking of SNAP benefits. In 2013, OIG's combined audit and investigative work was selected for a Council of the Inspectors General on Integrity and Efficiency award for excellence. The award cited audit findings and criminal prosecutions resulting in more than \$84 million in questioned costs, funds to be put to better use, restitutions, seizures, and other means, as well as FNS' agreement to 58 of OIG's recommended program improvements.

As a recent example of our investigative SNAP work, an employee of a Philadelphia supermarket who trafficked in SNAP benefits was sentenced to prison time, and was ordered to pay approximately \$2.3 million in restitution. In California, a husband and wife who owned six stores that engaged in SNAP trafficking were sentenced to 40 months and 18 months in prison, respectively. They were also ordered to share in paying \$6.5 million in restitution to FNS.

Working jointly with FNS, OIG has also developed a new approach, called the SNAP Initiative, which is a tool for further identifying and addressing fraud in

SNAP on a multi-agency level. The initiative combines the resources, ingenuity, and prosecutorial efforts of local, State, and Federal law enforcement partners with the common goal of preventing and prosecuting SNAP fraud. This multi-step approach helps identify SNAP fraud offenders on both the retailer and recipient side of trafficking. A vital aspect of the initiative is prevention, to be achieved through community outreach and media efforts educating citizens and retail owners on Federal regulations concerning SNAP benefits. OIG is in the process of rolling out this promising initiative with FNS in 2014.

*FNS Needs To More Closely Screen SNAP Retailers*

Likewise, OIG audits have shown how SNAP may be improved to better serve its intended purpose. Recently, OIG reviewed how FNS authorizes retailers to participate in SNAP to determine if disqualified retailers were allowed to continue participating in the program. We found that FNS does not have clear procedures and guidance to carry out key oversight and enforcement activities to address SNAP retailer fraud, or adequate authority to prevent multiple instances of fraud—either by a particular owner or within a particular location. As a result, FNS does not consistently penalize retailers who illegally exchange SNAP benefits. From a sample of 316 locations, we found that FNS did not properly determine potentially \$6.7 million in penalties, and authorized 51 ineligible store owners, who redeemed over \$5.3 million in benefits since 2006. In addition, we identified 586 owners allowed to continue participating in SNAP at other locations after being permanently disqualified, and 90 retail locations that had two or more firms permanently disqualified. FNS and OIG agreed on 12 of 20 recommendations; however, further action from the agency is needed before management decision can be reached for the other 8 recommendations.

OIG also has several upcoming projects that will address food benefits. We are currently reviewing the National School Lunch/Breakfast Program to evaluate the methods FNS is using to lower the improper payment error rates for both programs. In a separate project, we are determining whether FNS and the State agencies responsible for administering SNAP have adequate controls in place to ensure that SNAP payment error rates are accurately determined and reported, appropriate actions are taken to reduce the error rates, and errors are timely corrected when detected. Finally, in a third review, we are evaluating the factors causing high average food costs reported for States participating in the Special Supplemental Nutrition Program for Women, Infants, and Children.

*RMA Needs To Ensure That Its Prevented Planting Provisions Do Not Discourage Farmers From Planting Crops*

With approximately \$4.6 billion in claims paid to producers who were prevented from planting from 2008 to 2011, RMA's prevented planting provisions offer another opportunity for USDA to achieve improved efficiency. OIG determined that RMA needs to improve the prevented planting provisions to be more cost effective; to encourage producers to plant a crop, where possible; and to make eligibility criteria more objective and clear. Specifically, we found that, out of concern for covering a producer's pre-planting costs in all cases, RMA set current prevented planting coverage levels above the percentages of guarantees that farmers needed to cover average pre-planting costs. As a result, by establishing coverage levels that provided over \$480 million in potentially excessive payments, we believe that RMA inadvertently provided incentives to actively encourage prevented planting claims. Also, we found that loss adjusters did not fully document and support eligibility for over \$43 million in prevented planting payments. RMA needs to improve its guidance to better hold approved insurance providers accountable, and prevent acres that are regularly too wet for crop production from receiving prevented planting coverage. The agency generally agreed with our recommendations.

Also in the area of farm-related programs, in December 2013, OIG concluded an investigation into a multi-year scheme to circumvent farm program payment limitations. As a result, three producers, collectively with several of their corporations and limited partnerships, signed a settlement agreement in which they repaid \$5.4 million to the Government. Our investigation revealed that the three men (the principal owner of an Illinois farm, his son, and son-in-law) created limited partnerships with other individuals who did not have the financial means or ability to operate farming operations that would qualify for the program. During crop years 2001–2008, the three men participated in at least 17 limited partnerships for which they maintained full control and signature authority as general partners, even though, on paper, they held only a 2-percent or 4-percent share of each. The 17 limited partnerships received farm program payments of approximately \$6.7 million.

## GOAL 3—MANAGEMENT IMPROVEMENT INITIATIVES

*Support USDA in Implementing Its Management Improvement Initiatives*

OIG works to aid the Department in improving the processes and systems it needs to function effectively. Notably, we have recently issued several reports intended to improve how USDA settles civil rights complaints and promotes foreign trade.

*Efforts To Monitor Settlement of Civil Right Complaints*

USDA continues its work concerning complaints filed by different civil rights groups. In response to requirements of the Claims Resolution Act of 2010,<sup>2</sup> OIG performed an audit of the *In re* Black Farmers Discrimination Litigation (known as *BFDL*) claims process. Our statistical sample of 100 randomly selected claims found instances where the arbiter had reached differing conclusions for claims that were essentially identical, allowed multiple claims for the same farmer, and approved ineligible claims. The arbiter and the claims administrator agreed with our concerns and took action to correct these issues and maintain the integrity of the process.

OIG is currently performing a review, at the Secretary's request, intended to determine if the claims review process for women and Hispanic farmers is adequate and functioning. OIG is also performing additional audit work on the adjudicated *BFDL* claims to determine if awards were granted to eligible claimants.

*The Office of Advocacy and Outreach (OAO) Needs To Improve Its Process for Selecting Outreach Candidates*

OAO initially selected applicants to receive fiscal year 2012 grants through the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers Program, even though these applicants may not have been the most meritorious and deserving candidates. OAO officials disregarded regulatory requirements and guidelines cited in the Funding Opportunity Announcement in making those selections. Also, they had no documentation to support their decisions and could not explain why some applicants that appeared more deserving were not selected to receive grant funds. OAO agreed with our recommendation to strengthen the selection process and re-selected applicants in a more impartial and transparent manner.

*The Foreign Agricultural Service (FAS) Should Improve Its Strategic Plan for Increasing Trade*

A recent audit determined whether USDA and FAS have developed and implemented measurable strategies that are effectively promoting trade. We found that, although FAS recently updated its strategic plan to include measurable goals and objectives, these goals and objectives (which measure the dollar value of exports) do not present the whole picture of how FAS' actions are affecting the global market for American agricultural goods. FAS' measures are not outcome-based and do not show how the United States is performing in a given market compared to its competitors. OIG acknowledges that developing outcome-based performance measures for FAS' trade efforts is difficult, but we maintain that a change in U.S. market share is an outcome-based measure that would be of great use to policymakers. FAS generally agreed with our recommendations.

*FAS Needs To Improve Controls Over Agricultural Aid to Afghanistan*

After the U.S. Agency for International Development transferred \$86.3 million to USDA for capacity-building activities in Afghanistan in 2010, OIG was required to monitor how these funds were used. A recent review found that senior managers at FAS were aware of general control weaknesses before first receiving the funding; nevertheless, FAS had not implemented performance monitoring plans for all projects until over 2 years after the first project began. Without adequate management controls in place, FAS cannot effectively monitor these projects and faces difficulty in providing adequate assurance that the funds are effectively accomplishing program goals. FAS agreed with all recommendations.

*USDA Continues Its Efforts To Improve the Reporting of Improper Payments and High Dollar Overpayments*

OIG continues to aid the Department in its efforts to reduce improper payments as part of the Improper Payments Elimination and Recovery Act of 2010 (IPERA).<sup>3</sup> In our annual report on this topic, we found that USDA did not fully comply with IPERA for a second consecutive year. Although USDA made progress in improving its processes to substantially comply with IPERA, the Department was not compli-

<sup>2</sup>Public Law 111–291, 124 Stat. 3064.

<sup>3</sup>Public Law 111–204, 124 Stat. 2224.

ant with several IPERA requirements. By taking more effective measures to avoid these noncompliances, USDA could have avoided approximately \$74 million in improper payments by meeting reduction targets.

USDA has improved in its efforts to report high dollar overpayments, according to our annual report. OIG found that USDA reported more comprehensive information about high dollar overpayments than it did in previous years. Specifically, due to improved reporting oversight and processes, USDA reported 239 overpayments, totaling approximately \$20.3 million in fiscal year 2012. This represents an increase of 67 percent over the number of overpayments reported the previous year. However, we determined that the quarterly reports included errors and were published up to 102 days after the due date. Without accurate and timely reporting, the effects of USDA's actions or strategies to eliminate the errors causing high dollar overpayments are not fully known. USDA's Office of the Chief Financial Officer agreed with our recommendation.

*The National Agricultural Statistics Service (NASS) Must Improve How It Releases Sensitive Information*

OIG has also recently audited how NASS controls access to sensitive market data and whether information is being released according to established criteria. We found that NASS did not adequately enforce critical procedures and physical security measures meant to protect the security of NASS information. Notably, OIG was able to bring a cell phone into lockup and witnessed a reporter using an iPad during lockup, although these items are banned from NASS' facility. As a result, sensitive information could be compromised or leaked before its official release, which could adversely affect equitable trading in commodity markets. We concurred with the actions NASS has taken to address 14 of the 17 recommendations made in the report.

OIG conducts investigations of USDA employees alleged to have engaged in criminal activity. In November 2012, an official with Rural Development pled guilty to committing wire fraud by depositing \$6.2 million in checks, issued by 10 water authorities and one electric authority, into a bank account for which he had the sole signatory authority. A joint investigation with the Federal Bureau of Investigation disclosed that the employee then transferred those funds to his personal accounts. The employee separated from Federal employment in January 2013. In March 2013, the employee was sentenced in U.S. District Court, Middle District of Alabama, to 60 months in prison. In June 2013, the man was ordered to pay \$3.9 million in restitution to seven water authorities and one electric authority.

In other upcoming work that may be of interest, OIG is performing, at Congressional request, a review to determine the adequacy of USDA's management controls over the Department's Economy Act transfers and the collection and use of funds under Department-wide reimbursable agreements, commonly referred to as "greenbook" charges. Additionally, OIG is reviewing FAS' controls over private voluntary organizations, as well as developing a "lessons learned" report concerning our Recovery Act oversight.

OIG BUDGET AND COST-SAVING INITIATIVES

In response to the budgetary constraints throughout the Federal Government, OIG has streamlined its operations to create a leaner, more effective agency. In fiscal year 2012, we conducted a functional analysis to ensure that OIG, as an agency, is appropriately positioned to continue to operate in the most efficient and effective manner. Based on this analysis and the limited fiscal year 2013 budget, we took the following steps:

- reduced staffing through attrition;
- reduced leased office space and office structures;
- increased use of webinars, video, and teleconferencing to reduce travel costs;
- allowed employees to fill GS-14 and GS-15 positions without moving, which has reduced relocation costs; and
- shifted Investigations and Audit employees away from headquarters and to the field to carry out OIG's audit and investigative operations more effectively.

These steps enabled OIG to continue performing its oversight role despite the fact that OIG is presently functioning at its lowest level of staffing in its history.

The increase in OIG's fiscal year 2014 budget allows us to fill some critical vacancies that will enhance our ability to deliver high-quality products. We appreciate the Committee's support in providing these much needed resources.

For fiscal year 2015, the President's budget request proposes a total increase of \$7.3 million and 12 staff years. Much of this increase (about \$5.2 million) is intended to pay for decentralizing General Services Administration rental payments and Department of Homeland Security payments. In addition, we have requested funding for staffing an Audit Center of Excellence, an initiative that will review

agency program vulnerabilities and enhance the Department's oversight of improper payments. Audit's Center of Excellence would have a data analysis component which would isolate data anomalies within USDA's highrisk program payments and allow OIG to better validate how agencies calculate their improper payment error rate. We anticipate that this initiative will help the Department administer its programs more effectively and implement corrective actions necessary to reduce improper payments.

This concludes my statement. My senior management team and I would be pleased to address any questions that you and the subcommittee's staff may have, at your convenience.



**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2015**

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**THURSDAY, APRIL 3, 2014**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:01 a.m. in room SD-138, Dirksen  
Senate Office Building, Hon. Mark Pryor (chairman) presiding.  
Present: Senators Pryor, Merkley, Blunt, Cochran, and Collins.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

STATEMENT OF HON. DR. MARGARET HAMBURG, COMMISSIONER

ACCOMPANIED BY:

WILLIAM TOOTLE, DIRECTOR, OFFICE OF BUDGET

NORRIS W. COCHRAN, DEPUTY ASSISTANT SECRETARY, OFFICE OF  
BUDGET

OPENING STATEMENT OF SENATOR MARK L. PRYOR

Senator PRYOR. I'll go ahead and call our hearing to order here.  
And let me just say welcome everyone to the subcommittee on Agri-  
culture, Rural Development, Food and Drug Administration, and  
Related Agencies. And today, we are talking about the Food and  
Drug Administration (FDA).

So I'd like to thank everyone for being here today, especially  
Commissioner Hamburg who has done great work over there, as  
well as Mr. Tootle and Mr. Cochran. Thank you for your time and  
your preparation. And I know that you have to deal with a set of  
very complex issues not just in what you do normally, but also in  
the budget environment this year, one that we're all living in right  
now. And you're working hard to honor the responsibilities of the  
FDA and we appreciate your efforts on that.

BUDGET

I'm not going to take up a lot of time with an opening statement,  
but I would like to say that this budget is quite a change from the  
budgets we've seen from FDA over the past few years. For an agen-  
cy that regulates products, representing more than 20 cents of  
every \$1 that Americans spend, with a budget of over \$2.5 billion,

the increase you're requesting is minimal; less than 1 percent. And on the one hand, I think people appreciate that, but on the other hand, we recognize the challenges that that presents, as well.

And I know that you will talk about a larger request, but it is important to note that that's beyond the jurisdiction of our subcommittee because it's based on user fees. And we'll focus mostly on what the subcommittee has control over. But, certainly, if you want to talk about user fees, you're certainly welcome to do that.

#### FOOD SAFETY MODERNIZATION ACT

It's often pointed out that FDA's responsibilities are incredibly vast; certainly they continue to grow and to evolve. Currently, you're in the middle of the implementation of the Food Safety Modernization Act (FSMA) which, I'm sure, we'll hear more about this morning. You're also continuing to respond to issues about compounded drugs and implementing the Drug Quality and Security Act (DQSA) which was signed into law last November.

So here, again, you have your plate full. We appreciate the challenges you face. Look forward to hearing about your budget.

And also, one thing I think that we need to recognize is the world continues to become smaller. And you really are in charge of regulating a global marketplace; it's not just the U.S. market but really the, because the United States is such an important part of the global economy, in your areas of jurisdiction, you really are, in some ways, managing or overseeing a global marketplace. And that brings its own set of responsibilities and challenges.

New medical treatments are coming onboard. We're going from, kind of, a one-size-fits-all in the world of medicine to finding drugs and treatments and cures that are very, very personalized. And, even though this is exciting, once again, it creates a whole new set of challenges for you to have the right science and the right methodology and the right approach to get the best results we can possibly get while always being safe, of course.

And so that's obviously a big picture overview. Your agency has a lot of supporters not just around the country and around the world, but also in the Senate. But we also know that there's a lot of expectations on this agency because the FDA has, really, a long track record of getting it right and we appreciate that.

#### NATIONAL CENTER FOR TOXICOLOGICAL RESEARCH

So we can talk about the funding for the National Center for Toxicological Research (NCTR). In Arkansas, I know that there's a cut there. We'll talk about that. They continue to do groundbreaking research in nanotechnology and a number of other places. So, we'll talk about that during the question period.

And you also have a very small increase in your budget proposed for implementing the FSMA and with a much larger sum proposed in new user fees. And, again, we'll talk about that, too.

So, with all that said, what I'd like to do is turn it over to my ranking member, a great leader on these issues, Senator Blunt.

## STATEMENT OF SENATOR ROY BLUNT

Senator BLUNT. Well, thank you, Chairman Pryor. And thank you for your extraordinary leadership of this committee and your partnership in the issues we deal with.

Dr. Hamburg, we're pleased you're here. Mr. Cochran and Mr. Tootle, thank you for everything you do. I have a statement for the record, but let me mention a couple of things in that statement.

First of all, the impact of the agency is significant. Twenty cents out of every spending \$1 goes to things that FDA one way or another is involved in. Americans expect that the food they eat to be safe and the drugs they take to be safe and effective. Your private sector partners also expect you to be that; a partner in trying to make those things work and, to those conclusions, in the best way for everybody involved, and, ultimately, the best way for the consumer. And, of course, part of that means getting products to the consumer as quickly as we can but no more quickly than we can.

It's like somebody once said, "Everything should be as simple as possible but no simpler." And, that's sort of what we want to see happen at the FDA. We want this done as quickly as we can get it done, but obviously it's important that it be done in the right way.

In the last 3 years, the FDA has been given significant new responsibilities: The Food Safety Modernization Act; the, what sounded easy but turned out not to be so easy, menu labeling legislation; the drug compounding legislation that just gave you new responsibilities in the last year. And in all of those, and everything else you do, I think we need to be careful.

And our job is to be insistent that we don't get into a one-size-fits-all mentality because one size almost never fits anybody. And small businesses really suffer from procedures that are designed for businesses that are much bigger than the job that they're trying to do.

## FOOD SAFETY MODERNIZATION ACT

Under the Food Safety Modernization Act, the FDA is tasked with implementing the most sweeping changes in food safety in over 70 years. There's a lot of anxiety in the agricultural community about the implementation of this act. And, back to the one-size-fits-all concept of how this act would work, and something that Senator Shaheen and I in a letter signed by others brought to your attention and you've responded to in the last few weeks. And we see that there's a handful of setbacks already in addressing this law as people say, "Well, this really doesn't work for us. And here's why we want you to understand better that this doesn't work in all of the environments that now the Food Safety Modernization Act would take today's FDA."

But we're glad you're here. I look forward to the chance to ask questions about this budget and about the ongoing work of the agency.

And, Mr. Chairman, again thank you for your leadership and for calling this hearing today.

Senator PRYOR. Well, thank you.

And we really only have one witness today, although, she has, can I say, two wingmen up there with her. Is that fair to say? The wingmen are Bill Tootle, who is the Director of Office and Budget at the FDA; and also we have Norris Cochran, he is at Department of Health and Human Services (HHS), Office of Budget; and of course, the star of the show today is going to be Dr. Margaret H. Hamburg.

Welcome. And I don't think we're necessarily going to put a timer on yours. We'd love for you to—you understand you can submit your full statement for the record. If you want to summarize it, that's up to you.

And, what we're going to try to do here is probably minute rounds, is probably what we're going to do here.

So, go ahead, Dr. Hamburg. Thank you for being here.

#### SUMMARY STATEMENT OF HON. DR. MARGARET HAMBURG

Dr. HAMBURG. Great.

Thank you so much. And I, of course, would like to submit my full statement for the record.

But, Chairman Pryor and members of the subcommittee, I do appreciate the opportunity to come before you today and to discuss our fiscal year 2015 budget. I also want to thank you for the subcommittee's past investments in FDA. Really, your unflagging support for FDA's work to promote and protect public health, even in these challenging budgetary times, is deeply appreciated. And the recent work you've done to help us around some of the sequester issues also has been very meaningful.

As you know, FDA's mission is far-reaching. We're tasked with ensuring the safety, effectiveness, and quality of human and animal drugs, biologics, medical devices, and other medical products; as well as the safety of our blood supply, safety and quality of some 80 percent of our Nation's food supply, and, most recently, the responsibility to regulate the manufacturing, marketing, and distribution of tobacco products.

Today, FDA must respond to ever more complex challenges. We must stay at pace or ahead of the rapid advances in science and technology that are driving product developments and innovation. And globalization is dramatically increasing the volume of imported goods, as well as the complexity of their supply chains.

I'm happy to report that last year FDA moved forward on many fronts to address these and other significant challenges. We took major steps towards implementing the Food Safety Modernization Act, or FSMA, which will enable FDA to build a modern prevention-focused food safety system, protecting Americans against foodborne illness from both domestic and foreign sources. We approved novel medical products in cutting-edge areas of science to address critical medical needs. We've made progress in reducing drug shortages. And working with members of Congress and industry, we reached agreement on an approach to pharmacy compounding and set a timeline for a National Track and Trace System for prescription drugs that, when fully implemented, will further bolster the safety of the drug supply chain.

## BUDGET

Looking ahead to next year, FDA is requesting a budget of \$4.74 billion for fiscal year 2015. This represents a modest increase of 8 percent overall, or \$358 million, to help fund our highest priorities.

In 2015, as noted, proposed and current user fees account for a significant proportion of our total budget request, 46 percent, with budget authority dollars comprising the rest. We recognize the larger pressures on the Federal budgets. So our budget request focuses on our most urgent needs; the safety of medical products including compounded drugs and the safety of our food supply. We're also asking for a small increase for infrastructure.

More specifically, the 2015 budget provides a program level of \$2.6 billion to continue core medical product activities across FDA programs, which is \$61 million above the fiscal year 2014 enacted level. And, importantly, this budget includes \$25 million in budget authority to enhance pharmacy compounding oversight activities.

## COMPOUNDING PHARMACIES

The 2012 fungal meningitis outbreak that killed 64 people and sickened some 750 others across 20 States in this country, demonstrated the critical need for improved oversight of compounding pharmacies. To better protect the American people, FDA quickly stepped up activities within available resources, and then Congress passed the Drug Quality and Security Act, in November 2013, giving us new responsibilities and authorities; though without commensurate resources.

## FOOD SAFETY

FDA's 2015 budget also requests an increase of \$263 million for food safety including resources to continue implementing FSMA. Implementation will reduce foodborne outbreaks which continue to cause preventable illness, hospitalization, and deaths. Implementation will also minimize the market disruptions and economic costs inflicted by these outbreaks and significant contamination incidents.

This is a crucial time if we're to realize the vision and mandate of FSMA. While we'll still be able to issue the FSMA rules without increased funding, it will be impossible to effectively implement these important rules and to reduce or prevent serious and costly foodborne disease.

New resources are required in fundamental areas: Training; the provision of guidance and technical assistance to industry especially small growers and producers; support to build and strengthen partnerships with States; and the creation of a modern import safety system.

In conclusion, I want to underscore that FDA is a unique and essential agency. What we do matters for health and quality of life of individuals, families, and communities across our Nation. And it matters to the health and vibrancy of our economy, jobs, and our global economic competitiveness, as well. Yet the FDA budget is, in fact, a remarkable bargain.

As has been noted, the products we regulate account for more than 20 cents of every consumer dollar spent on products in the

United States. Yet, individual Americans pay a scant 2 cents a day to support our work; a small price to pay for life-saving medicines approved as fast, or faster, than anywhere in the world; a food supply that is among the safest in the world; and confidence in a vast array of important products that Americans rely on each and every day.

So I thank you for your past support and I look forward to our ability to discuss these important issues this morning.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. DR. MARGARET A. HAMBURG

Good morning Chairman Pryor and Members of the Subcommittee, I am Dr. Margaret Hamburg, Commissioner of the Food and Drug Administration (FDA). Thank you for the opportunity to appear before you today to discuss FDA's fiscal year 2015 budget request. I would like to thank the subcommittee for its past investments in FDA, which have helped us meet the demands of our broad and increasingly complex mission. For fiscal year 2015 FDA is requesting \$4.74 billion, which represents a modest increase to address our highest priorities.

FDA PLAYS A VITAL ROLE IN AN INCREASINGLY COMPLEX ENVIRONMENT

FDA is a science-based, regulatory Agency with a public health mission. Our Agency is charged with an enormous and significant task: to promote and protect the health of the American people, and increasingly, people all over the world. This includes efforts to ensure the safety, effectiveness, and quality of human and animal drugs, biologics, medical devices, and other medical products, as well as the safety and wholesomeness of four-fifths of our Nation's food supply. It also includes working to foster the scientific innovation that will lead to tomorrow's products, and more recently, regulating the manufacturing, marketing, and distribution of tobacco products while seeking to reduce the use of tobacco products by minors.

The medical and food products we regulate have the potential to sustain life, reduce suffering, treat previously untreatable diseases, and extend lives. They are products that range from those used daily, such as fruits and vegetables or medicines to treat other chronic conditions, to products that may be needed once in a lifetime, such as an automated external defibrillator, to save someone's life. FDA has a duty to make safe and effective products available as quickly as possible, while at the same time protecting citizens from products that may cause harm. It is this dual responsibility to public health that highlights the critical nature of the Agency. The ability to prevent the outbreak of a foodborne illness is very different but just as important as fast approval of a life-changing medical product. The health of the citizens of the United States depends on both.

Many of the products we regulate are more complex than ever. Gone are the days when treating patients was based on signs and symptoms alone. Rapid developments in science and technology are making it possible for physicians to truly personalize diagnosis and treatment. For example, just last May, FDA approved two drugs for melanoma along with companion diagnostic tests that use the genetic characteristics of the patient's tumor to help determine whether a patient will respond. The ability to evaluate remarkable products like these requires FDA to stay ahead of the curve.

Scientific innovation is also driving remarkable advances in medical device development. For example, we are working hard to support the development of an artificial pancreas which would represent a huge advance in the management of diabetes. Products such as these offer great promise in reducing the burden of disease by tailoring interventions more effectively.

In addition to becoming more complex, the environment in which FDA protects and promotes the health and well-being of the American people is becoming increasingly global. Over the last 10 years, the number of imported shipments of FDA-regulated products has skyrocketed—in 2013, approximately 29 million shipments of imported food and medical products entered the United States. Imports account for 50 percent of fresh fruits and 20 percent of fresh vegetables, 80 percent of seafood, and 40 percent of the drugs on our shelves. Most of this increase in imports is coming from countries with limited regulatory oversight.

A strong FDA is critical not only to the domestic and global public health, but also to the U.S. economy, the balance of trade, and homeland security. The imple-

mentation of FDA's mission promotes innovation in the industries it regulates and affects costs in the broader economic and healthcare systems. Innovations not only create jobs, they position the domestic industries to compete in the global marketplace. Our history shows that when there is public trust in FDA's oversight, our industries flourish. Conversely, when food and medical products cause serious harm, the result is often severe economic damage across the industry involved—to offenders and non-offenders alike.

#### WE MOVED FORWARD ON MANY FRONTS THIS YEAR

This past year's accomplishments on behalf of public health have been as substantial as any in FDA's recent history. There were too many significant actions to list here; below are just a few of the highlights of fiscal year 2013.

*Food Safety.*—FDA published seven major proposed rules that form FSMA's central framework for moving to a comprehensive 21st Century food safety system. These science-based standards are designed to keep produce safe, implement modern preventive controls in human and animal food/feed facilities, modernize oversight of imported foods, guard against intentional contamination, and help ensure the safe transport of food and feed. In August, FDA issued a final rule defining "gluten-free" for food labeling, to help the estimated 3 million Americans who have celiac disease make food choices with confidence to better manage their health. In November, we took further steps to reduce the amount of artificial trans fat in processed foods.

*Nutrition.*—FDA recently proposed updating the Nutrition Facts label on food packages to reflect new public health and scientific evidence about nutrition, obesity, and chronic disease. Serving size requirements would be updated to reflect the amounts of food people are actually eating and drinking, and the format of the label would be refreshed, with key parts of the label such as calories, serving sizes, and percent daily value displayed more prominently.

*Breakthrough Therapies.*—In 2012, FDASIA created a powerful new tool to facilitate the development and review of "breakthrough therapies." In 2013, FDA's Center for Drug Evaluation and Research (CDER) received 121 requests for breakthrough therapy designation, and has already granted the designation to 36 potentially innovative new drugs that target both rare (epidermolysis bullosa, and Waldenstrom's macroglobulinemia) and common (cystic fibrosis, breast cancer, and hepatitis C) conditions.

*Drug Shortages.*—In 2013, FDA helped to prevent 170 drug shortages. In October, the Agency issued a "Strategic Plan for Preventing and Mitigating Drug Shortages," outlining the Agency's strategy for improving its response to early notifications of a potential shortage, as well as identifying long-term initiatives that the Agency is considering or that stakeholders could take to address the underlying causes of shortages, such as opportunities for drug manufacturers to promote and sustain quality manufacturing.

FDA also issued a proposed rule that, if finalized, will expand the early notification requirements.

*Unique Device Identification.*—On September 20, 2013, FDA announced the final rule requiring that most medical devices distributed in the United States carry a unique device identifier (UDI). The system will be phased in over several years, focusing first on the highest risk medical devices. Once fully implemented, the UDI system will enhance the ability to quickly identify devices when recalled, improve the accuracy of adverse event reports, and help prevent counterfeiting and diversion. It will also offer a clear way of documenting device use in electronic health records and clinical information systems.

*Drug Quality and Security Act.*—On November 27, 2013, the Drug Quality and Security Act (DQSA) was enacted. Within days of enactment, issued three draft guidances for industry related to how the Agency intended to implement the new requirements.

As of March 6, 2014, 32 firms had registered as outsourcing facilities—and inspections have begun, focusing first on facilities that have not had a recent FDA inspection. A list of the facilities and information about what it means to register as an outsourcing facility is publicly available on FDA's website and is updated weekly.

*New Molecular Entities.*—Last year marked another strong year for FDA approvals of novel new drugs (NMEs). In 2013, FDA approved 27 NMEs—about the same as the 26 average annual approvals since the beginning of this decade. Some of these medications offer new hope to patients who previously had few or no treatment options. Examples of NMEs approved this year include a "game-changing" virtual cure for Hepatitis C, a drug that attacks breast cancer cells like a "smart bomb" reducing damage to normal tissues, and four new drugs to treat diabetes. Of

the NMEs approved in 2013, one-third were identified by FDA as “first-in-class,” and one-third were approved to treat rare or “orphan” diseases. Almost three-quarters (74 percent) of the NMEs approved by FDA in 2013 were approved first in the United States before any other country.

*Public Health Preparedness.*—We continued our efforts in 2013 to work with U.S. Government partners and product developers to facilitate the development and availability of medical countermeasures for responding to potential public health emergencies. This has resulted in the recent approval of several medical countermeasures to help protect the Nation from chemical, biological, radiological and nuclear threats, including an inhalational anthrax therapeutic, a botulism antitoxin, a next-generation portable ventilator, and several influenza diagnostic tests. For emerging infectious disease threats, such as the avian influenza A (H7N9) virus and the Middle East Respiratory Syndrome coronavirus (MERS-CoV), FDA issued Emergency Use Authorizations for diagnostic tests using new authorities created under the Pandemic and All-Hazards Preparedness Reauthorization Act of 2013. In addition, FDA recently approved several seasonal influenza vaccines—including a vaccine manufactured using modern cell culture techniques and a vaccine made through recombinant DNA technology.

*Family Smoking Prevention and Tobacco Control Act.*—In 2013 we made significant progress in implementing the Family Smoking Prevention and Tobacco Control Act. We signed contracts with state and local authorities to enforce the ban on the sale of regulated tobacco products to children and teens. By January 31, 2014, approximately 258,300 inspections were conducted resulting in about 13,400 Warning Letters being issued, and over 1,200 Civil Monetary Penalties were imposed. We launched a significant research initiative, and issued the first-ever determinations on whether certain new tobacco products were or were not “substantially equivalent” to products already on the market. Just last month we launched a national public education campaign aimed at reducing the number of young people who use tobacco products.

In addition we took important steps towards fighting the development of antibiotic-resistant bacteria, decreased the backlog in medical device applications, and exceeded our new ADUFA and AGDUFA performance goals. Our emphasis on product quality is accelerating, with the Center for Devices and Radiological Health (CDRH)’s Voluntary Compliance Improvement Program pilot, and CDER’s new Office of Pharmaceutical Quality.

FDA accomplished all this and more while costing Americans only about \$8 per person a year. FDA is a bargain—the products regulated by FDA account for more than 20 percent of every consumer dollar spent on products in the U.S., but individual Americans only pay about 2 cents a day to ensure that those products are safe and effective. This is a small price to pay for life-saving medicines approved as fast or faster than anywhere in the world, confidence in medical products that are relied on daily, and a food supply that is among the safest in the world.

#### FDA’S FISCAL YEAR 2015 PRESIDENT’S BUDGET REQUEST

The fiscal year 2015 President’s budget request for FDA is \$4.74 billion for the total Program Level, which is \$358 million above the fiscal year 2014 enacted level. Of the total funding, \$2.58 billion is budget authority and \$2.16 billion is user fees. The fiscal year 2015 increase consists of \$23 million in budget authority and \$335 million in user fees. The growth in user fee funding stems from several new programs, along with increased collection authority for many of FDA’s existing programs.

We are mindful of the larger pressures on the Federal budget, and have focused our request on the most urgent needs for fiscal year 2015. Serious product safety and quality lapses in recent years have caused serious public health situations, most notably those involving foodborne illness and the compounding of unsafe drugs, so FDA is seeking increases in order to strengthen oversight of the pharmacy compounding industry and to support food safety and implementation of FSMA.

In addition, FDA must continue to advance medical countermeasures and maintain the integrity of operations and infrastructure, and is asking for small increases to support these activities as well.

#### MEDICAL PRODUCT SAFETY

The fiscal year 2015 budget provides a program level of 2.6 billion, which is \$61 million above the fiscal year 2014 enacted level, to continue core medical product safety activities across FDA programs. Within this amount, FDA will invest \$25 million in budget authority to enhance pharmacy compounding oversight activities in



fiscal year 2015, which will significantly benefit public health and safety. It also includes \$4.6 million for proposed International Courier user fees.

In 2012, a fungal meningitis outbreak associated with a compounded sterile drug resulted in 64 deaths and over 750 cases of infections across 20 States. Since September 26, 2012, 28 firms ceased sterile operations. Since that time, FDA has learned of at least 20 compounders that may have shipped contaminated drug products, and has received at least 125 reports of adverse events, including serious infections, associated with drugs produced by compounders. As of March 6, 2014, FDA is aware of 40 recalls by compounding pharmacies, including some recalls overseen by FDA, and others overseen by a State.

These statistics demonstrate the magnitude of the problems with compounders' sterile operations.

FDA intends to continue risk-based, follow-up, and for-cause inspections of compounding pharmacies to identify pharmacies with deficient sterile compounding practices. FDA is also encouraging purchasers of compounded products to buy from registered outsourcers, a new category of compounder created by the DQSA and that will be subject to enhanced FDA oversight and Federal quality standards.

#### FOOD SAFETY

The fiscal year 2015 budget provides a total program level of \$1.48 billion for food safety, which is \$263 million above the fiscal year 2014 enacted level. Within this amount, FDA will invest \$24 million in budget authority to further advance recent gains in food safety modernization through implementation of FSMA. A majority of the increase is the result of new user fees, including \$60 million in Food Facility Registration and Inspection fees, and \$169 million in Food Import fees.

With the requested increase in budget authority, FDA will be able to develop guidance and provide technical assistance for industry, provide technical support for FDA inspectors, and begin to implement training for FDA and state inspectors. If the proposed user fee revenue is authorized and appropriated, FDA will be able to undertake the wider array of activities needed to fulfill the food safety modernization goals of FSMA, including retraining of the Federal and state inspection force, training and technical assistance for small and mid-size growers and processors, and building the modern import oversight system mandated by FSMA. The implementation of the broad preventive controls framework mandated in FSMA will reduce instances of foodborne illness seen recently as a result of *E. coli* O157 contamination of pre-packaged salads, *Salmonella* and *Listeria* contamination of cheese products, and *Listeria* contamination in cantaloupe, and minimize the market disruptions and economic costs inflicted by illness outbreaks and significant contamination incidents.

#### INFRASTRUCTURE

Within the funding for medical product and food safety, and medical countermeasures, FDA requests a program level increase of \$5.8 million for infrastructure. Infrastructure includes GSA Rental Payments, Other Rent and Rent Related costs, and White Oak Consolidation.

#### CURRENT LAW USER FEES

Within the funding requested is a \$75.4 million increase for current law user fees, which will allow FDA to fulfill its mission of protecting the public health and accelerating innovation in the industry. The user fees collected will support the review and surveillance of human and animal drugs, medical and mammography devices, food and feed, color additives, export certification, and tobacco products. The request includes statutorily mandated increases for many existing programs, which will expand the available options for treating and curing diseases and will fund strategies to prevent and reduce the use of tobacco products by young people and reduce the burden of illness and death caused by tobacco products. Some of the amount requested supports infrastructure costs associated with current law user fee programs.

#### CONCLUSION

FDA's oversight of our food and medical products supply is indispensable to the health and well-being of every American. We carry out our broad public health responsibilities effectively and with few taxpayer dollars—even as those responsibilities are expanding as a result of new legislation, technological advances, and a globalized marketplace. Our fiscal year 2015 budget targets our spending efficiently, on programs that are essential to providing Americans with the safe foods and effective medical products they expect. We look forward to answering your questions today and to working with you in the coming year.

Senator PRYOR. Thank you. And thank you for your testimony. Let me go ahead and jump in with the first question. Again, we'll do 7-minute rounds.

#### E-CIGARETTES

Dr. Hamburg, on Monday of this week, I sent you a letter about e-cigarettes, e-liquids, or some people call them liquid nicotine. There was a recent New York Times article that stated that nationwide poisoning linked to e-liquids jumped to 1,351 in 2013, and that's a 300 percent increase over 2012. And it looks like, based on the current numbers, that the 2014 number will probably be double what 2013 was. So obviously this is an exploding problem. And I think one of the reasons it is exploding is because of these little bottles right here.

This is a product called "J Juice." And this one is, believe it or not, the flavor is "Scooby snacks;" okay? This one over here, the flavor is "sour apple." And this one over here, the flavor is "moon pie." And so, the thing that concerns me is really the packaging and the attractiveness to children. They're actually—you can go to the candy aisle at a convenience store or a grocery store and you will see something very similar to this except it's candy.

And I see the numbers and I, obviously, one of the first things that concerns me about this is the marketing to children, when you have a little friendly, colorful packets like this, and then, the packaging itself, it's not childproof. Childproofing probably helps the toddlers and the small children; it really doesn't help teenagers.

And we can talk about some of that in just a moment, but I do think that at least there's probably a whole range of issues to talk about with these, legal and others, but also I do think that probably the first priority should be to try to keep these out of the hands of children.

And when I look at Arkansas and I look at our statistics in our State, there've been almost 80 cases of poisoning. And, of those, about one-fourth were kids age 5 and under. So, again, it's not limited to them but you see this really strong tendency to kids age 5 and under. And of the more than 1,300 exposures nationwide in 2013, about 90 percent of them were pediatric cases.

So I know that you're concerned about this, I've talked to you and your staff has told us some of the things you're doing. So if you don't mind, if you could just walk through with the subcommittee some of the things you're doing. I know you're in a process and some things you really can't talk about it in great detail but the subcommittee would like to hear what you're doing with this liquid nicotine.

Dr. HAMBURG. Well, we share your concern about the potential risks of these e-cigarettes and liquid nicotine exposure and do feel that this is an area that requires greater attention, action, and concern.

At the present time, we do not have the authority to regulate e-cigarettes and some of these other products you're describing unless they make a therapeutic claim, in which case then they can be regulated as a drug.

## DEEMING RULE

But in the absence of that, we do need to pursue what we call the “deeming rule,” which is something that was laid out in the 2009 Family Smoking Prevention and Tobacco Control Act. That really gave us authority to go beyond what was explicitly in the law, which was the oversight of tobacco, roll-your-own, and smokeless tobacco—cigarette tobacco, roll-your-own, and smokeless tobacco, to other products that are increasingly in the marketplace. And we’ve been working hard on that. And we hope, some of you have heard me say this before, but we really are making progress and hope that that proposed deeming rule will be put forward very soon so that we can have broader comment in the input. And that is a critical building block for our ability to address what you were describing and other products in the marketplace, as well.

I would also say, though, that while we have been working hard on that, we have also been investing in an important scientific research that will give us new information so that we can most responsibly regulate these products. And we’ve been doing that within our agency and with partners in the Federal Government, including the National Institutes of Health (NIH) and the Centers for Disease Control and Prevention (CDC); as well as providing grants to academic institutions to help us build the knowledge base about both the behaviors associated with these products and their health impacts, and also to better understand some of the constituents of these products and the public health implications and medical implications of those, as well.

Senator PRYOR. Yes. I know part of what you’re striving to do is to be very science-based and understand that. But I also do think that when you look at the numbers, especially if you take one issue here that, to me, would seem fairly easily to tackle, at least in the beginning, would be just the packaging of this.

I’m curious, like you mentioned a deeming rule, do you have to go through that process on a deeming rule just to work on packaging? And then, how long does that typically take? I know you said very soon you’d allow for comment but how long does that process typically take?

Dr. HAMBURG. Well, we do need to have authority over these products in order to regulate them and take certain actions. So that is why the deeming rule is so important. It’s foundational to so many other things that we need to undertake.

I will be honest with you that I think it has taken too long to move the deeming rule forward and we are pushing very hard to get it out as a proposed rule for broader discussion and then for finalization so that we can take these actions and provide the regulatory oversight; always science-based, that is crucial. But we need to be able to address these other important products that weren’t directly covered in the original legislation.

Senator PRYOR. Yes. And I’m not trying to just single out J Juice because the truth is there are dozens of these different companies and labels. And I think, right now, this is such a new development, I’m not sure that we really know where all this is being made, and what all is in here, and who would regulate it and things like that.

It's a little bit of a Wild West out there but I am seeing what we call "vapor shops." Those are starting to spring up in Arkansas. And I didn't know this until the other day. I was talking to our Alcohol Beverage Control guy in the State that does that and he was saying that this is a real challenge, is these vapor shops.

But also online. That's a whole new thing. Again, I had some of my staff look at this online. And literally, you say, "Oh, yeah, I'm 18," or "I'm 21." Click. And then you can get just unlimited stuff. And some of the flavors, again: "tutti fruity," "fruit punch," "grape," "cherry," lots of other choices; lots of brands.

So I'm not really trying to single out just one brand. And I'm not even saying that this is all completely horrible, but it's a challenge especially with young people that I think it's, again, it's a complicated set of issues that I know you're focused on. I'd like to continue to work with you on that.

I've exhausted my time for the first round. So, Senator Blunt.

Senator BLUNT. Thank you, Mr. Chairman.

We'll have more than one round, too; won't we? So we'll have time to ask questions we want to ask today.

And again, Dr. Hamburg, thank you for being here.

#### PREVENTIVE CONTROL RULE

As I may have mentioned in my opening statement, Senator Shaheen and I sent a letter in November of last year about the Food Safety Modernization Act and certain sections in Produce Safety and Preventive Controls for Human Food Rules. You're re-proposing part of those rules. Why aren't you just re-proposing all of the rules so that people can see the new changes in the context of the rest of the rule that's out there?

Dr. HAMBURG. Well, this has been a very open process where we have tried to reach out and really get input on all of the different rules. There are seven foundational rules for implementation of this important new law. Congress gave us some very rigorous deadlines for implementation and the courts have also weighed in as well. So we are really pressed to move forward. At the same time, we want to get it right.

And so, what we have been trying to do is to listen carefully, including going out to farms and food producers across the country for meetings, visits, and listening sessions to understand where the concerns are. And there are a set of clear, targeted concerns in the area of preventive controls for human and animal feed as well as in the produce area. And that's where we think that by re-proposing, we can make a real difference.

We agree with your earlier comment about this is not an arena where the one-size-fits-all model can work. We want to find practical, workable, solutions that will matter to make it feasible for industry to implement these important new rules and the spirit of the Food Safety Modernization Act. But that will also make a difference for improving public health in reducing preventable foodborne outbreaks.

So I think we're moving forward on the path that makes sense that enables us to reach our common goals but in a timely way that will matter for both consumers and for industry.

## ADMINISTRATIVE PROCEDURES RULE

Senator BLUNT. Well, I do think there's some significant merit to, when you re-proposed certain rules, other rules that were in that package may be impacted by that as well. But I know in the Health Committee, in the last month or so, a number of our colleagues were concerned that you might not be totally adhering to the Administrative Procedures Rule. And you addressed that to some length.

What I'd really like to know today is, as you re-propose the Preventive Controls Rule, that you intend to adhere to the Administrative Procedures Rule and ensure that any new testing requirements would be subject to economic analysis and full notice.

Dr. HAMBURG. Well, we certainly are committed to adhering to the Administrative Procedures Rule. And we're committed to really listening to the various stakeholders as they raise issues and concerns. So, I take your comments to heart. And we will take them back to the agency to review what we're doing and also as we shape the re-proposal.

Senator BLUNT. And that will include an economic analysis?

Dr. HAMBURG. Yes. I—

Senator BLUNT. I think that's—

Dr. HAMBURG. Probably multiple economic analyses.

## ANIMAL FEED RULE

Senator BLUNT. All right. You just mentioned the part of the rule that related to what, I believe, the rule may have referred to as "waste." "Byproducts" would be another term that I would have more traditionally, I think, seen used because the waste could wind up in places it doesn't need to wind up in if you really, truly, decide that this is just material that is to be discarded as opposed to material that can be re-purposed, I guess, as we re-propose these rules.

Last night, FDA announced that brewers' grains would be addressed in the re-proposal of the animal feed rule. You and I talked about that part of the rule the other day. And, since then, I thought about this with some greater thought to what we're really doing here. And, I think the issue is larger than brewer's grains. I think there are lots of products that, from burnt potato chips to orange peels that are re-purposed to animal feed and other things, and under all of the restrictions that we would want to have there, I'm a little concerned that the only thing that FDA appears to be revisiting right now is the brewer's grains part of the so-called waste. I think it's a bigger issue than that. And any response you'd like to have, I'd be glad to hear.

Dr. HAMBURG. Well, I think, I mean, I'll be honest with you, that this was an issue that was only recently brought to my attention in terms of the agricultural practices. And, in discussing it with the team at the FDA, there was a strong sense that this is an area of importance that we want to support sustainable agriculture practices. And it makes enormous sense. We do believe that it can be addressed in a practical, sensible way. After our conversation about distillers' grains, I took that back and we're looking at that. So I think we will be looking at it more broadly.

Senator BLUNT. I think you really need to because the place that these things will wind up if we don't make the most out of products we can make the most out of, it's going to be in a landfill somewhere; nobody benefits from that until you truly are at the point that there's no economic or societal purpose to be served by getting more out of what we have. World food needs are going to increase dramatically. That means that not only do we need to think about how we produce more food but how we more effectively use the food and food products we have. And I think this is a big issue and I'm glad that you're going to go back and look at it again.

This is everything from leftover seeds that aren't used that are then mixed into animal feed. I think one of the major, maybe all of the companies that have orange peels and citrus peels, pelletize those, and then they have found good and productive purposes for those. And again, they go somewhere that nobody benefits from more things in the landfill, particularly if there's real value left in these products. And I'm hopeful that you're going to look much more in-depth at what all that really means industry-wide.

Chairman, I'm out of my time, too.

Senator PRYOR. Thank you.

Senator Merkley.

#### DEEMING RULE

Senator MERKLEY. Thank you very much, Mr. Chairman.

And thank you for all of your testimony.

And I want to continue the conversation that the chair began regarding the deeming regulation. We passed this act in June 2009. And it took 4 years and 4 months for the FDA to send it to OMB which, to me, is an egregious amount of time.

At the beginning of that period, we had products being test marketed in Oregon and elsewhere in the country that were dissolvable tobacco products. We had dissolvable tobacco formed into toothpicks like this. We had it being formed into mint-tobacco candy with caramel and mint flavorings. We had dissolvable tobacco being formed into breath strips, as ironic as that might seem. Here is some mint breath strips that you might want to try made out of tobacco. And we had an explosion in the flavors of cigars and cigarillos and so forth. Just a little sampling here; we've got "sweet cherry," "Captain Black." We've got the "grape" cigar; we've got the "strawberry" cigar. Make sure we get some "apple" cigars. And the list would go on and on.

The whole point being that the tobacco industry understands that you have to addict children because adults don't pick up tobacco products and start using them. Essentially, it has to happen before the age of 21.

And all of this, I am told, and have been told repeatedly by the FDA, would be covered through the deeming regulation. But as you point out yourself, you have to get the deeming regulation done to get that authority. And all we're talking about now is the draft regulation. It's only the draft regulation that's been sent to OMB. And then, OMB has been sitting on it the last 4 months. I find this really embarrassing, disgraceful, and it's harmful to the children of America that the FDA has been sitting by for years with this

power, enacted in 2009, and not even getting the first step in the regulatory process completed which is to get out of draft regulation.

I would like for you and your team to wake up every morning, visit the OMB, and get that thing out there, because people's lives are being impacted. We've had a huge conversation about healthcare in our Nation. Well, this is healthcare. This is about the addiction to products that cause all kinds of disease over the course of one's life. And it's not just the quality of life. It is also the cost to the healthcare system treating all of these diseases.

Now the chair beat me to the punch in talking about the next phase of this and you may have started seeing the emergence of vape shops. This is a picture of a vape shop. It's called "DC Vape Joint," and it has a little underground entrance to it here just a few blocks from our Capitol. Inside of that "vape joint" shop, you find various displays of liquid nicotine of all kinds. You find a rack of dozens and dozens of different flavors.

And I brought two of these today because I think they demonstrate an insidious strategy to addict our children to nicotine. This one, and the chair had a similar bottle, called "Scooby Snacks." Now, if that's not designed to appeal to a child, I don't know what is. And, if you look at it closely, it says, "Zero milligrams of nicotine." Oh, there's no nicotine in this. Is this a bottle of juice? We're not sure. There are no ingredients listed on this. It's designed to go into an electronic cigarette, but this is one of those many vials of products that are out there being displayed. And the other bottles look the same. And, here, we have "gummy bear." Now, "gummy bear," if you look closely, doesn't have zero milligrams of nicotine. It has 10 milligrams.

And so here you have the starter kit, called "gummy snacks," to get kids using this stuff in electronic cigarettes that look like this. They sell these little starter kits in that vape shop. They're hoping kids will start with this zero milligrams, but they'll soon be using the other. And if this one with 10 milligrams, is flavored "gummy bears?" That's obviously marketing to children.

The "gummy bear" one, actually, you can read the ingredients on it. And it notes it contains nicotine, so on and so forth, keep out of reach of children. This one, it's printed in white on black. It's virtually impossible to read so I had the expert eyes of my staff tell me what this actually said. And, let's see. Where do I have that? Right here. This fine print that is in the block that normally would have the ingredients says, "Stay weird, challenge the status quo, everybody love everybody and, above all, enjoy yourself." That's the starter bottle for this line of nicotine products.

You all have got to get this deeming regulation done. You have a responsibility to the health of American citizens, our children, and 4 years and 4 months to get the first draft over to OMB is unacceptable. And for OMB to be sitting on this now over the last few months is unacceptable.

I had a timeline done of all the times I've contacted the FDA about this. It was signed into law in June 2009 and, about 8 to 10 different times I've either sent letters, met with you, or met with Lawrence Deyton who was Director of the Center for Tobacco Products, and time and time again it was said, "We're working on it,

we're working on it, we're working on it. We want to make it, kind of, iron-solid.

Well, there's no making anything that can't resist a lawsuit. Of course there are going to be lawsuits. There are teams of lawyers that've been preparing their cases over the last 4 years. I'm sure they'll attack every angle once it's done. But, to never get through the gates and get that process started of getting a draft regulation, it's completely absolutely unacceptable. And I have no idea—we've done letters, we've done meetings, with you, we've done meetings with folks that work for you.

How do we possibly convey the importance of this to the future of America, to healthcare, and actually get some action?

Dr. HAMBURG. Well, as I said, it has taken far too long. We have been working very hard on this. It has been a complex challenge for many reasons.

I do believe that very soon I will be able to call you and say that the deeming rule is out. It will just be the first step in a process, though. As you noted, it's a proposed rule. But it is essential we get it out. I could not agree with you more that this is a vital issue that these products represent very real threats to health and to the future of our children. We have to get it done and we have to get it done soon.

Senator MERKLEY. Well, I'm just asking you to make your agency as visible as possible with OMB for their review to be completed. If you can advise on how we can be helpful. It's just, let's not let another month pass with this thing gathering dust in some bureaucrat's closet.

Dr. HAMBURG. I think we're almost to the point of the proposed rule. And I promise you, you will be among the very first calls that I make. But we have to respond, and your criticisms are fair. This is one of the most important public health challenges before us. And we have this unique responsibility in terms of oversight of these products. And we are committed to moving forward on this.

Senator MERKLEY. Thank you very much.

Senator PRYOR. Thank you.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, I may have not appreciated the practical part of the question that we just heard and the answer to it.

I was going to ask about the Modernization Act public comment period and whether or not that was going to be extended. There's some concern as I understand it that because of overlapping and maybe other factors among the new rules that the Food and Drug Administration intends to implement, whether or not there isn't sufficient comment period.

#### PRODUCE SAFETY

According to one piece of information I have in front of me, it says there was less than a month between publication of the Feed Safety Rule and the comment deadline for the draft rules on produce safety and preventive controls for human food. Is that something we need to worry about or provide advice and counsel to how do you do this and still recognize the fairness to your consumers that this contemplates?



Dr. HAMBURG. Well, thank you for your questions. And it follows nicely on an early question.

As was noted, this is a sweeping transformation of the food safety system in our country recognizing both domestic and global needs. The law that was passed by Congress really laid out a very ambitious agenda for us including a schedule for a set of important rules.

The comment period is still open on two of the seven foundational rules. But on the other ones we have tried to extend comment periods to have a broad outreach and opportunity for comment and input through, various mechanisms; an open docket, public meetings, a range of discussions, etc.

We are currently continuing our interactions with the range of stakeholders. And we are anticipating that we will re-propose certain aspects of some of the critical rules; the preventive controls for animal and human feed and produce where there have been areas where the concerns have been very clear and where we feel that we do need more opportunity to find the right regulatory pathways to really develop the right approaches that will make a difference. Make it a law that is feasible for industry to implement, but achieve the goals of reducing foodborne outbreaks for American consumers.

Senator COCHRAN. One of the joys of the community where I lived back in Mississippi are the farmers' market outlets where produce farmers bring in their wares and provide opportunities for the general public to come look and buy fresh fruits and vegetables, particularly.

And this is a very popular avenue for good diet habits. Families go to the farmers' market on Saturdays and get up early. And I can remember as a young boy my grandparents who had truck farming interests in Mississippi, taking items from the farm that had been grown there or the farm for display and for sale. It was a very exciting thing. And, thinking back on it, it was a real tradition that has carried forward even to the present day. People really enjoy the opportunities that this provides even if you're living in the city and not on a farm like my family was when I was small.

What exemptions, if any, or differences, if any, should be recognized and made available for small family farms to provide their vegetables and fruits that's grown on their places, to be seen and sold without fear of running afoul of some Federal official coming and saying, "You violated some rules and you shut down this operation."

And, to what extent do you think that the Federal Government should be involved in that? Or should we let State and local governments manage the Saturday morning visits to the farmers' markets?

#### TESTER AMENDMENT

Dr. HAMBURG. Well, we all enjoy, I think, those local farmers' markets and they play an important role in the community and for health. The law does include some explicit recognition of that; the so-called tester amendment gets at some of those issues about small growers and producers.

We also feel that the implementation of this new law has to be done in partnership, importantly, including with State and local agencies and organizations so that really it will reflect and build on what is already being done and what works for promoting and protecting the safety of the food supply. Whether you're a big grower or a small grower, I think everyone wants to produce great, high-quality food. But in terms of the application of aspects to the Food Safety Modernization Act, there is a recognition of the special needs of small farmers and producers. And that is certainly reflected in how we are addressing it and will be implementing it.

Senator COCHRAN. Does this mean there'll be exemptions for State and local governments to regulate and monitor and inspect, rather than having the Federal Government?

Dr. HAMBURG. That there will be extensions; did you say?

Well, we're working closely with USDA and the agricultural extension service as we try to implement this.

And part of what we are seeking in our budget request is moneys that will enable us to actually give seed money to State agencies as well as technical assistance and training so that they can be full partners in implementation.

Senator COCHRAN. Thank you.

Senator PRYOR. Thank you.

Let me just, one last comment on what Senator Merkley and I asked you about earlier. And that is, I'll just say we can't wait for another tragedy to act. And I know that you're trying to act. But just count me in to work with you and industry to try to facilitate moving this through as quickly as possible. And, to me, it seems like the childproof packaging is a commonsense first step. I think there's a lot of other things we need to do but I would love to work with you on that and continue to move that down the tracks as quickly as possible.

Dr. HAMBURG. Thank you.

#### COMPOUNDING PHARMACIES

Senator PRYOR. Let me change gears, if I can.

You mentioned compounding pharmacy in your opening statement. And I guess what I heard you say is that the status report on that is you're making progress. Kind of moving through the various things you need to do there. But are there any particular challenges? I mean is there a problem with the law that was passed? Or is there something going on that you didn't anticipate that the subcommittee needs to know about?

Dr. HAMBURG. Well, I think that the passage of the DQSA is a very important step. It clarifies one component of the prior existing law that related to compounding pharmacies for the FDA's so-called 503(a) which had been interpreted differently in different courts. And so, we had sort of a patchwork in terms of its application. So that is now clarified and it will be uniformly applied across the Nation.

It also created a new category under 503(b), which allows compounding pharmacies that are making certain high-risk products, sterile injectables, to register with the FDA and be subject to our oversight. And I think, to promote safer, better quality products for patients, our challenge there is that this is a voluntary pro-

gram and some compounding pharmacies will appropriately register with us. And actually, I think about 35 have to begin that process of coming under our regulatory oversight for these very important, medically important products, but high-risk products.

But there may be many other compounding pharmacies that are, in fact, making these high-risk products that don't choose to register with us, don't choose to become part of this new regulatory framework. And we are concerned that some of those manufacturers and the products they produce may not be adequately safe for patients and medical care in our communities.

So we need to maintain a very proactive posture here. We need to continue to monitor who's out there doing what, which is hard if they don't have to register with us. We need to work closely with States who have the primary responsibility for traditional compounding pharmacy regulation. So there are a lot of challenges. And we think it's very, very important to protecting public health that we maintain a very strong presence in this arena and continue to build a strong program.

Senator PRYOR. And, back to your budget, and looking at the cost to you of implementing this and rolling this out and doing all the things you need to do, as I understand the budget, in order to find the resources you need, you're paying for that with some unspecified cuts to other medical products' safety activities. And do you know what those are yet? And do you know how it's going to work?

#### WHITE OAK

Dr. HAMBURG. Well, it is the case that the \$25 million for this new initiative is not new money but it is coming from elsewhere within the agency. We have the opportunity to reallocate \$15 million that would have been used for White Oak, our Washington headquarters' consolidation activities, that will go unutilized because, sadly, the General Services Administration (GSA) is not funded to do the construction necessary to continue to build out our master plan for that campus. And the rest of the moneys will be taken from other efficiencies that we can find within the agency and really trying to leverage resources as best we can.

This is so important to the health and safety of the American public that we feel we need to have resources to build a program that will make a difference. And, over time, I think we're going to have to find other budget mechanisms to support these crucial activities. And it is my guess, based on what I see as the need out there and the demands on FDA that likely we will have activities and responsibilities that outstrip the available resources.

#### FOOD SAFETY MODERNIZATION ACT

Senator PRYOR. And let me change gears here, again, on the Food Safety Modernization Act.

Mr. Tootle here, at some point, wrote on his blog, an FDA blog, that "With current resources, we will still be able to issue the FSMA rules but we won't be able to effectively implement them." And, obviously, I have that concern. I think a lot of people have that concern just about resources and how we're doing here. But are you requesting enough money to issue these rules and to implement them?

Dr. HAMBURG. This is a crucial time in terms of implementing the program itself. We can complete the process of finalizing the rules as we've been discussing, but what really matters to the public and to safety is that we put these programs in place in fiscal year 2015 and subsequent years are going to be crucial to that effort.

And we need the moneys that we have requested in order to fully implement and realize the potential of this program to undertake certain critical activities that are vital to success including building the modern Import Food Safety Program that we need; including building the important partnership with the States, that Senator Cochran and I were just discussing, in terms of the seed money States need to build capacity and the training and technical assistance that are necessary to be able to ensure that they can be full partners in this effort. And we need resources so that we can work as effectively as possible with industry in terms of training and technical assistance as they move to implement this important new law.

So, it is essential that we have these resources. And I think that with those resources, we can really make this law work and achieve the vision that Congress had when they passed it.

Senator PRYOR. But are you requesting enough for fiscal year 2015 to get done what you need to get done in fiscal year 2015?

#### USER FEES

Dr. HAMBURG. Well, the amount of money that is in the budget request reflects our thoughtful and serious assessment of what we would need and, I think, mirrors other assessments that have been undertaken.

The Congressional Budget Office (CBO) came out with a somewhat higher budget number for the overall implementation needs of the Food Safety Modernization Act. We took another look and tried to be a little bit more conservative. But, we do need money to implement this.

We also realize that the user fee request is a challenge that the user fee option is one that has been utilized in other arenas of the FDA but not so much in the food space. And so, as we look at fiscal year 2015, we see a budget need and the pathway to get there is a complicated one. And we look forward to working with you on that because, I think, we all share a recognition that being able to really implement this law matters to the health and safety of the American public and it really matters to the food industry that plays such a crucial role in our food safety system.

Senator PRYOR. Senator Blunt.

Senator BLUNT. Commissioner, I think this is the fourth year in a row that the budget has requested these fees. And I think now they're around \$220 million in new and repetitive registration and import fees. I think it's unlikely that those fees are approved.

Given the choice, would you rather just have appropriated money from general revenue or have this financed on a fee basis?

Dr. HAMBURG. Well, what matters to me as Commissioner of the FDA and to the team that's been working so hard on food safety and what ultimately matters, I think, to our country, is that we get the job done; that we successfully implement this important law.

And from my perspective, we need the dollars and we need the money if fiscal year 2015 is a critical year for implementation.

And we need a sustainable funding stream as well. Too often, we have been in a position where there's a focus on an issue and we get some resources and then they get cut back when the attention shifts somewhere else. So we need a level of funding that is both adequate and sustainable. And if it comes from budget authority, that would be terrific.

Senator BLUNT. Do you know anything that we don't know that would make this request for fee increases more likely this time than the precious three times you asked for it?

Dr. HAMBURG. Well, I think that it is true that you've seen this request before. We have had discussions with industry and components of industry are more supportive than others in terms of user fees. It will be a discussion that we'll continue. Meanwhile, we are trying hard as an agency to implement this important law and I think we have to be realistic about the need for resources.

Senator BLUNT. On the compounding resources, the CBO's score, the Congressional Budget Office score was about half what—was \$12 million and declined pretty dramatically after the first 3 years of getting you up to where, I guess, to initiating the program.

I have two questions, really. One is why is this amount twice as big as what the Congress anticipated it to be? And two, the budget proposes reductions of \$3.685 million in money that previously would have gone to looking at human drugs, \$1.628 million reductions in biologics, a \$2.88 million reduction in medical device programs without any real understanding on, any explanation on how those amounts of money that previously we thought we needed in these areas could be shifted now to compounding?

So why the bigger number? And is there any explanation for the several millions of dollars shifted around internally; why you don't need it there now and did need it there before?

Dr. HAMBURG. Well, first, with respect to the CBO question. We are really trying to better understand their estimates because we don't think that they actually match what the needs are. And this has been an evolving area of focus, but we also think that there are some timing issues in terms of how and when they did their assessment. And so we're going to be working with them to better understand.

As far as the moving money around, the reductions that you note are not because they're being redirected towards the pharmacy compounding issue, we're going to be really looking across the agency and looking to find efficiencies rather than taking from other programs. But we are operating in a very constrained budget environment. And, if you ask me, do we have what we need in each of these critical program areas to do the job that we've been asked to do and I think we must do, in most cases, I do believe that the demands outstrip the resources.

So it's a very challenging time. And we are trying to really look at programs in as clear-eyed a way as possible; focus on the critical needs and priorities; and to try to build strength in other ways. In certain instances, through partnerships and collaborative activities, through economies of scale and other efficiencies, and by really focusing on what are the most critical and urgent needs.

## SEQUESTERED FEES

Senator BLUNT. In the fee area, one, our committee tried to do all we could to be sure you had access to the fees that you were able to collect, some of which were set aside by the sequester process. And, from an authorizing point of view, Mr. Pryor and I both have been very interested to see that happens again. But did happen. We got those fees back. But I think you've got another \$79 million worth of fees that were collected prior to 2010 that the Office of Management and Budget says can't be spent.

Do you have any advice here, Mr. Cochran or Mr. Tootle, on what we could do about that so that that money could actually be used to advance the purposes it was collected for?

Dr. HAMBURG. Well, first, let me thank you for the work that you did to help address the problem of the sequestered fees, the user fees, which was very worrisome and we're grateful for the leadership that you brought to that.

With respect to the outstanding user fees, in terms of past collection, you are right. I think the number is \$79 million and I think you've created a framework in terms of language that enables us to engage in discussions with the Office of Management and Budget (OMB) and we're actively in that process because we would—as I was saying, in answer to your last question, we do have critical needs and those resources could make a difference.

Senator BLUNT. Right. Well you do have critical needs and you do have this money that's been collected for the purposes of some of these needs specifically.

And I'd certainly be willing to, and have been willing to be as helpful as I could be to convince the Office of Management and Budget, or whoever needs to be convinced. Maybe we need to do that with some further language again this year, but we want to work with you on that. There's no reason to have that money collected as fees for a purpose not to be somehow fenced off from ever serving that purpose. So——

Dr. HAMBURG. Thank you.

Senator BLUNT. Thank you, Mr. Chairman.

Senator PRYOR. Thank you.

Senator Cochran.

Senator COCHRAN. I've already——

Senator PRYOR. Senator Collins.

Senator COLLINS. Thank you very much.

I thank the Senator from Mississippi and the chairman and ranking member.

## OFFICE OF FOODS AND VETERINARY MEDICINE—SPENT GRAINS

Commissioner, I understand that Senator Blunt has brought up already the issue of spent grains. Grains that have been used to make beer and serve no further purpose to the brewer and are now being used for animal feed. I have to tell you, but I think the FDA's approach is a perfect example of a solution in search of a problem. This practice has been going on for literally centuries where brewers have donated or sold, often for little money, their spent grains to farmers.

In Maine, we have an emerging craft beer industry that now employs over 1,000 people and 90 percent of spent grains produced by craft brewers are disposed of as animal feed. To me, this makes great sense. It recycles the remainder of the spent grains. And there simply is not evidence of problems.

I understand, and agree, that it's essential that we ensure the safety of our Nation's food supply. But this is an example of regulatory overreach that will hurt both the small employers, that our craft brewers are, and the farmers that are working so cooperatively with them. So I want to just second the concerns that Senator Blunt has raised and urge you to take a really hard look at what the impact of that rule is and whether you're really solving a problem or creating one.

Dr. HAMBURG. Well, thank you.

And you were not present when we had the early discussion.

Senator COLLINS. Correct.

Dr. HAMBURG. I'll just reiterate that we have heard these concerns. Senator Blunt actually raised some additional ones around this notion of sustainable agriculture and recycling of product. We actually do think that this is an arena where there are sensible, reasonable solutions and we're committed to working towards those. And we think that this issue can be effectively addressed when we put forward a re-proposal this summer of some of the components of the human and animal feed preventive controls rule and the produce rule.

#### ARTIFICIAL PANCREAS

Senator COLLINS. Good. I hope we will see a significant change.

I know that you're also aware, well aware, of my strong interest in the development and approval of an artificial pancreas, which would help people living with type 1 or juvenile diabetes to achieve dramatically better control over their blood glucose levels until a biological cure is found.

And I want to start by commending you and your team for all your work to advance these critically important technologies by streamlining the review structure in improving outpatient studies in a timely manner. An extremely important step was taken last year when your agency approved a Low Glucose Suspend system which is considered, in many ways, to be the first generation of an artificial pancreas technology.

I can tell you from the long years of work that I've done with families with children with type 1 that they are so eager for a breakthrough in this area. I know you're collaborating closely with the families and with stakeholders like the Juvenile Diabetes Research Foundation and with medical researchers outside the agency. But could you give me an update on your timeline, your strategy, for ensuring that these very promising new technologies reach patients as soon as possible?

Dr. HAMBURG. Well, thank you for the question and your appreciation of how hard we've been working in this area. I do think it's really a model for the importance of FDA working in full partnership with the scientific search community, medical care community, and importantly patients and families.

The development of an artificial pancreas would transform the health and the quality of life of individuals living with type 1 diabetes and of course to their families as well. And it's not yet available anywhere in the world but we are really working hard to make it a reality.

We put forward final guidance several years ago to really lay out what would be the regulatory pathway to try to encourage manufacturers to move in this direction and ensure the right research and study. We now also have, I think, 12 clinical studies, some community-based studies, including one at a summer camp, to try to really understand how the current prototypes would work and, we want to move this as swiftly and surely as possible.

We want to make sure that the product is safe and effective because if you are relying on this for the assessment of your glucose levels, in a continuing way and the delivering of insulin, it needs to do it right. But we think the science and technology is coming together with an acute and currently unmet medical need. And it's a very exciting and promising undertaking.

And I would just add that it also, I think, is a model for other areas of medical product development as well; the partnership with key stakeholders and really trying to leverage the opportunities in science and technology today with critical unmet medical needs.

Senator COLLINS. Thank you.

Mr. Chairman, could I do one more? Or—thank you very much.

#### SEIZURE MEDICATION—CANNABIDIOL

Commissioner, I recently had a very poignant meeting with a family in my office in Maine whose daughter had suffered for years, since she was age 11, from uncontrolled seizures. And she had been unable to control her convulsions with regular seizure medications and her family finally decided to have her try a tincture extracted from marijuana with a high cannabidiol (CBD) value, which does not cause the psychogenic effects of smoking marijuana. And, just so my colleagues don't misunderstand, I'm opposed to the legalization of marijuana the way that Colorado has done.

But, for this young girl, the results have truly been remarkable and life changing. She's now a college freshman. She has not had seizures in many, many months whereas before she was having them all the time. And she's not, obviously, experiencing any kind of high because of the tincture that she is taking; so it's not interfering with her in that way.

I know that a drug containing highly purified CBD, similar to the tincture being used by my constituent, is currently under investigation by the FDA under its expanded access Investigational New Drug program to help treat a few children with intractable epilepsy or other kinds of seizures.

Could you tell me where you are in this process? Has consideration been given to expanding the number of young people who could participate in the program? And, as a physician, do you have any preliminary thoughts on whether this may, in fact, be a promising treatment for children who have uncontrollable seizures?

Dr. HAMBURG. Well, you raise many important issues.



With respect to a specific product that might be under review by the FDA, without permission from the sponsor I can't speak to that. But what I certainly can say is that, number one, I think it's very important that we really study potential medical applications of marijuana and marijuana components. The active ingredients in a controlled way so that we can really understand what works, how, and for what conditions. So I think that is a very important undertaking. And certainly, this issue of that class of product for epilepsy has been brought to my attention as an area where there are scientists and medical providers who believe it holds great promise.

With respect to expanded access while a drug is under study, we are very responsive to applications or requests that come. At the end of the day, it's the company that has to decide with affirmation from us to make the product available. But that is something where, over a period of many years now, we have had an active program. And, the majority of requests for expanded access that come before us are supported by the FDA.

Senator COLLINS. Thank you very much.

Thank you, Mr. Chairman.

Senator PRYOR. Thank you.

#### FEED RULE

I have about four or five questions left. I'm just going to try to run through these very quickly.

One is to follow-up on a question by Senator Blunt and Senator Collins, on the feed rule, the feed rule. And actually, mine is a little different take on that. I know that under the current rule, as I understand it, feed mills are exempted in situations where the owners of the mill are feeding animals it owns, on land it owns. Animals it owns on land it owns. And that's probably a sensible exemption or exception. But the question is should it be extended because in the poultry world and in the pork or swine industry world, oftentimes they own the animals and they own the mill but they contract out to independent farmers to do that. Or do you know are all considering extending that exemption?

Dr. HAMBURG. What I would like to do, with your permission, is take this back to the experts within the FDA because this is an important question, but it's at a level of detail that I really can't answer.

[The information follows:]

Section 415 of the Federal Food, Drug, and Cosmetic Act (the FD&C Act) requires the registration of facilities engaged in manufacturing, processing, packing, or holding food for consumption in the U.S. These requirements are implemented in Title 21 of the Code of Federal Regulations, part 1, subpart H, Registration of Food Facilities. Some facilities, e.g., farms, are not required to register as a food facility under this subpart. The definition of farm is found in 21 CFR 1.227(b)(3):

Farm means a facility in one general physical location devoted to the growing and harvesting of crops, the raising of animals (including seafood), or both. Washing, trimming of outer leaves of, and cooling produce are considered part of harvesting. [The preceding sentence would be deleted under the proposed rule "Current Good Manufacturing Practice and Hazard Analysis and RiskBased Preventive Controls for Human Food," 78 Fed. Reg. 3646, 3795 (Jan. 16, 2103).] The term "farm" includes:

(i) Facilities that pack or hold food, provided that all food used in such activities is grown, raised, or consumed on that farm or another farm under the same ownership; and

(ii) Facilities that manufacture/process food, provided that all food used in such activities is consumed on that farm or another farm under the same ownership.

Section 103 of the FDA Food Safety Modernization Act applies only to facilities that are required to register under section 415 of the FD&C Act and its implementing regulations. At this time, FDA is not intending to extend/change the definition of "farm" to include farms providing animal food to other farms. The feed mill in the scenario presented would probably be required to register as a food facility as the feed is not being consumed on a farm under the same ownership as the feed mill.

Senator PRYOR. Sure. Okay. That's great.

#### DRUG SHORTAGES

And another one, I'm totally changing gears here as well, is on drug shortages. And I think we kind of barely touched on that in testimony or in questions. But, I know that there are drug shortages and there have been some Government Accountability Office (GAO) recommendations. And I'm just curious about the status of that and if you're working with industry to try to make those drug shortages less frequent and less severe?

Dr. HAMBURG. Yes.

Well, it's a really important area. And, as you know, over the years there have been shortages in medicines that are really critical to the practice of medicine and the care of patients. We have seen some very significant progress. We went from, I think it was 251 shortages a couple of years ago, to 44 this past year. But we're seeing another trend that we're paying attention to which is we're seeing some of the shortages sustained for a longer period of time.

A number of things are making a difference as we respond to shortages and helping us really grapple working with industry, of course, who on the frontlines of this to address the problem. One is that through the Food and Drug Administration Safety and Innovation Act (FDASIA) we got new authorities to require companies to report to us not just if they were going to discontinue a medically important product within a 6-month timeframe, I think it was, but if there was reason to believe that there was an imminent threat to a product, a supply chain disruption, et cetera. So that's given us an opportunity to engage much earlier with companies that might have emerging or real shortages.

We work closely with companies to try to address the cause of the shortages whether it's quality or lack of availability of a product so that we can keep that product in the marketplace. If it's a quality issue that requires them to actually stop manufacturing for a while, we work with them to try to fix the problem as quickly as possible.

We also try to identify other manufacturers making that same kind of product and encourage them and work with them to actually ramp up the manufacturer. Or sometimes identify a manufacturer who might not be making that specific product but could make that product and, again, we would work with them to quickly move them towards an ability to make that product.

And when necessary, we also will look overseas to see if there's an equivalent product that's available and approved in another country but not here and then we will move to make that drug available through importation to address a shortage need.

So we have a range of tools. We have tried to be very proactive and responsive and flexible working with companies. There are some fundamental problems in that the majority of these shortages are in the arena of generic sterile injectables which are drugs that have a low return on investment but high requirements in terms of manufacturing capability and upkeep to keep the manufacturing at the appropriate quality level. There are, in many of these areas, limited manufacturers who are still making these products. So if one has a problem either in quality or supply chain, it puts at risk the national supply.

So, it is something that we need to continue to work on. We do believe we have made progress. We do believe that working with companies around a broader quality agenda and really modernizing manufacturing as part of that will make a long-term difference.

#### DRUG APPROVAL DUCHENNE MUSCULAR DYSTROPHY

Senator PRYOR. Okay.

And we talked about before the wide range of topics that you have to deal with. Here's another topic: Duchenne muscular dystrophy. My understanding is there's a new therapy that's in the pipeline that shows some promise. And, apparently, it's not a cure but it just maybe will delay the onset of some of the symptoms of the disease. And my question really is, is this going to be a good candidate for accelerated approval or is that not a consideration right now?

Dr. HAMBURG. Well, again, I can't really speak to the specifics of a product that's under review. But what I can say here is that we all know that Duchenne muscular dystrophy is a devastating disease for patients and their families.

We also recognize that advances in science and technology are really opening up huge new opportunities to find meaningful treatments. Maybe even someday a preventive or a cure. And we are working hard with the scientific research community, as well as the patient community, to try to find a pathway to realize the promise of science for these patients.

There has been a huge effort around this disease and the products that are in development. I would say that it's an area where some of the top scientists and leaders in FDA have committed a huge amount of time and effort. And I think we are making progress. And, I really hope so because it's such a devastating disease. But the science and product development is very promising.

Senator PRYOR. Senator Blunt.

Senator BLUNT. Well, on that topic, I know we've had a number of Missouri families and clearly the individuals involved want to find the best help they can find and they want to find it as quickly as they can. And I'm glad you're pursuing that and hope we can find the answer to some of these possible cures, this one particularly, as quickly as it's possible to do and to safely do.

#### MENU LABELING

On menu labeling, when do you expect the final rule to come out?

Dr. HAMBURG. Well, sadly, this is a conversation that we've had before.

Senator BLUNT. We have.

Dr. HAMBURG. It has been a long undertaking. And as you, I think, noted in your opening remarks, what had initially seemed like a relatively straightforward undertaking, menu labeling the nutritional content, especially calories, has been much more challenging than expected. But we are moving towards a final rule. And I do believe that I will not have to come to another budget hearing and have this discussion with you. But, no, I take very seriously—

Senator BLUNT. Well, depending on the ruling, you might. You might have to have this discussion.

Dr. HAMBURG. But you have raised a number of important issues over time and issues that have also been reflected in other comments on the proposed rule. And, you know, we have received lots of comments and undertaken a thoughtful, considerate analysis. And I think many of your concerns will be reflected back in the final rule.

Senator BLUNT. Some of those, as you know, would include, like, prepared food is a very small part of what a grocery store might do, a drive-through location, a delivery location where very few of the customers would ever see what was posted on the wall no matter how many things you posted on the wall.

Do you have any anticipation, once you propose the rule, how long the compliance period would be?

Dr. HAMBURG. You know, I actually don't know the answer to that.

My colleague Mike proposed a year.

But the other thing I might just mention, I think you're probably aware, is that the menu labeling requirement applies to restaurant or restaurant-like establishments that are chains of 20 or more and have consistent menus. So that helps to narrow the focus. Not all restaurants will be asked to implement this menu labeling.

Senator BLUNT. Okay, good.

#### MITOCHONOLNAL DISEASES

As the chairman has prefaced many of his questions on a very different topic, the FDA recently held a public meeting on reproductive technology. The purpose of the meeting and quotes was for the prevention of transmission of mitochondrial diseases ended those quotes, which involves cryoembryo using DNA from three parents.

The advisory committee, the FDA briefing for the committee, said "that the FDA recognizes that there are ethical and social policy issues related to genetic modification of eggs and embryos and that these issues have the potential to affect regulatory decisions; however, such issues are outside the scope of this meeting."

My view of that would be that the ethical questions associated with the procedures should be considered before we have a lot of discussion about how you do this. I'm just wondering if the ethical bridge is outside the scope of FDA. When do you think we should have that ethical discussion?

Dr. HAMBURG. We think those discussions should be ongoing and we are working to make sure that those discussions are engaged. We don't believe that we are the right agency to lead those discussions and it needs to be a broader societal discussion as well as

bringing important expertise to bear. But research is going on in this area of what's called "oocyte modification" in assisted reproduction to address mitochondrial disease.

And we undertook this public meeting in order to begin to understand what is the nature of the science and what is being done. I would add that research is being done in this country and in other countries and is being looked at as a policy matter in other countries of the world as well. But it's a very preliminary discussion and we do feel strongly that the broader social and ethical context has to be addressed.

And, as I said, we are working to make sure that that happens as we also make an effort to understand what's really happening in terms of the scientific research. And, of course, mitochondrial disease is a serious problem. It affects a limited number of people in this country, but for those who it affects it is a very serious concern. And so, there's an eagerness to understand what kinds of scientific opportunities might exist to address it. But we are not unaware of all of the other issues that are raised and feel that those need to be addressed as a high priority.

Senator BLUNT. And I think you said you were working to ensure that the ethical questions are being addressed, though, not by you.

Dr. HAMBURG. Well, we would take part just because I think this is an issue that needs broad engagement. And, you know, certainly we would not move forward. We don't think that the science is ready to move forward based on that public meeting in terms of moving to clinical studies. But I think that we understand the importance of these issues and the broader context for this kind of scientific research. And so, as I said, we want to make sure that all of the issues; scientific, social and ethical, are examined fully.

Senator BLUNT. Well, I would hope so. And I hope you continue to use some of your efforts and the ongoing discussions with groups who should be talking about this to do so. You know, if the purpose of looking at this in the very narrow way you did was to see if it was just so dangerous that nobody should even be talking about it, I might understand that. But when you begin to talk about things that are this different from the way humans have always procreated and the potential of what might happen unknown, there is an ethical bridge here that we all understand that we're crossing that somebody should be in charge of that discussion or ensuring that that discussion happens before agencies of Government decide, well, this is the only thing we really have to do with this, so we should step forward and do our part of this before society has had the kind of discussion they need to have about the ethics of this kind of science and this kind of activity.

But, Dr. Hamburg, I'm always really impressed by both your broad understanding of what you do and your willingness to look at things that you realize you don't understand yet because this is a huge portfolio. And the worse person we could have doing this job is somebody who thought they had all the answers on every topic. And I think today, again, you've expressed your interest and willingness to look at things that have broader context than maybe the agency initially thought they had. And I appreciate you and your responses to the questions today.

Dr. HAMBURG. Thank you.

Senator BLUNT. Thank you, Chairman.  
 Senator PRYOR. Thank you.

#### ELECTRONIC DRUG LABELING

I have two final questions for you and they're going to be quick. One is something I didn't know about until recently and that is the electronic distribution of prescribing information that goes along with drugs.

My understanding is that this is the paper insert that you kind of get in there and unfold and look at it if you ever want to. By the way, I probably throw mine away more often than I read it. But every now and then, I want to see it and I want to have it. But I can think of lots of examples where that information could be and should be included to the end user. But anyway, we can talk about those if you want to. But regardless of my personal feelings about it, my understanding is that there's a possible rule change on that ending with the Office of Information and Regulatory Affairs (OIRA), and so I was wondering if you have an update on that or a status report on that?

Dr. HAMBURG. Well, I think we are looking towards making information more available on the Web. Some of us are slower to fully adapt. But, you know, there is a sense that that is, in fact, how many people get their information and if it's on the Web it's there. As you pointed out, many people just throw away their labels, their insert information, and I think that is a concern.

In addition, I think one of our critical goals is manifested across various aspects of what we do is how can we communicate the important information in a way that's more understandable, accessible, and useful to consumers. And so, I think the move towards the electronic here is really an effort to try to make the information, in fact, more available to consumers.

Senator PRYOR. I think, again from my standpoint, I think of maybe seniors don't, typically don't always have the technology other people do. Rural people sometimes have challenges connecting to the Internet. You know, you think of scenarios: People traveling; people with kids and the kids are having a sleepover somewhere. I mean, I can just sort of see where that paper, from my standpoint, should continue to follow the—we'll see what comes out there.

And the last thing, of course, I want to do, I've heard you sing the praises and you've heard me sing the praise of the NCTR many times. And I know that we were able to get them some additional money. And you obviously care about NCTR. And could you just give me a little update on what you're seeing down there and how things are going at the National Center for Toxicological Research?

Dr. HAMBURG. Yes.

#### NANOTECHNOLOGY

Well, we do have a shared interest in NCTR and it really does represent a unique resource for FDA and for the Nation as a research organization that is really solely based on studying really important issues about toxicology, safety, and risk of a range of products that we regulate. And we have been able, I think, to accomplish some remarkable things there and have been very grate-

ful for the interest and support that you have provided over the years.

Most recently, I think we've really done some groundbreaking work in the area of nanotechnology, including in partnership with the research universities in Arkansas and the State of Arkansas. Through a research alliance and collaboration we've been able to really build important programs to deepen our understanding of the toxicology of various components of products to develop new tools; to assess potential toxic effects more effectively and swiftly and earlier in a product development process, which is important in terms of saving time and saving costs; and developing new models that whether it's biomarkers or bioimaging that enable us to have new models rather than relying on what our increasingly outdated approaches as well, where you just try to study something in an animal model which isn't really adequate for a human model, and then when you try to make the translation it may not work.

So really trying to apply cutting-edge science and technology to better and improve toxicology assessment technologies. They've also been a leader for us and more broadly in terms of the area of bioinformatics and how do we really harness the tools of computers and information technology to deepen our understanding of existing data, our collection of new data, and our analysis of critical problems for health. So they really are a very, very important resource.

And, we have been able to, in recent years, undertake some important new projects. And we appreciated the one-time money that we were provided with last year that went to support some of the important activities I just mentioned.

Senator PRYOR. Well, thank you for that.

And also, let me say, thank you for this hearing. We've kept you here for 95 minutes. You've been on the hot seat for that entire time. But thank you for being here and doing this.

What we're going to do is we're going to leave the record open here for the subcommittee members to submit additional questions if they have them for another week, which is Thursday, April 10, and then we'll allow you all three or four weeks to respond to those.

#### CONCLUSION OF HEARINGS

But anyway, thank you again for your leadership and for the FDA and all the things FDA does. And, with that, we'll conclude this hearing.

Thank you.

Dr. HAMBURG. Thank you.

[Whereupon, at 11:36 a.m., Thursday, April 3, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]





**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2015**

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U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

**NONDEPARTMENTAL WITNESSES**

[The following testimonies were received by the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for inclusion in the record. The submitted materials relate to the fiscal year 2015 budget request for programs within the subcommittee's jurisdiction.]

**PREPARED STATEMENT OF THE ACADEMY OF NUTRITION AND DIETETICS**

Dear Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies: The Academy of Nutrition and Dietetics appreciates the opportunity to submit testimony for the fiscal year 2015 appropriations. The Academy is the world's largest organization of food and nutrition professionals, and is committed to improving the nation's health with nutrition services and interventions provided by registered dietitian nutritionists. Nationwide, The Academy has over 75,000 members.

As Congress begins work on fiscal year 2015 appropriations, we strongly urge you to fully fund Federal nutrition programs that will provide a return on investment to improve health. Investment in these programs through the appropriations process will help prevent costly healthcare expenses due to chronic diseases.

**AGRICULTURE, FOOD AND NUTRITION RESEARCH**

As you consider the fiscal year 2015 budget, we ask for your support of the President's budget for the National Institute of Food and Agriculture (NIFA). The National Institute of Food and Agriculture (NIFA) funds agriculture and nutrition research that is vital for communities and the nation to have new technologies and intervention to have healthy Americans. In doing so, we ask that you:

- Continue to support NIFA research efforts that work with local communities and states to conduct high-quality research to help assure that our food supply is adequate for the future; and
- Consider restoring the funding for Agricultural Research Services (ARS) to 2014 levels. ARS is an essential in-house, scientific research agency. This agency often provides the solutions to food and nutrition problems that affect Americans every day, from field to table.

**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)**

**NUTRITION EDUCATION AND OBESITY PREVENTION GRANT PROGRAM (SNAP-ED)**

SNAP helps to put food on the table for about 47 million people each month. SNAP participation closely follows changes in unemployment and underemployment and so is responsive to changes in need. SNAP-Ed empowers participants to make healthy food choices using this knowledge received from the innovative and engag-

ing nutrition education to purchase, prepare and store nutritious foods. During this appropriations cycle, we ask that you:

- Support SNAP as it continues to respond to the elevated need for food assistance with timely benefits; and
- Fund SNAP-Ed at \$407 million, as mandated in the Food and Nutrition Act of 2008.

#### THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

TEFAP is a win/win for farmers, producers, processors and low-income consumers to assure access to healthy foods through our nation's charitable food system, delivering nutrient-rich food through pantries, shelters, and kitchens and providing support for storage and distribution. The TEFAP program staff works in tandem with SNAP-Ed staff to help assure the consumption of these foods through nutrition education including preparation and safe storage. We ask that you:

- Provide the authorized funding level of \$100 million for TEFAP storage and distribution funds. The current funding level of \$49 million only covers 33 percent of the cost of distributing TEFAP commodities.
- Fund TEFAP commodities at \$324 million, as provided by the 2014 farm bill. TEFAP commodities are distributed to low-income people through food banks, pantries, kitchens and shelters.

#### COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

CSFP provides a nutritious monthly food package to approximately 580,000 low-income participants, primarily to vulnerable low-income seniors. The CSFP food package is designed to meet the specific nutritional needs of this target population, combating the poor health conditions often found in food insecure seniors. We ask that you:

- Fund CSFP at \$208 million, the amount necessary to maintain current caseload; and
- Provide an additional \$5 million allow CSFP to serve the six additional states who meet the criteria set out by USDA for a quality program (CT, HI, ID, MD, MA, RI).

#### CHILD NUTRITION PROGRAMS

Child nutrition programs operate in school, daycare, after school, and summer settings, providing nutritious meals and snacks to fuel children with the energy they need to thrive in the classroom and beyond.

##### *School Meals*

We ask that you:

- Support the National School Lunch Program, School Breakfast Program, Summer Food Service Program, Child and Adult Care Food Program, and the Fresh Fruit and Vegetable Program to provide children with nutritious meals and snacks; and
- Provide \$35 million in grants for school meal equipment to help schools upgrade their kitchen equipment. This will allow schools to serve healthier meals at a more reasonable price, and will expand access to feeding programs. This is a long overdue change for schools.

##### *Special Supplemental Nutrition Program for Women, Infants and Children (WIC)*

WIC serves low-income women and young children until the age of five, providing them with a nutritious monthly food package, nutrition education, healthcare and social service referrals to ensure that this at-risk population receives the quality nutrition and healthcare essential for healthy growth and development. Please:

- Fund WIC at \$6.823 billion to support a projected caseload of 8.7 million participants. Monitor food cost inflation and caseload to ensure that appropriated levels meet anticipated needs. Provide \$150 million to replenish the WIC Contingency Fund for unforeseen food cost or participation increases.
- Provide \$60 million for breastfeeding peer counselors to improve breastfeeding initiation and duration among the target population, \$30 million for Management Information Systems/Electronic Benefits Transfer (EBT) funding to improve client access, retailer efficiency, and program integrity, \$14 million for infrastructure improvements, and \$5 million for program research and evaluation.

#### SUPPORTING LOCAL FARMERS AND IMPROVING HEALTH

To support local farmers while improving the health of Americans, we ask that you:

- Provide \$17 million for WIC Farmers' Market Nutrition Program (FMNP), which provides vouchers to low-income women, infants, and children;
- Provide \$21 million for the Seniors Farmers' Market Nutrition Program, which provides vouchers for low-income seniors; and
- Provide \$9 million for Community Food Projects to meet food needs of low-income people, increase community self-reliance, and promote comprehensive responses to food, farm and nutrition issues.

#### DEVELOPING LEADERS

To ensure a pipeline of leaders dedicated to improving health and reducing hunger in our country, we ask that you:

- Provide \$3 million for the Congressional Hunger Center for the operation of the Bill Emerson National Hunger Fellowships and Mickey Leland International Hunger Fellowships, which focus on developing solutions to hunger based on experience at local field placements and national policy organizations.

We appreciate your support on these recommendations. We know that these expenditures will make for smart, long-term investments into the health of Americans.

[This statement was submitted by Mary Pat Raimondi MS, RD Vice President, Strategic Policy and Partnerships Academy of Nutrition and Dietetics.]

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#### PREPARED STATEMENT THE OF ACADEMY OF NUTRITION AND DIETETICS

The Academy of Nutrition and Dietetics has submitted testimony for the fiscal year 2015 appropriations. We would like to add an additional request that will help improve the health of Americans. As we shared in our previous letter, the Academy is the world's largest organization of food and nutrition professionals, and is committed to improving the nation's health with nutrition services and interventions provided by registered dietitian nutritionists. Nationwide, the Academy has over 75,000 members.

The newly-passed Agricultural Act of 2014 offers new opportunities for healthy foods to be incorporated in the diet. Pulse foods are some of the best sources of important nutrients including dietary fiber, vegetable protein, iron and potassium that one can have in his or her diet. Introducing children to pulse foods early in life will help develop life-long habits to incorporate these foods in their diets. Encouraging healthy eating habits in our school children will help prevent chronic health issues, like obesity and type-2 diabetes. Pulse foods are also known to be economical sources of protein that can help to reduce hunger throughout the world.<sup>1</sup> Having research dollars for pulse foods will promote the benefits and identify new ways of increasing consumption of these foods. We asked that you include the following in funding:

#### PULSE CROP HEALTH INITIATIVE-FISCAL YEAR 2015 APPROPRIATION REQUEST \$25 MILLION

The Pulse Crop Health Initiative was included in Section 7209 (e) of the Research Title of the Agricultural Act of 2014. The law provides an authorization of \$125 million dollars over the next 5 years to find solutions, through research on pulse crops, to the critical health, functionality, sustainability and food security challenges facing U.S. citizens and the global community. The initiative will focus on three major research areas: health and nutrition, increasing functionality and enhancing productivity and sustainability of pulse crops. We ask you to fully fund the Pulse Crop Health Initiative in the Agriculture Act of 2014 with an appropriation of \$25 million for fiscal year 2015.

#### SCHOOL PULSE CROP PRODUCTS PROGRAM-FISCAL YEAR 2015 APPROPRIATION REQUEST \$2 MILLION

The Pulse Crop Products program was included in Section 4213 of the Nutrition Title of the Agricultural Act of 2014. The law authorizes \$10 million dollars over the next 5 years. The purpose of the Pulse Crop Products program is to increase awareness of nutrient-dense pulse crops and increase their use in school meals. We ask you to fully fund the School Pulse Crop Products program in the Agricultural Act of 2014 with an appropriation of \$2 million for fiscal year 2015.

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<sup>1</sup>Dilis V, Trichopoulou A (2009) Nutritional and health properties of pulses. *Mediterranean Journal of Nutrition and Metabolism* 1: 149–157.

[This statement was submitted by Mary Pat Raimondi, Vice President, Strategic Policy and Partnerships of the Academy of Nutrition and Dietetics.]

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PREPARED STATEMENT OF THE AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI) COALITION

The Agriculture and Food Research Initiative (AFRI) Coalition is pleased to submit the following testimony on the fiscal year 2015 appropriation for the Department of Agriculture's (USDA) Agriculture and Food Research Initiative (AFRI). The AFRI Coalition, comprised of more than forty scientific societies and science advocacy organizations is dedicated to raising awareness of the importance of AFRI and the critical research it funds.

The AFRI Coalition is concerned with the Administration's proposed funding level for AFRI, and strongly urges Congress to fund AFRI with at least \$360 million in fiscal year 2015, far less than its authorized level of \$700 million.

AFRI, administered by the National Institute of Food and Agriculture (NIFA), is the premier competitive grants program for fundamental and applied research, extension and education in support of our nation's food and agricultural systems. AFRI funds high priority research grants in areas of critical concern to the United States including: food safety and security, agricultural production and products, plant and animal health, nutrition and human health and agricultural economics and others.

Research supported by AFRI aims to solve critical scientific, agricultural and societal problems and deserves steady, predictable and sustainable funding. The future of our food and agricultural systems, a basis for human health, rely on it. Additionally, for every Federal dollar spent on publicly funded agricultural research, \$20 or more is generated in the U.S. economy.<sup>1</sup> A strengthened commitment to investments in science for food and agriculture, especially during difficult economic times, is essential to maintain and grow our nation's food, economic and national security.

The AFRI Coalition appreciates the opportunity to provide written testimony and would be pleased to assist the Subcommittee as it considers the fiscal year 2015 appropriation for AFRI. To learn more about the Coalition or to see a list of members, please visit: <http://africoalition.org>.

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PREPARED STATEMENT OF THE ALLIANCE FOR A STRONGER FDA

Chairman Pryor and Ranking Member Blunt: The Alliance for a Stronger FDA respectfully requests that the Subcommittee recognize the critical role and expanding public health mission of the U.S. Food and Drug Administration by providing fiscal year 15 budget authority appropriations of \$2.784 billion for the agency. This amount is \$223 million above fiscal year 14 BA appropriations funding and \$200 million above the President's request for BA appropriations.

The Alliance is a 200-member coalition of all FDA's stakeholders—consumers, patients, health professionals, trade groups and industry. Our sole purpose is to advocate for increased appropriated resources for the FDA, an agency that oversees 100 percent of drugs, vaccines, medical devices, dietary supplements and personal care products and 80 percent of our nation's food supply.

Altogether, the products and industries regulated by FDA account for nearly 25 percent of all consumer spending in the United States. A strong FDA is essential to the U.S. economy, jobs, and the balance of trade and is critical to homeland security. Unlike other U.S. regulatory agencies, all FDA stakeholders (including consumers, patients and industry) support increased funding for the agency.

The current year's budget authority (BA) appropriation of \$2.561 billion helped FDA rebound from the fiscal year 13 sequester and regain and slightly advance above its fiscal year 12 funding level. However, in the interim, the continuing growth of FDA's responsibilities has meant that the appropriation is still dramatically less than the amount the agency needs. The agency's mission is "at risk."

RECOGNIZING THAT FDA'S PUBLIC HEALTH MISSION IS VITAL AND GROWING

New laws take enormous resources to implement. Once implemented, they permanently increase agency responsibilities. Since 2009, Congress has identified a num-

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<sup>1</sup> The Economic Returns to U.S. Public Agricultural Research, Alston, Julian M.; Andersen, Matthew A.; James, Jennifer S.; Pardey, Philip G., University of Minnesota, Department of Applied Economics, July 2011, <http://purl.umn.edu/95522>.

ber of additional public health needs that fall within FDA's jurisdiction, resulting in at least seven new laws:

- Family Smoking Prevention and Tobacco Control Act (2009)
- Biologics Price Competition and Innovation Act (2010)
- Secure and Responsible Drug Disposal Act (2010)
- Combat Methamphetamine Enhancement Act (2010)
- Food Safety Modernization Act (2011),
- FDA Safety and Innovation Act (2012), including re-authorization of the Best Pharmaceuticals for Children Act and the Pediatric Research Equity Act
- Drug Quality and Security Act (2013)

Other growing responsibilities include: globalization, scientific complexity, promoting innovation to benefit patients and consumers, public health emergencies, national security, and increasing industry size and activity. In sum, the current appropriations level is totally inadequate to make up for decades of underfunding AND new and growing responsibilities, including but not limited to new laws enacted since 2009.

GLOBALIZATION AND SCIENTIFIC COMPLEXITY REQUIRE FDA TO EXPAND ITS ACTIVITIES  
EACH YEAR TO PROTECT AND EXPAND PUBLIC AND INDIVIDUAL HEALTH

Even were Congress not active in legislating new mandates for FDA, the agency's mission and responsibilities would grow enormously each year for reasons unrelated to new laws. Our remarks will concentrate on two: globalization and increasing scientific complexity.

One of FDA's highest priorities over the last 6 years has been to adjust for the accelerating globalization in all product categories overseen by the agency. For example:

- Food Imports are growing 10 percent annually. Altogether, 10–15 percent of all food consumed in the U.S. is imported. This includes nearly 2/3 of fruits and vegetables and 80 percent of seafood.
- Device Imports are also growing about 10 percent annually. Currently, about 50 percent of all medical devices used in the US are imported.
- Drug Imports are growing quickly, about 13 percent annually. About 80 percent of active pharmaceutical ingredients (API) are manufactured abroad, as are 40 percent of finished drugs.

Inspections at U.S. ports-of-entry are critical, but ultimately less than 2 percent of shipments can be inspected. Instead, FDA is following Congressional direction by increasing foreign inspections and establishing foreign offices to work globally to improve the standards and quality of products entering the U.S.

The value of this approach cannot really be quantified. For example, the cost of illness, death and lost markets—from just a single bad actor in a single food category—can cost as much or more than the entire investment we put into FDA's food safety activities. Drugs and devices are harder to track for a variety of reasons, but there is no reason to doubt a similar effect.

Greater scientific complexity is diffused into every part of the agency and its mission. FDA has adopted a number of initiatives, including creation of a commissioner-level science office, investment in regulatory science, expanded and more intensive training, changes in time and manpower allotments for complex assignments, and significant reworking of the drug and medical device approval pathways to benefit patients. Further, food and medical product safety inspections have also become more complex—requiring more scientific training, more preparation and, often, more time during the inspection itself.

Specifically, we have identified five areas in which FDA is improving product reviews to respond to more complex science and assure that patient need for new therapies is being met. Each comes at a cost in additional dollars/manpower:

- Sponsors Need More Meeting Time and Other Feedback from FDA
- Applications Require More Patients, Study Sites and Analysis
- Enhanced Timeliness and Consistency of Product Review
- Expansion of Pre-and Post-Market Safety
- Enhance Innovation, Speed Approvals

A 2011 study quantified some of the changes that require more FDA resources:

All Therapeutic Areas, All Phases	00—03	08—11	Change 00—11 %
Unique medical and compliance procedures per protocol (median) .....	20.5	30.4	48%

All Therapeutic Areas, All Phases	00—03	08—11	Change 00—11 %
Total procedures per protocol (median) .....	105.9	166.6	57%
Total investigative site work burden (median units) .....	28.9	47.5	64%
Total eligibility criteria .....	31	46	58%
Median study duration in days .....	140	175	25%
Median number of CRF pages per protocol (CRF = case report forms) ..	55	171	227%

Source: Getz, Campo, Kaitin. Variability in Protocol Design Complexity by Phase and Therapeutic Area, DJJ 2011 45(4); 413–420; Tufts Center for the Study of Drug Development

FDA'S VITAL, COMPLEX WORLD-WIDE PUBLIC HEALTH RESPONSIBILITIES CANNOT BE ACCOMPLISHED WITH ITS EXISTING BUDGET. THE AGENCY'S MISSION IS "AT RISK."

FDA is a staff-intensive organization. More than 80 percent of its budget is devoted to staff-related costs. If the agency budget fails to grow over the next few years:

- food will be less safe and consumers put at risk,
- drug and device reviews will be slower, conflicting with promises made to consumers, patients and companies,
- problems with imports and globalization will become more numerous, and
- critical efforts to modernize the agency and improve its support for innovation will stall.

FDA has a broad mandate for a relatively small agency. Its activities are a core function of government and its mission and responsibilities are increasing. FDA should be a priority and it deserves exceptional status when appropriations decisions are made.

[This statement was submitted by Kasey Thompson, President, Alliance for a Stronger FDA.]

#### PREPARED STATEMENT OF THE AMERICAN COMMODITY DISTRIBUTION ASSOCIATION

On behalf of the American Commodity Distribution Association (ACDA), I respectfully submit this statement regarding the budget request of the Food and Nutrition Service for inclusion in the Subcommittee's official record. ACDA members appreciate the Subcommittee's support for these vital programs.

We urge the subcommittee to fully fund administrative expense funding for the Emergency Food Assistance Program (TEFAP) at \$100 million; to approve sufficient funding to maintain caseload in the Commodity Supplemental Food Program (CSFP) and provide an increase of \$5 million to begin operations in six additional states approved by USDA, and to actively monitor three matters: further changes in sodium standards for school meal programs, recommendations of the Multiagency Task Force on commodity procurement required by Section 4205 of the Agricultural Act of 2014 (Public Law 113–79), and the National Commission on Hunger established by Section 743 of Division A of the Consolidated Appropriations Act of 2014 (Public Law 113–76).

ACDA is a non-profit professional trade association, dedicated to the growth and improvement of USDA's Commodity Food Distribution Program. ACDA members include: state agencies that distribute USDA-purchased commodity foods; agricultural organizations; industry; associate members; recipient agencies, such as schools and soup kitchens; and allied organizations, such as anti-hunger groups. ACDA members are responsible for distributing over 1.5 billion pounds of USDA-purchased commodity foods annually through programs such as National School Lunch Program, the Emergency Food Assistance Program (TEFAP), Summer Food Service Program (SFSP), Commodity Supplemental Food Program (CSFP), Charitable Institution Program, and Food Distribution Program on Indian Reservations (FDPIR).

#### ITEFAP FOOD DOLLARS NOW AVAILABLE FOR TWO FISCAL YEARS

We previously called upon the subcommittee to make TEFAP food dollars available for two fiscal years, as was done under ARRA. This important change was included in the Agricultural Act of 2014, and we are thankful for it. We also very much appreciate the increase in food funds from \$268,750,000 in fiscal year 2014 to \$324,000,000 provided by the same Act. They are most certainly needed.

If food orders are cancelled by either USDA or vendors for any reason near the end of the Federal fiscal year, state agencies will now have the ability to carryover these unanticipated balances to make responsible decisions and to take maximum advantage of available resources.

ACDA looks forward to working with USDA for the effective implementation of this carryover authority.

#### FULLY FUND TEFAP ADMINISTRATIVE FUNDS AT \$100 MILLION

We continue to urge the subcommittee to fully fund TEFAP Administrative Funds at \$100 million, and believe that the notable increase in food funds will result in more food, more handling, and more storage. As a result, operating expenses will most certainly increase. In our view, so should the funding for these operating expenses.

Food banks continue to face increased demands, particularly with the reduction in SNAP benefits imposed last November. Higher food prices and tighter food supplies are a significant challenge, so we are very supportive of the increased food support provided by the Agricultural Act of 2014. Food banks for the past several years have found that they have had little choice but to convert food dollars to administrative expense funds in order to maintain their operations. We urge the Committee to not force this choice upon food banks that are experiencing reduced private donations in addition to increased demands.

#### FUNDING FOR THE COMMODITY SUPPLEMENTAL FOOD PROGRAM

ACDA supports the President's request for \$206,682,000 to maintain the current caseload for the Commodity Supplemental Food Program (CSFP), and urges the Committee provide an additional \$5 million to begin CSFP operations in six states that now have USDA-approved state plans—Connecticut, Hawaii, Idaho, Maryland, Massachusetts and Rhode Island. This additional funding would make CSFP available in 45 states. CSFP overwhelmingly serves elderly individuals, many of whom are homebound, and is being converted to an elderly-only program as a result of Section 4102 of the Agricultural Act of 2014.

#### MONITORING FURTHER CHANGES IN SODIUM STANDARDS FOR SCHOOL MEALS

As we stated in our 2014 Issue Paper, in 2012, Congress enacted a provision of law requiring USDA to review and evaluate its rule reducing the amount of sodium allowable in school meals for the rule's costs, practicality and scientific support. ACDA supports that provision, but is concerned that USDA will not issue its findings and make any resulting changes in the sodium standards in a timely fashion. The Department has indicated that it will report in 2016, which is 2 years after the information is needed in order for manufacturers and others in the supply chain to develop, test and market new items before the next step in the sodium standards goes into effect. School Food Service authorities have made significant changes in the nutritional quality of foods served as part of the school lunch and breakfast program, and are embarking on additional changes in foods served as part of a la carte meals and sold elsewhere throughout the school. ACDA is committed to improving the quality of school meals, but believes that there needs to be sufficient lead time before the required implementation of any further changes in sodium standards. We urge the Congress to require that any further changes in sodium standards be based on sound science, and that sufficient lead time for the development, testing, and production of new products be provided before any further changes in sodium standards are required. We also urge the Appropriations Committee to continue to monitor this important matter should further action be needed.

#### INTERAGENCY PANEL FOR EVALUATION AND IMPROVEMENT OF THE USDA FOODS PROGRAM

ACDA applauds the inclusion of Section 4205 of the Agricultural Act of 2014, establishing a multiagency task force at USDA for continuous evaluation and improvement of the USDA Foods program. We thank the Food and Nutrition Service, the Agricultural Marketing Service, Farm Services Agency, and the Food Safety and Inspection Service for the efforts they have made to improve procurement operations over the past few years following meeting with ACDA. We strongly support the USDA Foods program and want to be sure it works effectively. We are prepared to work with all of these USDA agencies and our members to develop any information that USDA may require. We encourage the Committee to monitor developments as this task force gets underway.

## NATIONAL COMMISSION ON HUNGER

ACDA looks forward to the activities of the National Commission on Hunger established by the Consolidated Appropriations Act, and would be pleased to provide information regarding the operation of commodity-based food assistance programs. We know that most Commission members are yet to be appointed and its agenda fully developed. ACDA hopes that at least one Commission member will have experience with commodity program operations because this experience can be invaluable to the Commission's task. ACDA believes that commodities provided to school food programs, to TEFAP, to CSFP, and to FDPIR are an important link between producers and recipients. They are cost effective and often exceed commercial standards, enabling USDA to be a market influencer.

We look forward to continuing to partner with you and USDA in the delivery of these important food assistance programs.

[This statement was submitted by Wanda Shepherd, President, American Commodity Distribution Association.]

## PREPARED STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION

The American Farm Bureau Federation has identified the Renewable Energy for America Program (REAP) as its program for emphasis and funding in the fiscal year 2015 agriculture appropriations bill. REAP offers a combination of grants and guaranteed loans for agricultural producers to purchase renewable energy systems.

Farm Bureau has identified eight other areas of importance for funding. They are:

## PROGRAMS THAT PROMOTE ANIMAL HEALTH

Farm Bureau supports a \$2 million increase to the Animal and Plant Health Inspection Service (APHIS) for voluntary Animal Disease Traceability (ADT), offset by a \$2 million decrease for Avian Influenza (AI) related programs. The ADT program is essential for animal health, while avian health has generally improved because of success in decreasing the global occurrence of AI.

Farm Bureau supports additional funding through the Agricultural Research Service and National Institute for Food and Agriculture (NIFA) for dealing with porcine epidemic diarrhea virus (PEDv). PEDv is an especially virulent disease for which there is currently no vaccine.

Farm Bureau supports \$4.8 million for the Veterinary Medicine Loan Repayment Program (VMLRP) administered by NIFA. VMLRP veterinarians ensure animal health and welfare, while protecting the nation's food supply.

Farm Bureau supports funding \$10 million for the Veterinary Services Grant (VSG) program, which was authorized in the Agriculture Act of 2014. The VSG program helps food animal veterinarians become established in rural communities.

Farm Bureau supports funding \$15 million for the National Animal Health Laboratory Network (NAHLN), which was authorized in the Agriculture Act of 2014. The NAHLN serves as our nation's most vital early warning system for emerging and foreign animal diseases.

Farm Bureau supports funding \$10 million for Section 1433 in the Agriculture Act of 2014, which establishes a new competitive research grants mechanism to address critical priorities in food security, zoonotic disease and stewardship.

Farm Bureau supports \$144.5 million for the FDA's Center for Veterinary Medicine (CVM). The CVM oversees the safety of animal drugs, feeds and biotechnology-derived products.

## PROGRAMS THAT PROMOTE CONSERVATION

Farm Bureau supports funding for conservation programs but prioritizes working lands programs over retirement-type programs. Farmers and ranchers have made great strides in conserving our natural resources and these gains can continue through working lands programs.

## PROGRAMS THAT EXPAND INTERNATIONAL MARKETS FOR AGRICULTURE

Farm Bureau supports funding at authorized levels for:

- The Foreign Agricultural Service to maintain services that expand agricultural export markets.
- Export development and expansion programs such as the Market Access Program, Foreign Market Development Program, Emerging Markets Program and Technical Assistance for Specialty Crops Program. These effective programs



- have resulted in increased demand for U.S. agriculture and food products abroad.
- Public Law 480 programs which provide foreign food aid by purchasing U.S. commodities.
- APHIS Plant Protection and Quarantine personnel and facilities, which protect U.S. agriculture from costly pest problems that enter from foreign lands.
- APHIS trade issues resolution and management activities that are essential for an effective response when other countries raise pest and disease concerns (i.e., sanitary and phytosanitary measures) to prohibit the entry of American products.
- APHIS Biotechnology Regulatory Services, which oversees the permit, notification and deregulation process for plant biotechnology products.
- The U.S. Codex Office, which is essential to improving the harmonization of international science-based standards for the safety of food and agriculture products.

#### PROGRAMS THAT ENHANCE AND IMPROVE FOOD SAFETY AND PROTECTION

Farm Bureau supports funding for food protection at the Food and Drug Administration and Food Safety Inspection Service (FSIS) that is directed to the following priorities: Increased education and training of inspectors; Additional science-based inspection, targeted according to risk; Effective inspection of imported food and feed products; Research and development of scientifically based rapid testing procedures and tools; Accurate and timely response to outbreaks that identify contaminated products, remove them from the market and minimize disruption to producers; and Indemnification for producers who suffer marketing losses due to inaccurate government-advised recalls or warnings.

Farm Bureau supports funding for a National Antimicrobial Residue Monitoring System (NARMS) to detect trends in antibiotic resistance. NARMS protects human and animal health through integrated monitoring of antimicrobial resistance among foodborne bacteria.

Farm Bureau supports funding for the Food Animal Residue Avoidance Databank (FARAD) at the authorized level of \$2.5 million. FARAD aids veterinarians in establishing science-based recommendations for drug withdrawal intervals.

Farm Bureau opposes the administration's request for new user fees for inspection activities. Food safety is for the public good, and as such, it is a justified use of public funds.

Farm Bureau opposes any provision which would prohibit FSIS from inspecting equine processing facilities under the Federal Meat Inspection Act. Prohibiting the harvest of livestock for reasons unrelated to food safety or animal welfare sets an extremely dangerous precedent for banning meat inspection from every species, including beef, pork, lamb and poultry.

#### PROGRAMS THAT ENSURE CROP PROTECTION TOOLS

Farm Bureau supports maintaining the current funding level for the Minor Crop Pest Management (IR-4) within NIFA Research and Education Activities. Developing pest control tools has high regulatory costs, and public support has been needed to ensure that safe and effective agrichemicals and biopesticides are available for small, specialty crop markets.

Farm Bureau supports maintaining funding for the National Agricultural Statistical Service (NASS) in general and specifically points out the agricultural chemical-use surveys for fruits, vegetables, floriculture and nursery crops. NASS surveys provide data about the use of agricultural chemicals involved in the production of food, fiber and horticultural products, just as their overall effort is critical to understanding the performance of the sector as a whole.

#### PROGRAMS THAT STRENGTHEN RURAL COMMUNITIES

Farm Bureau supports USDA implementing a regional approach to give its Rural Development (RD) programs greater flexibility and promote innovation in rural regions.

- Farm Bureau supports maintaining funding at authorized levels for:
- The Value-Added Agricultural Producer Grants, Rural Innovation Initiative, Rural Microentrepreneur Assistance Program, and Business and Industry Direct and Guaranteed Loans, which foster business development in rural communities.
- Rural Utilities Service for rural broadband and telecommunications services, and the Distance Learning and Telemedicine Program.

- The Revolving Fund Grant Program for acquiring safe drinking water and sanitary waste disposal facilities.
- The Community Facility Direct and Guaranteed Loans, which funds the construction, enlargement or improvement of essential community facilities.
- The Resource Conservation and Development Program, which helps local volunteers create new businesses, form cooperatives and develop agri-tourism activities.
- The Beginning Farmer and Rancher Development Program, which provides participants with the information and skills needed to make informed decisions for their business.
- Agriculture in the Classroom, which helps students gain greater awareness of the role of agriculture in the economy and society.

#### PROGRAMS THAT SUPPORT WILDLIFE SERVICES

Farm Bureau supports maintaining the funding level for APHIS Wildlife Services programs. Wildlife Services works to prevent and minimize an estimated \$1 billion worth of wildlife damage, while protecting human health and safety from conflicts with wildlife.

#### RESEARCH PRIORITIES

Agricultural research is vital, particularly research focused on meeting the growing challenges of production agriculture. The United Nations' Food and Agriculture Organization predicts that farmers will have to produce 70 percent more food by 2050 to feed an additional 2.3 billion people around the globe. America's farmers are the most efficient in the world, but without a commitment to further agricultural research and technological advancement, even America's farmers could be hard-pressed to meet these challenges.

[This statement was submitted by Bob Stallman, President, American Farm Bureau Federation.]

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#### PREPARED STATEMENT OF THE AMERICAN HONEY PRODUCERS ASSOCIATION AND AMERICAN BEEKEEPING FEDERATION

Chairman Pryor and Members of the Subcommittee, our names are Randy Verhoek, President of the American Honey Producers Association (AHPA) and Tim Tucker, President of the American Beekeeping Federation (ABF). We are pleased today to submit the following statement for the record on behalf of our two organizations. Collectively, AHPA and ABF represent every type of beekeeper across the country, from hobbyists on up to the very largest commercial honey producers and pollinators. The purpose of this statement is to bring to your attention the continued threats faced by American beekeepers and the risk those threats pose to billions of dollars in U.S. agriculture that rely upon honey bee pollination services. To address these threats, AHPA and ABF strongly support the President's fiscal year '15 budget proposal and respectfully request that the attached funding increases (\$25 million for a NIFA Pollination and Pollinator Health (PPH) Institute; a \$4 million increase for ARS honey bee research within crop production funds; and \$2 million increase for NASS honey bee surveys and studies) and report language are included in the fiscal year '15 annual appropriations bill.

A 2013 Time Magazine cover story and thousands of other magazines, newspapers, media outlets and government reports have documented the scourge of Colony Collapse Disorder (CCD) and other serious declines in honey bee health since 2006. Unfortunately, those health challenges continue to result in drastic bee colony losses year over year. Still lacking a definitive understanding of the causes after more than 8 years since the onset of CCD, the scientific, agricultural and consumer communities have grown increasingly concerned that more than \$20 billion of pollinator-dependent U.S. agricultural output and a full one-third of our nation's food supply is at serious risk. Just last year the National Agricultural Statistics Service (NASS) estimated more than 35 percent of America's bee colonies did not survive the winter season, and even greater losses were realized by most commercial beekeepers, on average 45 percent. While science has yet to determine a definitive cause, the challenges to honey bee health are clearly multi-faceted, requiring resource intensive and high priority study. USDA has done great work in recent years within its resource constraints, but its research and other programmatic initiatives are woefully underfunded and in need of exponentially increased investments that are commensurate with the seriousness of the challenges they face.

As a result, AHPA and ABF strongly support the President's fiscal year '15 budget proposal and respectfully request that the attached funding increases and report language are included in the fiscal year '15 annual appropriations bill. Doing so will ensure that USDA can, among other things, sufficiently enhance its Federal laboratory and competitive grant research agenda, strengthen pollinator habitat across the country, double the number of acres in the Conservation Reserve Program that are dedicated to pollinator health, and increase funding for surveys to determine the impacts on pollinator losses, all of which are necessary next steps in the battle to ensure commercially viable honey bee populations throughout the United States.

As always, we thank you for your past support of essential honey bee research and for your understanding of the critical importance that Federal funding plays in ensuring a healthy honey bee supply ready to meet the nation's pollination demands.

#### AGRICULTURAL RESEARCH SERVICE (ARS)

- Funding increase for ARS honeybee research:
  - Request of \$4 million increase in crop production funding for additional Federal laboratory research into honey bee health and Colony Collapse Disorder, including research into bee health improvement and risk assessment of pesticides, bee epidemiology, best management practices and genetics relating to diseases and pests of pollinators. This high priority increase should be offset by redirecting funds from ongoing, lower priority research as detailed in the Administration's fiscal year '15 budget documents.
- ARS Report language:
  - “The Committee is aware that pollinators are responsible for the production of one-third of the Nation's food supply, but the number of managed honeybee colonies in the United States has dropped in half since 1940. Because of the importance of pollinators in the production of the Nation's food supply and their impact on the stability of our agricultural economy, the Committee encourages ARS to increase resources dedicated to protecting the health of both honeybees and other native bees, including continued research into colony collapse disorder.”
- ARS Report language:
  - “ARS is encouraged to study the feasibility of conducting Federal honey bee research in California with the support of a cooperator university that is well situated to conduct field and other research vital to honey bees and the many specialty crops that rely on them. ARS is also encouraged to report on the feasibility of modernizing the honey bee research laboratory in Baton Rouge, which was included in the agency's 2012 capital investment strategy report. Finally, ARS is encouraged to consider investing additional research dollars with Federal laboratories in the upper Great Plains where the largest number of honey bee colonies are available for research during the honey production season.”

#### NATIONAL INSTITUTES OF FOOD AND AGRICULTURE (NIFA)

- Funding for Pollination and Pollinator Health Institute:
  - Request \$25 million in funding, available until expended, for a virtual Pollination and Pollinator Health (PPH) Institute that will foster industry and researcher collaboration and utilize input from stakeholders to develop priorities for addressing biological, environmental and management issues associated with the wide-scale decline of honey bees and other pollinators nationwide. No fewer than \$5 million of these funds should be designated for pollinator health and Colony Collapse Disorder research.
- Report Language:
  - “The Committee acknowledges NIFA's continued commitment to pollinator research under the Agriculture and Food Research Initiative, and it encourages increased prioritization of pollinator and CCD research proposals.”
- Report language:
  - “The Committee emphasizes the important role of the Specialty Crop Research Initiative (SCRI) in addressing the critical needs of the specialty crop industry through research and extension activities, and it encourages NIFA to prioritize proposals for and enhance its overall commitment to identifying and addressing threats to pollinators from pests and diseases.”

#### NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

- Funding increase for enhanced NASS surveys:

- Request of \$2 million in increased funding to enhance its annual survey of bee keepers to include questions related to colony losses, pests and parasites, management practices, crops pollinated and locations served, as well as estimates of revenues and expenses, which will result in improved baseline and annual data to determine the extent of CCD, in addition to providing quantitative information on potential causal factors, essential to the industry. This increase should be offset by reductions consistent with those identified in the Administration's fiscal year '15 budget documents.

## NRCS

- Report language:
  - “NRCS, under the Environmental Quality Incentives Program (EQIP), provided \$3 million in technical and financial assistance for farmers and ranchers to help improve honey bee health through better conservation practices that will provide honey bees with nutritious pollen and nectar. Because access to good forage is an ongoing challenge for commercial beekeepers, the Committee supports continuing and expanding this technical and financial assistance program, and recommends that a significant portion of the funds should be devoted to facilitating training by expert researchers and beekeepers of NRCS officials and agents in pollinator conservation practices.”

[This statement was submitted by Mr. Randy Verhoek, President, American Honey Producers Association and Mr. Tim Tucker, President, American Beekeeping Federation]

## PREPARED STATEMENT OF THE AMERICAN SOCIETY OF AGRONOMY

The American Society of Agronomy (ASA), Crop Science Society of America (CSSA), and Soil Science Society of America (SSSA) urge the subcommittee to support the following areas of the Department of Agriculture's (USDA) Research, Education, and Economics (REE) mission areas in fiscal year 2015 budget:

- \$1.149 billion for the Agricultural Research Service (ARS)
- \$1.341 billion for the National Institute of Food and Agriculture (NIFA)
- Within NIFA, we specifically support:
  - \$360 million for Agriculture and Food Research Initiative (AFRI).
  - \$244 million for Hatch Act formula funding

The American Society of Agronomy (ASA), Crop Science Society of America (CSSA), and Soil Science Society of America (SSSA), represent over 18,000 members in academia, industry, and government, 12,500 Certified Crop Advisers (CCA), and 781 Certified Professional Soil Scientist (CPSS), as the largest coalition of professionals dedicated to the agronomic, crop and soil science disciplines in the United States. We are dedicated to utilizing science to manage our agricultural system and sustainably produce food, fuel, feed, and fiber for a rapidly growing global population in the coming decades.

Agriculture and agriculture-related industries contributed \$742.6 billion to the U.S. gross domestic product (GDP) in 2011, a 4.8-percent share. In 2012, 16.5 million full-and part-time jobs were related to agriculture—about 9.2 percent of total U.S. employment. However, even though increased agricultural productivity, arising from innovation and changes in technology, is the main contributor to economic growth in U.S. agriculture not all people at all times have to access to enough food for an active and healthy life. The global number of food-insecure people is estimated at 707 million in 2013, up 3 million from 2012. By 2023, the number of food-insecure people is projected to increase nearly 23 percent to 868 million, slightly faster than population growth. The Nation's economic prosperity and security depend on our dedication to developing innovative, science-based solutions to meet our growing agricultural needs and managing efficient food systems.

We must close the innovation deficit if the United States is to remain the world's innovation leader in agriculture. China continues to exhibit the world's most dramatic R&D growth at 20.7 percent annually, compared to the United States at 4.4 percent growth over the same time period. By 2009, agriculture R&D fell to a historically low 0.035 percent share of the United States economy, a level far below the total U.S. R&D spending and that which is necessary to meet the critical challenges facing U.S. agriculture in the 21st century.

ASA, CSSA, and SSSA supports \$1.149 billion for Agricultural Research Service (ARS), USDA's intramural research and development programs, and applaud their ability to respond to and address agricultural problems of high national priority. ARS's 2,200 scientists are located at 90+ research locations, managing 800 research

projects that help solve current and future crop and livestock production and protection, human nutrition, and environmental quality challenges. ARS programs and technologies ensure high-quality, safe food and other agricultural products; assess the nutritional needs of Americans; help to sustain a competitive agricultural economy; enhance the natural resource base and the environment; and, provide economic opportunities for rural citizens and communities. ARS also forms key partnerships that move new technologies to the marketplace.

These partnerships are especially important to leverage during a time when our nation's economy remains vulnerable and Federal funding is constrained. Such cooperative research and development helps foster American businesses and enhances the position of the U.S. as a global leader in food, feed, fiber, and fuel production.

We support \$1.341 billion for the National Institute of Food and Agriculture (NIFA), USDA's suite of extramural programs whose primary role is to provide a link between Federal and state research initiatives through partnerships with educational institutions and competitive grant programs. Within NIFA, we specifically support:

- Agriculture and Food Research Initiative (AFRI): ASA, CSSA, and SSSA strongly endorse funding AFRI at \$360 million, which is about half of what was originally authorized in the Food, Conservation, and Energy Act of 2008. AFRI is the premier competitive grants program for fundamental and applied research, extension and education in support of our nation's food and agricultural systems. Investments in AFRI bolster work performed by ARS, America's land grant colleges and universities, the private sector and the American farmer.
- Hatch Act Formula Funding: ASA, CSSA, and SSSA support \$244 for Hatch Act formula funds. These funds provide research grants to our nation's great land-grant colleges and universities. Any additional cuts to academic funding will reduce the ability of our scientists and students to conduct imperative research such as developing drought resistant wheat varieties.

A balance of funding mechanisms, including intramural, competitive, and formula funding is essential to maintain the capacity of the United States to conduct both basic and applied agricultural research, to improve crop and livestock quality, and to deliver safe and nutritious food products while protecting and enhancing the nation's environment and natural resource base.

Thank you for your consideration. For additional information or to learn more about the ASA, CSSA, and SSSA, please visit [www.agronomy.org](http://www.agronomy.org), [www.crops.org](http://www.crops.org), or [www.soils.org](http://www.soils.org).

[This statement was submitted by the Karl E. Anderson, Director of Government Relations, American Society of Agronomy]

#### PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM), the largest single life science Society with over 39,000 members, wishes to submit a statement in support of increased funding in fiscal year 2015 for the Food and Drug Administration (FDA). The FDA plays a unique and essential role in protecting public health by assuring the safety and efficacy of products accounting for more than 20 percent of all consumer spending in the United States. FDA science based regulatory oversight covers the Nation's food supply, human and veterinary drugs, vaccines and other biological products, medical devices and more. Market globalization and advances in science and technology have significantly increased FDA's responsibilities in recent years. FDA's current strategic priorities include modernizing regulatory science capabilities and building an integrated global food safety system.

The ASM urges Congress to provide additional funding for the FDA in fiscal year 2015 because of the magnitude of its new responsibilities and the need for capacity in critical areas such as food safety.

FDA actions, based on scientific best practices, include consumer alerts and warnings; production guidances and tools for food safety; approval of new devices, diagnostics, treatments and vaccines; strategies to reduce drug resistant microbial pathogens; and safer veterinary medicines and animal foods. Recent FDA investigations of foodborne disease outbreaks, using laboratory tests to confirm, linked illnesses to rice, cheeses and prepackaged salad products. In the past year, FDA consumer alerts warned against oysters linked to norovirus illness, nonsterile pharmaceutical solutions, and carrot and beet juices possibly contaminated with *Clostridium botulinum* bacteria.

## FDA SCIENCE

FDA has a strategic plan to strengthen regulatory science including, developing new tools, standards and methods to assess the safety, efficacy, quality and performance of FDA regulated products. FDA staff must access the best possible science and technology, as products move from premarket review to post market surveillance.

Science underlies all the activities of FDA's seven product and research centers, as well as product regulatory actions. Public health often depends upon quick and accurate laboratory analyses. The Office of Regulatory Affairs (ORA) operates 13 high throughput field laboratories, situated across the United States and Puerto Rico. Lab results can support field investigations and regulatory decisions, including the thousands of ORA noncompliance citations issued each year to firms producing foods, medical devices, drugs, veterinary medicines, biologics, etc. Other FDA laboratories operated by the Agency's Foods and Veterinary Medicine Program support the broad responsibilities of the Centers for Food Safety and Applied Nutrition (CFSAN) and Veterinary Medicine (CVM).

The ASM recommends that Congress fund the FDA at the highest level possible in fiscal year 2015.

FDA scientists conduct research that advances the field of regulatory science, while protecting public health, including the following accomplishments in fiscal year 2013:

- An FDA primate study found that FDA licensed acellular pertussis vaccines are effective in preventing whooping cough, but those vaccinated may still become infected with the causative pathogen, *Bordetella pertussis* bacteria and spread infection to others. Acellular vaccines using only portions of the bacteria replaced whole cell pertussis vaccines the 1990s. The study was initiated to help explain increasing whooping cough rates since the 1980s.
- A new FDA developed tool will improve security against intentional food contamination. The software program helps owners and operators of food facilities customize food defense plans to minimize risk in their specific facility. Content of the Food Defense Plan Builder tool is based on FDA guidance documents.
- A handheld FDA developed device to identify counterfeit antimalarial drugs, the Counterfeit Detection Device (CD-3), is being field tested in Ghana under a multiagency partnership. Counterfeit treatments complicate the already difficult global battle against a killer of more than 660,000 each year and whose causative pathogens are increasingly resistant to drugs. Scientists at the FDA's Forensic Chemistry Center developed the easy to operate tool, which uses light of varying wavelengths to compare a product with an authentic sample.

## FOOD SAFETY

Food items account for about 75 percent of consumer spending on FDA regulated products. The food industry in the United States contributes about 20 percent of the Gross National Product, employs about 14 million individuals and has ties to an additional 4 million jobs in related industries. FDA's Center for Food Safety and Applied Nutrition (CFSAN) generally oversees all domestic and imported food except meat, poultry and frozen, dried and liquid eggs, which are regulated by the Department of Agriculture (USDA).

CFSAN regulates an estimated \$417 billion worth of domestic food, \$49 billion worth of imported foods and over \$60 billion worth of cosmetics. Several industry and consumer trends have greatly increased CFSAN responsibilities, including globalization of the food supply and demand for imported foods, greater numbers of aging people vulnerable to foodborne illness, new food types and food production methods, emerging foodborne pathogens and growing concern over intentional food contamination.

CFSAN responsibility stretches from the point of US entry or processing to their point of sale. There are more than 377,000 FDA registered food facilities (approximately 154,000 domestic and 223,000 foreign) that manufacture, process, pack or store food consumed by humans or animals in the United States, as well as several thousand cosmetic manufacturers. Possibilities for food contamination are immeasurable and include every step from preharvest conditions to processing, packaging, transportation and preparation. CFSAN personnel routinely examine large numbers of food samples for a long list of specific contaminants that include toxins and microbial pathogens.

Imported foods give regulators fewer opportunities to oversee the food supply chain from farm to table. Food enters ports from about 150 different countries and accounts for about 15 percent of the food supply, including about 50 percent of fresh fruits and 20 percent of fresh vegetables we consume. In mid-2013, FDA proposed new rules that, for the first time, would (1) hold importers accountable for verifying

their foreign suppliers implement adequate food safety practices and (2) raise the standards for third party auditors who inspect as contractors for food companies and importers. In December, the agency proposed a rule requiring larger food facilities, in the United States and abroad, to have a written food defense plan that identifies and resolves processing steps most vulnerable to intentional contamination.

To protect the food supply, FDA inspects facilities and collects samples, monitors imports, responds to adverse event reports and consumer complaints, reviews new food additives, releases regulations and guidelines to stakeholders, conducts lab research, educates food producers and the public and if necessary enforces rules and regulations by recalling or seizing faulty products. These activities demand up to date knowledge and technology utilized by CFSAN's many scientific specialists, including microbiologists, molecular biologists, chemists, toxicologists, food technologists, pathologists, pharmacologists, nutritionists, epidemiologists, mathematicians, physicians and veterinarians.

FDA regularly builds strategic partnerships with other public health institutions. Many of its responsibilities are shared with other Federal agencies like USDA and CDC. Because large amounts of food and cosmetics are imported, CFSAN works with international groups like the World Health Organization and sometimes directly with foreign governments. Products made and sold entirely within a state are regulated by that state, but FDA coordinates with state agriculture and health departments to resolve problems. CFSAN also collaborates with several academic institutions through its Centers of Excellence program, funding food safety and nutrition research at universities in four states.

#### ADVANCES IN BIOMEDICINE

FDA scientists regularly evaluate biomedical products with considerable public health and economic value, divided among various research centers focused on drugs, medical devices or biologics like vaccines. Examples from the past year show the diversity and medical significance of FDA's involvement in the biomedicine enterprise:

- A newly implemented FDA plan would phase out the use of medically important antimicrobials in food animals for food production purposes to address the public health crisis of rising drug resistance among microorganisms causing human infectious diseases.
- An approved rapid diagnostic is the first test that simultaneously detects tuberculosis bacteria and determines whether they contain genetic markers for resistance to rifampin, an important TB antibiotic. Test results are ready in about two hours versus traditional lab culture methods requiring one to 3 months.
- FDA allowed marketing of the first mass spectrometer system to automatically identify bacteria and yeasts pathogenic to humans. It can identify 193 different microorganisms and perform up to 192 different tests in a single series. Unlike many test systems that require abundant microbial growth pretesting, the new system uses a small amount of material with more rapid results.
- A new drug approved for chronic hepatitis C virus (HCV) infection is the first effective in treating certain types of HCV without co-administration of interferon. It is the third drug designated a "breakthrough therapy" to receive FDA approval. Breakthrough therapies are those shown by early clinical testing to have substantial advantage over available therapies for serious diseases. An estimated 3.2 million or more people are thought to be HCV infected.
- The first genotyping test for HCV infected patients identifies the genotype of HCV infecting a patient. It will help select the best treatment; HCV genotypes respond differently to available drugs. It is approved for patients with chronic infections, not as a screening or diagnostic test.
- FDA approved the first adjuvanted vaccine for H5N1 influenza (bird flu). Not intended for commercial availability, the vaccine will be included in the National Stockpile for distribution if H5N1 develops the capability to spread easily from human to human.
- A newly approved drug to treat HIV-1 infection contains an inhibitor that interferes with one of the enzymes necessary for HIV to multiply. FDA also approved the first rapid HIV test for simultaneous detection of HIV-1 p24 antigen and antibodies to both HIV-1 and HIV-2 in patient blood. Detection of the antigen permits earlier detection than possible with antibodies alone.
- Patients exposed to toxin secreted by botulism causing bacteria can now receive the first antitoxin that neutralizes all of the seven toxin serotypes known to cause botulism.

FDA regulatory actions in biomedicine serve the FDA's partnership in several initiatives, including strategies to halt rising drug resistance among microbial patho-

gens, remedy the growing shortage of new therapeutic drugs or stimulate innovation in personalized medicine. FDA funding not only subsidizes its own invaluable work, but it also supports the FDA's collaborations with other public health agencies at the Federal, state and local levels.

[This statement was submitted by the Public and Scientific Affairs Board, American Society for Microbiology.]

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#### PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR MICROBIOLOGY

The American Society for Microbiology (ASM), the largest single life science society with over 39,000 members, wishes to submit the following statement in support of increased funding in fiscal year 2015 for research and education programs at the US Department of Agriculture (USDA). Funding for USDA research invests in sectors important to public health and the economy, including food safety and food security, production sustainability, bioenergy sources, plant and animal health and the environment. The ASM recommends funding USDA agriculture and science programs to the highest level possible in fiscal year 2015.

Agriculture is important to health and the environment and yields broad economic benefits. The range of industries related to agriculture combines for nearly 5 percent of the national gross domestic product (GDP). In 2012, over 16 million jobs were related to agriculture, over 9 percent of total employment (2.6 million were direct on the farm employment). In recent years, farm asset values have surged upward, while agriculture exports have reached historical highs. At a time when US global competitiveness is being challenged, agriculture exports embody productivity and innovation in the United States. In fiscal year 2013, exports reached over \$140 billion, exceeding the previous record of \$137 billion in fiscal year 2011. The average volume of exports has increased by nearly four million tons annually over the past 5 years. Farm exports also support about one million jobs in the country.

USDA productivity statistics show that total farm production more than doubled between 1948 and 2011, with total output growing at an average annual rate of 1.49 percent. Almost all growth was due to increased productivity, much of it fueled by research. Although USDA research receives considerably less than 5 percent of the USDA budget, USDA's research support has consistently generated high returns.

#### USDA RESEARCH

USDA research interconnects issues of global food supply and security, climate and energy needs, sustainable use of natural resources, nutrition and childhood obesity, food safety and consumer education. USDA's Research, Education and Economics Action Plan (REE) focuses on a number of efforts using the microbiological sciences to mitigate animal and plant diseases, to reduce foodborne illnesses, to identify bioenergy sources and to protect the environment. Projects involve both national and international collaborations and research results are regularly shared with producers, regulatory agencies, consumers, industry and commodity organizations.

USDA support for research has significant economic consequences. In 2013, the World Organization for Animal Health upgraded the United States' risk classification for bovine spongiform encephalopathy (BSE) to negligible risk, expanding market potential (exports of US origin beef and beef products exceed \$5 billion). In December, USDA launched its new, unified emergency response framework to address citrus greening disease, also known as Huanglongbing (HLB), a serious threat to the \$3 billion plus citrus industry. This will coordinate HLB resources, share information and develop operational strategies on a national scale with multiple stakeholders. USDA science underlies numerous policy and regulatory actions like food recalls or guidelines to food processors, exerting significant economic and societal influence within and beyond the agriculture sector.

USDA supports innovation through its intramural research, extramural university research grants, financial awards to small businesses and partnerships with government, academia and industry. The Agricultural Research Service (ARS) serves as the in house research agency, with more than 2,200 scientists and a portfolio of about 800 research projects divided among 18 programs. Extramural research is supported by NIFA, while the Economic Research Service and National Agricultural Statistics Service contribute interdisciplinary analyses that guide USDA involvement in agriculture.

When Congress created NIFA in 2008, it emphasized the national importance of food and agriculture sciences. NIFA supports research, education and extension programs in the land grant university system, primarily through competitive grants distributed by NIFA's Agriculture and Food Research Initiative (AFRI). The ASM



urges Congress to fund AFRI with at least \$360 million in fiscal year 2015 as part of a sustained commitment to agriculture research.

NIFA also administers USDA's Small Business Innovation Research (SBIR) program, which since 1983 has awarded more than 2,000 grants to US owned small businesses. AFRI supports six priority areas: 1) plant health and production; 2) animal health and production; 3) food safety, nutrition and health; 4) renewable energy, natural resources and environment; 5) agriculture systems and technology and 6) agriculture economics and rural communities.

#### FOOD SAFETY AND FOOD SECURITY

USDA contributes to safeguarding the Nation's food supply and ensuring food security through adequate wholesome foods. Both ARS and NIFA programs fund research to reduce the approximately 48 million foodborne illnesses annually, which cost the economy billions of dollars each year. Working from field offices, the Food Safety and Inspection Service (FSIS) regulates the supply of meat, poultry and egg products, and is responsible for recalling contaminated foods. The Animal and Plant Health Inspection Service (APHIS) protects the health of animals and plants that are important to the food supply, public health and economy. Much of this collective effort targets pathogenic microorganisms transmitted through food, by identifying microbial threats, studying basic biology of foodborne pathogens, developing technologies for contaminant detection and devising intervention and prevention strategies along the farm to table continuum.

In 2013, USDA researchers reported on food safety studies that included mapping microbes in cattle feedlot soil, a joint risk assessment conducted with the Food and Drug Administration to evaluate listeriosis in retail delis, and an FSIS developed Salmonella Action Plan that outlines the steps needed against Salmonella bacteria in meat and poultry products, the most pressing problem FSIS faces. Every year, there are an estimated 1.3 million illnesses that can be attributed to Salmonella. In large part through USDA efforts, there has been progress: Salmonella rates in young chickens have dropped over 75 percent since 2006. The listeriosis study, which is the first of its kind, concluded that multiple interventions are required to prevent the often fatal infection by *Listeria* bacteria and thus reduce the 1,600 illnesses that occur annually.

#### ANIMAL AND PLANT HEALTH

Last year, APHIS transferred one million doses of Classical Swine Fever (CSF) vaccine to Guatemala's Ministry of Agriculture and Food Safety. ARS scientists also genetically altered the CSF virus toward developing better vaccines and invented a polymerase chain reaction (PCR) assay to detect the virus. Although the United States has been CSF free for over 30 years, these actions recognized the globalization of agriculture products, as well as the crucial role played by science and technology in protecting the public. USDA funded research on animal and plant diseases reported in 2013 includes:

- ARS scientists studying foot and mouth disease (FMD) identified a DNA sequence in FMD virus that, when removed, permits pathogens to still multiply in cell culture but the viruses are no longer virulent, suggesting a new approach to vaccine development. Researchers also created a new animal cell line used to rapidly detect FMD virus in field samples, the first capable of identifying all seven FMD serotypes. They incorporated FMD receptor genes cloned from cattle tissue into an established cell line.
- Using a protein interaction reporter (PIR) technology developed by USDA, for the first time researchers have mapped protein structures known as virions that help plant viruses move from plants to insects, through the insects and back into plants. The new technology could lead to methods disrupting plant disease transmission by insects.
- More specific testing for Johne's disease in cattle will be possible with the first discovery of an antibody that binds only to the causative agent, *Mycobacterium avium* subspecies *paratuberculosis* (MAP). The USDA patented antibody will improve diagnostic testing for a disease that costs the US dairy industry more than \$220 million each year.
- Plant geneticists developed new disease resistant pea plants to protect against common root rot of legumes, a fungal disease caused by *Aphanomyces euteiches* that can lead to crop losses of 20–100 percent. Others bred a wheat cultivar with innate resistance to multiple fungal diseases. Of particular concern is stripe rust (fungus *Puccinia striiformis*) which has caused crop losses of up to 40 percent in the Pacific Northwest.

- Adding nickel and phosphite to an existing fungicide spray regimen improves control of the fungus (*Fusicladium effusum*) causing pecan scab, the most destructive disease of pecan in the southeastern United States. The new information is timely as the scab fungus is developing resistance to some currently used fungicides.
- Exposing citrus seedlings to a minimum of 48 hours of temperatures of 104 to 107 degrees Fahrenheit significantly reduces and often eliminates HLB infection, according to USDA field trials. The finding suggests practical measures to slow spread of citrus greening disease.

#### BIOCONTROL AND BIOENERGY

In recent years, USDA has intensified its research on renewable energy, natural resources and environmental issues. Microorganisms have been particularly useful in studies of bioenergy and biocontrol, including the following examples:

- The fungus *Myrothecium verrucaria*, which naturally attacks the weed Palmer amaranth, is being studied as a possible biocontrol agent against the weed, which can grow two inches a day and crowd out commercial crops. The southern weed is acquiring resistance to glyphosate herbicides, and the ARS reported research is the first showing the fungus' bioherbicidal action against a weed species with glyphosate resistance.
- ARS field trials are assessing effectiveness of spraying avocado trees with foam that contains insect killing fungi against ambrosia beetles, wood boring pests that threaten the nation's \$322 million avocado crop. Earlier lab studies used bioassays to genetically confirm the ability of the fungi to infect and kill the beetles. In those tests, more than 95 percent of beetles exposed to the fungi died.
- Pathogen carrying house flies are being deliberately infected in lab studies with salivary gland hypertrophy virus (SGHV), member of a newly discovered family of viruses called Hytrosaviridae, which stops flies from reproducing.

Bioenergy strategies commonly rely upon fuels converted from widely available biomass like grasses, cereal grains or tree cellulose. Agriculture clearly plays an important role in renewable energy and USDA's biofuels portfolio includes both intramural and extramural projects. In November, for example, USDA awarded nearly \$10 million to a consortium of academic, industry and government organizations across several western states, to evaluate insect killed trees in the Rocky Mountains as a bioenergy feedstock. Since 1996, pine and spruce bark beetles have devastated over 42 million acres of western U.S. forests. The consortium will explore use of scalable, on site thermochemical conversion technologies to better access the beetle killed trees. At ARS, molecular biologists recently created a new strain of yeast that can break down and ferment sugars in corn cobs after xylose has been extracted for other commercial uses, previously impossible with yeasts inhibited by processes required. Since 2006, NIFA has collaborated with the Department of Energy in a joint grant program to improve biomass for biofuels, intent on increasing plant yield, quality and adaptability to harsher environments.

The ASM encourages Congress to increase the fiscal year 2015 budget to the highest amount possible in support of USDA's science, research and food safety programs. USDA funded research is critical to the health of our nation's food and agriculture industries as well as the global economy. USDA science protects human and animal health, prevents crop losses from disease and climate changes, seeks best practices to preserve the environment, encourages innovation in valuable agriculture based products and supports new generations of agriculture scientists and educators.

[This statement was submitted by the Public and Scientific Affairs Board, American Society for Microbiology.]

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#### PREPARED STATEMENT OF THE AMERICAN SOCIETY FOR NUTRITION

The American Society for Nutrition (ASN) respectfully requests that the U.S. Department of Agriculture (USDA)/National Institute of Food and Agriculture/Agriculture and Food Research Initiative receive no less than \$360 million and that the Agricultural Research Service receive \$1.2 billion in fiscal year (FY) 2015. ASN has more than 5,000 members working throughout academia, clinical practice, government, and industry, who conduct research to advance our knowledge and application of nutrition.

## AGRICULTURE AND FOOD RESEARCH INITIATIVE

The USDA has been the lead nutrition agency and the most important Federal agency influencing U.S. dietary intake and food patterns for years. Agricultural research is essential to address the ever-increasing demand for a healthy, affordable, nutritious and sustainable food supply. The Agriculture and Food Research Initiative (AFRI) competitive grants program is charged with funding research, education, and extension and integrated, competitive grants that address key problems of national, regional, and multi-state importance in sustaining all components of agriculture. These components include human nutrition, farm efficiency and profitability, ranching, renewable energy, forestry (both urban and agro forestry), aquaculture, food safety, biotechnology, and conventional breeding. AFRI has funded cutting-edge, agricultural research on key issues of timely importance on a competitive, peer-reviewed basis since its establishment in the 2008 Farm Bill. Adequate funding for agricultural research is critical to provide a safe and nutritious food supply for the world population, to preserve the competitive position of U.S. agriculture in the global marketplace, and to provide jobs and revenue crucial to support the U.S. economy.

In order to achieve those benefits, AFRI must be able to advance fundamental sciences in support of agriculture and coordinate opportunities to build off of these discoveries.

Therefore, ASN requests that the AFRI competitive grants program receive at least \$360 million in fiscal year 2015. ASN also strongly supports funding AFRI at the fully authorized level of \$700 million as soon as practical. Current flat and decreased funding for AFRI hinders scientific advances that support agricultural funding and research.

## AGRICULTURAL RESEARCH SERVICE

The Agricultural Research Service (ARS) is the Department of Agriculture's lead scientific research agency. The ARS conducts research to develop and transfer solutions to agricultural problems of high national priority. USDA's program of human nutrition research is housed in six Human Nutrition Research Centers (HNRCs) across the nation, that link producer and consumer interests and form the core for building knowledge about food and nutrition. HNRCs conduct unparalleled human nutrition research on the role of food and dietary components in human health from conception to advanced old age, and they provide authoritative, peer-reviewed, science-based evidence that forms the basis of our Federal nutrition policy and programs. Funding for ARS supports all of the USDA/HNRCs and ensures that these research facilities have adequate funding to continue their unique mission of improving the health of Americans through cutting-edge food, nutrition and agricultural research.

Nutrition monitoring conducted in partnership by the USDA/ARS with the Department of Health and Human Services (HHS) is a unique and critically important surveillance function in which dietary intake, nutritional status, and health status are evaluated in a rigorous and standardized manner. (ARS is responsible for food and nutrient databases and the "What We Eat in America" dietary survey, while HHS is responsible for tracking nutritional status and health parameters.) Nutrition monitoring is an inherently governmental function and findings are essential for multiple government agencies, as well as the public and private sector. Nutrition monitoring is essential to track what Americans are eating, inform nutrition and dietary guidance policy, evaluate the effectiveness and efficiency of nutrition assistance programs, and study nutrition-related disease outcomes. Because of past funding deficiencies, some food composition database entries do not reflect the realities of the current food supply, which may negatively impact programs and policies based on this information. It is imperative that needed funds to update USDA's food and nutrient databases and the "What We Eat in America" dietary survey, both maintained by the USDA/ARS, are appropriated to ensure the continuation of this critical surveillance of the nation's nutritional status and the many benefits it provides.

It is the job of ARS to ensure high-quality, safe food, and other agricultural products; assess the nutritional needs of Americans; sustain a competitive agricultural economy; enhance the natural resource base and the environment; and provide economic opportunities for rural citizens, communities, and society as a whole. Therefore, ASN requests that ARS receive at least \$1.2 billion in fiscal year 2015. At least ten million dollars above current funding levels is necessary to ensure the critical surveillance of the nation's nutritional status and to continue the many other benefits that ARS provides. With such funding, the ARS will be able to support its vision

of leading America towards a better future through agricultural research and information.

Thank you for the opportunity to submit testimony regarding fiscal year 2015 appropriations for the U.S. Department of Agriculture/National Institute of Food and Agriculture/AFRI competitive grants program and Agricultural Research Service. ASN also supports the Farm Bill provision that authorizes \$200 million in mandatory funding for the new Foundation for Food and Agricultural Research, which will stimulate private investment in agricultural research on food safety and nutrition, plant and animal health, renewable energy, natural resources and environment, agricultural and food security, technology, agricultural economics and rural communities.

[This statement was submitted by the Gordon L. Jensen, M.D., Ph.D. President, American Society for Nutrition]

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#### PREPARED STATEMENT OF THE AMERICAN SOCIETY OF PLANT BIOLOGISTS (ASPB)

On behalf of the American Society of Plant Biologists (ASPB), we submit this statement for the official record in support of funding for agricultural research by the U.S. Department of Agriculture (USDA). ASPB supports the funding levels of \$383 million for USDA's Agriculture and Food Research Initiative (AFRI) and \$1.28 billion for the Agricultural Research Service (ARS).

This testimony highlights the critical importance of plant biology research and development to addressing vital issues including: achieving a sustainable food supply and food security; energy security, including attaining reduced reliance on all petrochemical products through game-changing sustainable renewable biomass utilization approaches; and in protecting our environment.

#### FOOD, FUEL, ENVIRONMENT, AND HEALTH: PLANT BIOLOGY RESEARCH AND AMERICA'S COMPETITIVENESS AND SELF-SUFFICIENCY

We often take plants for granted, but they are vital to our very existence, competitiveness, and self-sufficiency. New plant biology research is now addressing the most compelling issues facing our society, including: identifying creative and imaginative approaches to reaching Congress's goals of achieving domestic fuel security/self-sufficiency; environmental stewardship; sustainable and secure development of even better foods, feeds, building materials, and a host of other plant products used in daily life; and improvements in the health and nutrition of all Americans.

Our bioeconomy and Federal partnership is based upon foundational plant biology research—the strategic research USDA funds—to make needed key discoveries. Yet limited funding committed to fundamental discovery now threatens our national security and leadership. Indeed, in his 2012 annual letter to the Gates Foundation, Bill Gates wrote, "Given the central role that food plays in human welfare and national stability, it is shocking—not to mention short-sighted and potentially dangerous—how little money is spent on agricultural research."<sup>1</sup> This is especially true considering the significant positive impact crop and forest plants have on the nation's economy (the agricultural sector is responsible for one in 12 American jobs especially true considering the significant positive impact crop and forest plants have on the nation's economy (the agricultural sector is responsible for one in 12 American jobs especially true considering the significant positive impact crop and forest plants have on the nation's economy (the agricultural sector is responsible for one in 12 American jobs.<sup>2</sup>

Given these concerns and our nation's fiscal situation, the plant science community has been working toward addressing our nation's looming challenges—ASPB organized a two-phase Plant Science Research Summit (held in September 2011 and January 2013). With funding from USDA, the National Science Foundation, the Department of Energy, and the Howard Hughes Medical Institute, the Summit brought together representatives from across the full spectrum of plant science research to develop a community agenda document. Released in August 2013 as *Unleashing a Decade of Innovation in Plant Science: A Vision for 2015–2025* ([plantsummit.files.wordpress.com/2013/07/plantsciencedecadalvision10-18-13.pdf](http://plantsummit.files.wordpress.com/2013/07/plantsciencedecadalvision10-18-13.pdf)), the report puts forth a ten-year consensus plan to fill critical gaps in our understanding of plant biology and address the grand challenge of sustainably feeding the

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<sup>1</sup>Gates, Bill. (Jan 2012). 2012 Annual Letter from Bill Gates. Retrieved from <http://www.gatesfoundation.org/annual-letter/2012/Pages/home-en.aspx>.

<sup>2</sup>Vilsack, Tom. (Mar. 9, 2012). Public Comments Before PCAST. Retrieved from [http://www.tvworldwide.com/events/pcast/120309/globe\\_show/default\\_goarchive.cfm?gsid=1977&type=flv&test](http://www.tvworldwide.com/events/pcast/120309/globe_show/default_goarchive.cfm?gsid=1977&type=flv&test).

world and providing other useful plant products in the face of burgeoning population growth, diminishing natural resources, and climate change.

#### IMMEDIATE RECOMMENDATIONS

The ASPB membership has extensive expertise and participation in the academic, industry, and government sectors. Consequently, ASPB is in an excellent position to articulate the nation's plant science priorities and standards needed as they relate to agriculture. Our recommendations are as follows:

- Since the establishment of the National Institute of Food and Agriculture (NIFA) and AFRI, interest in USDA research has increased dramatically—a trend ASPB hopes to see continue in the future. However, an increased, strategic and focused investment in competitive funding and its oversight is needed if the nation is to continue to make ground-breaking discoveries and accelerate progress toward resolving urgent national priorities and societal needs. ASPB encourages Congress to fund AFRI at \$383 million in fiscal year 2015, which, although less than the recently reauthorized level of \$700 million, would provide sound investment in today's fiscal environment.
- The Agricultural Research Service (ARS) provides vital strategic research to serve USDA's mission and objectives and as well as the nation's agricultural sector. The need to bolster and enhance ARS efforts to leverage and complement AFRI is great given the challenges in food and energy security. ASPB is supportive of a strong ARS and recommends a congressional appropriation of \$1.28 billion in fiscal year 2015.
- USDA has focused attention in several key priority areas, including childhood obesity, climate change, global food security, food safety, and sustainable bioenergy. Although ASPB appreciates the value of such strategic focus, we give our most robust support for AFRI's Foundational Program. This program provides a basis for outcomes across a wide spectrum, often leading to groundbreaking developments that cannot be anticipated in advance. Indeed, it is these discoveries that are the true engine of success for our bioeconomy.
- Current estimates predict a significant shortfall in the needed agricultural scientific workforce as the demographics of the U.S. workforce change.<sup>3</sup> For example, there is a clear need for additional training of scientists in the areas of interdisciplinary energy research and plant breeding. ASPB applauds the creation of the NIFA Fellows program and calls for additional funding for specific programs (e.g., training grants and fellowships) to provide this needed workforce over the next 10 years and to adequately prepare these individuals for careers in the agricultural research of the future.
- Considerable research interest is now focused on the use of plant biomass for energy production. However, if we are to use crops and forest resources to their full potential, we must expend extensive effort to improve our understanding of their underlying biology and development, their agronomic performance, and their subsequent processing to meet our goals and aspirations. Therefore, ASPB calls for additional funding targeted at efforts to increase the utility and agronomic performance of bioenergy crops using the best and most imaginative science and technologies possible.
- With NIFA, USDA is in a strong position to cultivate and expand interagency relationships, as well as relationships with private philanthropies, to address grand challenges related to food, renewable energy and bioproducts, the environment, and health. ASPB appreciates the need to focus resources in key priority areas. However, ASPB urges a significant increase in funding to individual grantees, in addition to putting in place robust evaluations of group awards and larger multi-institutional partnerships. Paradigm-shifting discoveries cannot be predicted through collaborative efforts alone; thus there is an urgent need to maintain a broad, diverse, and robust research agenda.
- ASPB encourages some flexibility within NIFA's budget to update and improve its data management capabilities.

Thank you for your consideration of ASPB's testimony. For more information about ASPB, please visit us at [www.aspb.org](http://www.aspb.org).

[This statement was submitted by Tyrone C. Spady, PhD, Director of Legislative and Public Affairs, American Society of Plant Biologists.]

<sup>3</sup>President's Council of Advisors on Science and Technology. (Dec. 2012). Report to the President on Agricultural Preparedness and the Agricultural Research Enterprise, p. 41. Retrieved from [www.whitehouse.gov/sites/default/files/microsites/ostp/pcast\\_agriculture\\_20121207.pdf](http://www.whitehouse.gov/sites/default/files/microsites/ostp/pcast_agriculture_20121207.pdf).

## PREPARED STATEMENT OF THE ANIMAL WELFARE INSTITUTE

Thank you for the opportunity to submit testimony as you consider fiscal year 2015 funding priorities. Our testimony addresses programs and activities administered by the U.S. Department of Agriculture's (USDA) Agricultural Research Service (ARS), Animal and Plant Health Inspection Service (APHIS), and Food Safety Inspection Service (FSIS).

## USDA-ARS-NATIONAL AGRICULTURAL LIBRARY—ANIMAL WELFARE INFORMATION CENTER

The Animal Welfare Information Center (AWIC) serves as a clearinghouse, training center, and education resource for those involved in the use of animals for research, testing, and teaching (as well as other entities covered by the AWA), and the need and demand for its services continue to outstrip its resources. AWIC's activities contribute significantly to science-based decisionmaking in animal care, as the Center disseminates scientific literature on subjects including husbandry, handling, and care of animals; personnel training; animal behavior; improved methodologies; environmental enrichment; pain control; and zoonotic disease. Its services are vitally important to the nation's biomedical research enterprise and other regulated entities because they facilitate compliance with specific requirements of the Federal animal welfare regulations governing research. We request that AWIC funding remain level with fiscal year 2014 appropriations.

## USDA-APHIS-ANIMAL WELFARE

APHIS's Animal Welfare activities are critical to the proper regulation and care of animals protected under the Animal Welfare Act (AWA), 7 U.S.C. §§ 2131–2159, and the Horse Protection Act (HPA), 15 U.S.C. §§ 1821–1831. AWI requests that, consistent with the President's fiscal year 2015 budget proposal, \$29 million be allocated to Animal Welfare activities.

## USDA-APHIS-ANIMAL WELFARE—ANIMAL WELFARE ACT ENFORCEMENT—CLASS B DEALERS

Nearly fifty years after enactment, the AWA routinely fails both to reliably protect pet owners and animals from Class B dealers who sell "random source" dogs and cats for use in research. These dealers use deceit and fraud to acquire animals, who are often subjected to shocking cruelty. A National Academy of Sciences study of the use of Class B dogs and cats in NIH-funded research acknowledged animal welfare and enforcement problems and noted "descriptions of thefts provided by informants in prison . . . and documented accounts of lost pets that have ended up in research institutions through Class B dealers."<sup>1</sup> The study concluded that there is no scientific need for these Class B dealers.

USDA must use a costly and time-consuming enforcement protocol for these random source dealers, involving quarterly inspections (more than any other licensees) and "tracebacks," in order to attempt to verify the source of their animals. Congress, too, has spent an inordinate amount of time reviewing the actions of Class B dealers and prodding USDA and NIH to address their respective Class B dealer problems. As a result of the NAS study, a prohibition on the use of dogs and cats from random source Class B dealers in all NIH-supported research will be fully in place in 2015.

Although few of these dealers remain, they are an unjustifiable drain on USDA resources. But as long as it is possible to issue and renew Class B licenses, this system will continue to waste taxpayer money and perpetuate the inhumane treatment of animals. For this reason, we urge the Subcommittee adopt the following language: Provided, that appropriations herein made shall not be available for any activities or expense related to the licensing of new Class B dealers who sell dogs and cats for use in research, teaching, or testing, or to the renewal of licenses of existing Class B dealers who sell dogs and cats for use in research, teaching, or testing.

## USDA-APHIS-ANIMAL WELFARE—HORSE PROTECTION ACT ENFORCEMENT

The Horse Protection Act of 1970 (HPA) was passed to end soring, the cruel practice of applying chemical and mechanical irritants to the legs and hooves of horses through to produce an exaggerated gait. Yet soring, condemned as "one of the most significant welfare issues affecting any equine breed or discipline,"<sup>2</sup> has continued as limited funding has hampered enforcement. To enable USDA to better meet the

<sup>1</sup>National Academy of Sciences Institute for Laboratory Animal Research, Scientific and Humane Issues in the Use of Random Source Dogs and Cats in Research (2009).

<sup>2</sup>American Association of Equine Practitioners, Putting the Horse First: Veterinary Recommendations for Ending the Soring of Tennessee.

objectives of the HPA, we request that \$893,000 be appropriated for HPA enforcement.

Because USDA inspectors are able to attend a mere fraction of Tennessee Walking Horse shows, monitoring responsibility usually falls to “Designated Qualified Persons” (DQPs), usually industry insiders with a history of ignoring violations. Reliance on DQPs has been an abysmal failure. Statistics clearly indicate that the presence of USDA inspectors at shows results in a far higher rate of noted violations than occurs when DQPs are present. For instance, USDA has released foreign substance results gathered through the Horse Protection Program at horse shows from 2010 through 2013. In 2013, an evaluation of horses at 17 shows revealed that 62 percent of the samples analyzed were positive for soring agents.<sup>3</sup> At the 2013 Tennessee Walking Horse National Celebration in Shelbyville, Tennessee, 86 of the 128 horses sampled tested positive for soring agents during USDA inspections, and at some 2013 shows every single horse examined had been exposed to soring chemicals.<sup>4</sup> In 2012, 309 of 478 horses sampled (65 percent) tested positive for soring agents,<sup>5</sup> while in 2011 and 2010, 97 percent and 86 percent, respectively, had been sored. Data from DQP horse show inspections in 2009 (the most recent year for which reports are available) reveal that for 436 shows at which 70,122 inspections were conducted and 889 violations of any type were cited, only 61, or 0.087 percent of horses inspected, were for prohibited foreign substances.

From this comparison, it is clear not only that horse soring remains a serious problem, but also that there is no substitute for inspections by USDA personnel to ensure compliance with the WALKING HORSES (2008).

HPA. The greater the likelihood of a USDA inspection, the greater the deterrent effect on those who routinely sore their horses. Enforcement should not be entrusted to individuals with a stake in maintaining the status quo. USDA cannot make progress in this area without adequate funding.

#### USDA-APHIS-WILDLIFE SERVICES—WILDLIFE DAMAGE MANAGEMENT

We request that APHIS-Wildlife Services’ (WS) wildlife damage management budget be reduced by \$13 million and that WS be prohibited from using funds for lethal wildlife control.

The WS program allocates millions of dollars each year to lethal wildlife management efforts, relying on methods that are cruel, ineffective, costly and outdated. WS uses poisons, body-gripping traps, snares and firearms to indiscriminately kill wildlife—including endangered species, family pets, and countless non-target animals—while ignoring humane, cost-efficient approaches to wildlife management that have been proven effective in the field. These irresponsible practices threaten not only target and non-target animals, but also the environment, public safety, national security. Accordingly, we support the inclusion of language prohibiting the use of USDA funds for WS’ lethal wildlife management activities in the fiscal year 2015 agriculture appropriations bill.

In addition to a restriction on funds for lethal control activities, we request a reduction in funding from the fiscal year 2014 allocation and USDA’s fiscal year 2015 request for WS. The program is notoriously secretive, and has repeatedly declined to disclose to both Congress and the public its expenditures on lethal and inhumane wildlife management practices. Despite this glaring lack of accountability, WS’ budget was increased substantially in fiscal year 2014, and the Administration’s budget proposes to maintain that funding level for fiscal year 2015. Alarming, a substantial portion of the fiscal year 2014 increase was allocated to “wildlife damage management,” the division within WS that is responsible for killing millions of animals on public and private lands each year. We request that WS’ Wildlife Damage Management budget be reduced by \$13 million, the program’s estimated annual expenditure for lethal predator control practices intended to protect livestock. It should no longer be the taxpayers’ responsibility to subsidize these inhumane, costly practices to which effective alternatives are readily available.

#### USDA-APHIS-WILDLIFE SERVICES—WILDLIFE DAMAGE MANAGEMENT PROGRAM, AIRPORT SAFETY

APHIS’ Airport Wildlife Control Program is intended to address the control of wildlife at military and civilian airports to reduce the threat of aircraft striking wildlife, which can lead to aircraft damage, delays, and accidents. While the media often sensationalize such incidents, the statistical likelihood of a bird or other wild-

<sup>3</sup> [http://www.aphis.usda.gov/animal\\_welfare/hp/downloads/show%20tally%202013%20for%20web.pdf](http://www.aphis.usda.gov/animal_welfare/hp/downloads/show%20tally%202013%20for%20web.pdf)

<sup>4</sup> Id.

life striking an aircraft is exceedingly small. The chances of a strike resulting in aircraft destruction, damage, delay, or an accident is even more remote. Indeed, since 1988, according to the Bird Strike Committee USA, only slightly more than 250 people worldwide have been killed as a result of bird strikes on aircraft. This loss of life is tragic, but when compared to the total number of aircraft passengers (commercial and civilian) worldwide since 1988, it is obvious that the risk of dying as a result of a bird strike is infinitesimal. Similarly, though the Federal Aviation Administration documented 133,000 reported wildlife strikes (bird strikes comprise approximately 97.5 percent of all wildlife strikes) at civilian and military airports in the United States between 1990 and 2011, only an extraordinarily small fraction of these reported strikes resulted in the damage, delay, or destruction of an aircraft or injuries or death to passengers. Furthermore, when the total number of aircraft (private, commercial, and military) takeoffs and landings are considered over that 21 year period, again the risk of an aircraft striking wildlife is exceedingly small.

Recognizing that the risk of wildlife strikes to aircraft is real but not statistically significant, we ask that any funds allocated to the airport wildlife control program be earmarked only for non-lethal management programs. There are a variety of non-lethal strategies that are effective and feasible to address wildlife strikes to aircraft including fencing, habitat management, runway sweeps using pyrotechnics and other noise-making devices, trained falcons, removal of standing water/areas that attract birds/wildlife on airport properties, modification of airport structures to deter bird use, and public/airport employee education to avoid behaviors (i.e., feeding birds) that may attract animals to airports.

#### USDA-APHIS-WILDLIFE SERVICES—ORAL RABIES VACCINATION PROGRAM

APHIS' oral rabies vaccination (ORV) activities, which are carried out under the National Rabies Management Program, have made significant progress in controlling the spread of rabies in the United States in an effective, humane, and cost-effective manner. To ensure that this success continues, we request that \$23.76 million be allocated to the ORV program for fiscal year 2015, consistent with the program's estimated fiscal year 2014 expenditures.

#### USDA-APHIS-INVESTIGATIVE AND ENFORCEMENT SERVICES

APHIS' Investigative and Enforcement Services (IES) handles investigations related to enforcement of the laws and regulations for APHIS' programs, which involves: collection of evidence; civil and criminal investigations; and investigations carried out in conjunction with Federal, state and local enforcement agencies. IES, in collaboration with USDA's Office of the General Counsel, also handles stipulations and formal administrative proceedings. We request that IES funding remain level with fiscal year 2014 appropriations so that the Service may fulfill its full range of responsibilities, particularly its increasing HPA and AWA investigatory demands.

#### USDA-FSIS—HUMANE METHODS OF SLAUGHTER ACT ENFORCEMENT

We appreciate the generous support provided by Congress during the past decade for USDA's enforcement of the Humane Methods of Slaughter Act (HMSA). However, while enforcement has increased in recent years, attention to the issue remains uneven among districts.

An analysis of Humane Activities Tracking System (HATS) data reveals that some USDA districts spend 10–20 times the number of hours on humane enforcement, per animal slaughtered, as other districts. Overall, USDA continues to allot an extremely small percentage of its resources to humane slaughter. For example, in fiscal year 2012, only 2.8 percent of all FSIS verification procedures were performed for activities related to humane handling and slaughter.

Repeat violators present a major enforcement problem for FSIS. Of the 285 federally inspected plants that have been suspended for humane slaughter violations since January 1, 2008, 33 percent have been suspended more than once within a 1 year period. Moreover, 56 plants have been suspended on three or more occasions during the past 5 years.

Federal inspection personnel have inadequate training in humane enforcement and inadequate access to humane slaughter expertise. Enforcement documents reveal that inspectors often react differently when faced with similar violations. District Veterinary Medical Specialists (DVMS) are stationed in each district to assist plant inspectors with humane enforcement and to serve as a liaison between the district office and headquarters on humane matters. However, the work load of each of the DVMSs, which includes visiting each meat and poultry plant within the dis-



strict to perform humane audits and conducting verification visits following suspensions, severely limits the effectiveness of the role.

The problems of inadequate and inconsistent enforcement can be resolved by increasing the number and qualifications of the personnel assigned to humane handling and slaughter duties. No fewer than 148 full-time equivalent positions should be employed for purposes dedicated solely to inspections and enforcement related to the HMSA. In addition, the number of DVMS positions should be increased to a minimum of two per district. Enforcement records suggest that violations are reported with greater frequency in the presence of outside inspection personnel, such as DVMSs. Hiring additional DVMSs will provide for increased auditing and training to help uncover problems before they result in egregious humane handling incidents.

#### USDA-FSIS—HORSE SLAUGHTER FACILITY INSPECTIONS

In 2013, Congress approved language to prevent the use of tax dollars to fund horse slaughter facility inspections. This language is critical to protect horses, taxpayers, communities, and public health. We strongly support the inclusion of this prohibition in the fiscal year 15 budget.

[This statement was submitted by Christopher J. Heyde, Deputy Director, Government and Legal Affairs, Animal Welfare Institute.]

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#### PREPARED STATEMENT OF THE CAMPAIGN FOR CONTRACT AGRICULTURE REFORM (CCAR)

On behalf of the farmer, rancher, and consumer groups represented by the Campaign for Contract Agriculture Reform (CCAR), I am providing this testimony to urge the Subcommittee to exclude from the bill any legislative riders to limit the authority of the Secretary's regulatory authority under the Packers and Stockyards Act. The member organizations of CCAR include: the Alabama Contract Poultry Growers Association, Contract Poultry Growers Association of the Virginias, Food & Water Watch, Hmong National Development, Inc., National Family Farm Coalition, National Farmers Union, National Sustainable Agriculture Coalition, and the Rural Advancement Foundation International-USA.

The Packers and Stockyards Act is one of the most important Federal statutes for our nation's livestock and poultry farmers and ranchers. This is because it prohibits meatpackers and poultry companies from using their market power to subject farmers and ranchers to anticompetitive, deceptive, fraudulent and abusive business practices.

Although the Act was originally enacted in 1921, its importance is even greater now because of the extent to which these firms have become vertically integrated, giving them even greater market power and enabling contracting practices that are even more abusive.

Understanding these trends, the 2008 Farm Bill required USDA to write regulations to address some of the abusive and anti-competitive practices that have become common in the livestock and poultry sectors. Based in part on the Farm Bill requirements, as well as testimony heard during a series of Agriculture Competition workshops hosted by USDA and the U.S. Department of Justice, USDA issued a package of proposed rules in June of 2010 to address many of these concerns.

Since the date these rules were first proposed by USDA's Grain Inspection Packer and Stockyards Agency (GIPSA), the meatpacker and poultry company groups have launched a full-scale attack on the regulations and the authority of the Secretary to enforcement many aspects of the proposed GIPSA rule.

The appropriations process has been one of the venues for those attacks, and unfortunately, a legislative rider limiting the Secretary's authorities under the Packer and Stockyards Act has been included in the agriculture appropriations provisions of each of the past three fiscal years. While each of the 3 riders has been somewhat different, they each have significantly undermined important basic protections for our nation's livestock and poultry farmers and ranchers.

The GIPSA rider included in the fiscal year 2014 appropriations cycle (Section 744, Division A, Consolidated Appropriations Act of 2014—H.R. 3547) prohibits the Secretary from taking action on a long list of commonsense protections for our nation's livestock and poultry farmers. Here are just some of the protections that the fiscal year 2014 GIPSA rider prohibits:

- Regulations to make it an unfair practice under the Packers and Stockyards Act for meatpackers and poultry companies to retaliate against farmers for exercising their rights to free speech and/or association. This includes providing pro-

- tection for farmers who speak out publicly, or to USDA officials or Members of Congress, about what is taking place on their farms and with their contracts.
- Regulations to require meatpackers and poultry companies to give farmers statistical information and data about how their pay is calculated, if the farmer requests such information.
  - Regulations to prohibit meatpackers and poultry companies from using contracts to force farmers to give up their legal right to a jury trial to address future disputes with the company.
  - Regulations to require meatpackers and poultry companies to submit to GIPSA sample contracts that they are using in their contract relationships with farmers, with a clear statement that all confidential business information and trade secrets are to be redacted.
  - Regulations to clarify that it is an unfair practice under the Act for poultry companies to require farmers to compete against each other for performance pay, unless they are given the same type of birds to raise by the company. This addresses a current poultry company practice of giving one farmer a breed of bird that performs poorly in feed conversion efficiency, while giving another farmer a better-performing breed of bird, and then requiring both farmers to compete for performance pay based on feed conversion success of the bird during grow-out period. This practice is fraudulent because it allows the companies to make farmers pay the cost for a company decision to produce some chickens with lower feed conversion attributes. The farmer has no choice about the quality of chicken placed on his farm by the poultry company, and is rewarded or penalized based on factors outside the farmer's control.
  - Regulations to clarify that the Packers and Stockyards Act does not require farmers to show a competitive injury to the entire industry in order to prove that they have been harmed by unfair and deceptive trade practices or other anti-competitive practices of meatpackers or poultry integrators. In other words, if a poultry company has used fraudulent or deceptive business practices in a manner that defrauds a poultry grower out of thousands of dollars of pay, they should not have to prove that the action by the company is likely to cause a competitive injury across the entire poultry sector. The Packers and Stockyards Act was written specifically to provide protection for individual farmers in their dealings with meatpackers and poultry companies. In recent years, some courts have reinterpreted the law to require that farmers prove competitive injury beyond themselves, and this GIPSA regulation was intended to clarify the original intent and meaning of the statute.

It is important to note that during the 2014 Farm Bill debate, the Farm Bill conferees rejected a strong push by the meatpacker and poultry companies to include a provision in the final bill that would have placed great limits on the authority of the Secretary to enforce many aspects of the Packers and Stockyards Act. This provision, similar but not identical to the GIPSA rider in recent appropriations bills, was firmly rejected by the authorizing Committee, and excluded from the final 2014 Farm Bill.

We strongly urge the House Agriculture Appropriations Subcommittee to do the same, and reject any legislative riders to limit the Secretary's authority under the Packers and Stockyards Act.

[This statement was submitted by Steven Etka, Policy Director, Campaign for Contract Agriculture Reform.]

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#### PREPARED STATEMENT OF THE CATHOLIC RELIEF SERVICES

Thank you Chairman Pryor and Ranking Member Blunt for receiving this testimony. Catholic Relief Services (CRS) requests that fiscal year (FY) 2015 appropriations provide at minimum \$1.55 billion for the Food for Peace program, \$200 million for the McGovern-Dole Food for Education program, and \$80 million for the Local and Regional Procurement program. Additionally, we request that you direct amounts of Food for Peace funding to certain specific purposes.

#### CRS AND THE U.S. CATHOLIC CHURCH

CRS is the international relief and development agency of the U.S. Catholic Church. We are one of the largest implementing partners of U.S. Agency for International Development (USAID) and U.S. Department of Agriculture (USDA) food aid programs. Our work reaches millions of poor and vulnerable people in nearly 90 countries. CRS works with people and communities based on need, without regard to race, creed, or nationality. CRS often partners with local institutions of the

Catholic Church and other local civil society groups, which are essential to connecting us with communities that are often inaccessible to others.

#### THE FOOD FOR PEACE PROGRAM

Approximately 842 million people worldwide face hunger on a daily basis. People facing chronic hunger do not have access to enough food to maintain healthy and productive lives.

Often times it is the most vulnerable in a community who suffer the greatest from chronic hunger—women, smallholder farmers, the elderly and children. Overall, communities that suffer from chronic hunger are less productive and less stable.

U.S. food aid programs, led by Food for Peace, help to address chronic hunger. Food for Peace development programs target assistance to poor and vulnerable communities that improve their long-term food security. CRS implements Food for Peace development programs in ten countries. Through these programs beneficiaries are able to grow more food, earn more to purchase the food they need, and help in infrastructure improvements that bolster community resilience. A good of example our Food for Peace funded is in Madagascar.

CRS leads a consortium implementing the Strengthening and Accessing Livelihood Opportunities for Household Impact (SALOHI) project in Madagascar. For its part, CRS has implemented a diverse array of programming to aid farmers and vulnerable populations. Over 58,000 farmers participated in farmer field schools that introduced improved rice varieties capable of increasing yields. Farmers learn agribusiness skills to better manage their crops post-harvest leading to greater profits, and to create better linkages with rice buyers and agricultural tool suppliers. Food rations are provided in exchange for community labor to rehabilitate critical infrastructure, such as a dam that will help irrigate fields. Community health volunteers in the program have treated 15,000 malnourished children and taught their parents better nutritional practices to use for lasting impact. And, over 30,000 people have joined Village Savings and Loan (VSL) programs that help poor farmers pool, save and manage their money, allowing them to raise capital to purchase additional land to farm and other needs.

In addition to addressing chronic hunger, Food for Peace programs assist the millions of people forced into hunger due to sudden and severe disruptions of their normal lives. Disruptions can take the form of natural disasters, like Typhoon Haiyan in the Philippines, or they could be the result of armed conflict as we have seen in Syria.

While the emergency needs in the Philippines and Syria have been well documented in the news, we feel additional attention needs to be placed on two other countries in the midst of emergencies—the Central Africa Republic (CAR) and South Sudan. In both cases, internal violence in recent months has sparked a significant number of refugees and Internally Displaced Persons (IDPs). In CAR, at the peak of the violence CRS worked with private resources to help shelter, feed and care for 40,000 IDPs who had taken refuge at the compound of Archdiocese of Bossangoa. More than half of the country's 4.5 million people are in need of assistance, with an estimated 625,000 IDPs in CAR and many more in neighboring countries as refugees.

In South Sudan, the violence has led to over 800,000 IDPs and over 250,000 refugees in neighboring countries. CRS is currently reaching more than 12,000 IDP households across South Sudan. CRS had been implementing a Food for Peace development program in South Sudan when fighting broke out. The instability has prevented implementation of the development program in recent months, and CRS has requested a modification to its agreement in order to use program resources to meet emergency needs. We have taken such measures in the past, specifically in Mali in 2013 and in Haiti following the 2010 earthquake, and hope USAID will be able to accommodate this requested modification as well.

#### FOOD FOR PEACE AND MCGOVERN-DOLE FUNDING REQUESTS

CRS requests that Food for Peace receive at minimum \$1.55 billion, and McGovern-Dole receive at minimum \$200 million in the fiscal year 2015 appropriations. These increases over fiscal year 2014 appropriated amounts are largely to take into account the increased costs for transportation of food that U.S. food aid programs now have to bear as a result of the 2013 Murray-Ryan budget deal.

For the last several years transportation costs related to the overseas shipment of U.S. commodities in food aid programs—Food for Peace, McGovern-Dole, and Food for Progress—have been partially offset by reimbursements provided through Transportation Authorization bills. These reimbursements were reinvested into food aid programs, allowing them to help more people. However, in last year's budget

deal this reimbursement mechanism was struck from the law. The practical effect of this change is that food aid programs will now shoulder the full cost of overseas transportation, which will cut the amount of food that can be purchased and shipped, and ultimately decrease the number of people helped compared to present levels.

CRS estimates that lost transportation reimbursements could be between \$50 and \$70 million each year. Additionally, CRS estimates the McGovern-Dole and Food for Progress programs each will lose between \$10 and \$15 million each year. In order to maintain the reach that food aid programs had in fiscal year 2014, an increase in funding to Food for Peace and McGovern-Dole is necessary. We also note that while Food for Progress is not directly appropriated annually, a \$40 million cap on transportation costs in its authorization gives it no flexibility to absorb additional transportation costs, and we ask the Subcommittee to explore ways of addressing the unique impact that the elimination of reimbursements will have on that program.

We would also like to point out that further increases in food aid funding may be needed to offset another proposed and troubling change. On April 1, 2014, the House passed H.R. 4005, the Coast Guard and Maritime Transportation Act of 2014, which reauthorizes the Coast Guard and maritime transportation legislation for 2 years. Our concern with this bill pertains to Section 318 that requires 75 percent of overseas food aid shipments to be carried on U.S. flagged vessels, an increase from the current 50 percent requirement. According to sponsors of the bill, using U.S. flagged vessels is 30 percent more expensive than using regular commercial channels. Should H.R. 4005 be enacted into law with this provision, an even greater portion of food aid funding will go to overseas transportation instead of providing food and other assistance to hungry people. As such, higher levels of funding for Food for Peace and McGovern-Dole will be required to offset these additional costs and maintain the present reach of food aid programs.

#### FOOD FOR PEACE DEVELOPMENT PROGRAM FUNDING

The recently enacted Farm Bill reauthorization maintains a minimum commitment for Food for Peace development programs of \$350 million a year, but also allows the allocation for such programs to rise to 30 percent of overall Food for Peace funding. Food for Peace development programs have been appropriated \$375 million in each of the last two fiscal years, and this figure falls within the new funding range set by the Farm Bill. We hope USAID will consider this as guidance from your Subcommittee in their allocation of Food for Peace funding in fiscal year 2015.

#### MONETIZATION IN FOOD FOR PEACE

The recently enacted Farm Bill also increased the amount of Food for Peace funding going to its existing cash account, referred to as 202e, and broadened the uses of this funding to include directly paying for Food for Peace program costs. It is our understanding that this change was made primarily to reduce the need to monetize food aid commodities.

Monetization of in-kind food donations is an inefficient means to raise proceeds to pay for Food for Peace program costs. CRS has implemented monetization programs for many years and our experience shows that on average 25 percent of the value in the commodities and shipping costs are lost in these transactions. It is our goal to reduce the need to engage in monetization in Food for Peace programs. As provided in the fiscal year 2014 appropriations, we request that you direct an additional \$35 million in this year's Food for Peace budget to 202e for the express purpose of replacing monetization. This additional \$35 million in 202e, along with the new flexibilities in the Farm Bill, should provide enough cash funding to forgo the use of monetization in all Food for Peace programs except for one (note, the recently passed Farm Bill retains a requirement that at least 15 percent of Food for Peace development resources be dedicated to monetization and the one remaining monetization program is projected to meet this requirement).

#### LOCAL AND REGIONAL PROCUREMENT PROGRAM

CRS requests that the Subcommittee fund the permanent Local and Regional Procurement (LRP) program, authorized by the recently enacted Farm Bill, at \$80 million for fiscal year 2015. CRS supports the use of LRP in conjunction with McGovern-Dole programming, as was suggested in authorizing language. We also recognize that LRP can be useful in other food assistance programming and should be available to project implementers to achieve food security objectives. CRS has successfully implemented projects in Mali and Burkina Faso in conjunction with McGovern-Dole programs under the auspices of the pilot LRP program authorized by the 2008

Farm Bill. In these projects, we found that using locally sourced food helped lay the ground work for sustainability of the programs, by connecting local farmers to schools, helping these farmers produce appropriate products for local schools, and teaching parent-teacher associations to purchase, prepare, and manage locally grown foods. Food costs were also generally lower, thus making it more likely that national governments could ultimately assume the costs of implementing the program. We also note that replacing US commodities with locally produced ones would require a gradual transition period and that even after this period, US commodities would likely be needed since local crop yields can vary significantly from year to year and thus additional food would be required to fill these gaps.

[This statement was submitted by Dr. Carolyn Woo, President and Chief Executive Officer of Catholic Relief Services.]

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#### PREPARED STATEMENT OF THE CENTER FOR SCIENCE IN THE PUBLIC INTEREST

2015. My testimony is focused on appropriations for the food programs at the Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA). We are requesting additional budget authority above the President's request for FDA's Foods Program of \$100 million and for the Food Safety and Inspection Service (FSIS) at USDA of \$9.3 million.

The Center for Science in the Public Interest (CSPI) is a nonprofit health advocacy and education organization focused on health and nutrition, and food safety issues. CSPI is supported principally by the 900,000 subscribers to its Nutrition Action HealthLetter and by foundation grants. We do not accept government or industry funding.

#### FDA FUNDING LEVELS

FDA is in the third year of implementing the Food Safety Modernization Act (FSMA). Under FSMA, food producers, importers, and manufacturers are responsible for the safety of the food they market to consumers. FDA is required to oversee the food industry's efforts by issuing risk-based standards for growing, manufacturing, and importing food, and by conducting compliance inspections. For FSMA implementation in fiscal year 2015, the President has proposed a \$20.6 million increase in budget authority for the Foods Program at FDA. Additionally, the President has proposed two new fees to support FSMA activities. The user fee on imported foods would generate \$137.5 million to support border inspections and implementation of FSMA's import provisions. A registration and inspection user fee would generate \$50.7 million to support inspection programs.

In recent years, Congress has recognized the need to increase food safety resources at FDA and fund implementation of FSMA. We are grateful for the Subcommittee's support and urge that it continue to provide the agency with adequate funding to carry out its critical food safety mission.

It is our belief that an increase of \$20.6 million is inadequate, and that it is the two fee proposals that outline the true scope of what the agency needs to fully implement FSMA. However, Congress has not been receptive to new user fee proposals in prior budgets, and we do not anticipate that changing in the current budget cycle. We request that the Subcommittee increase appropriations for food safety, consistent with its past actions, by at least \$90 million for FSMA implementation above the President's request for fiscal year 2015. The basis for our request is the May, 2013, report mandated by FSMA in which the agency estimated its funding will have to increase by \$400 million to \$450 million above the fiscal year 2012 baseline over 5 years to fully implement FSMA. While not fully funding the needs of the agency for implementing FSMA, the requested increase puts FDA's funding level on a closer trajectory to fulfill its responsibilities than would the President's budget.

In addition, we believe FDA needs at least an additional \$10 million to meet critical public health needs in the area of nutrition policy. FDA has made an initial determination to remove the GRAS (Generally Recognized as Safe) status for partially hydrogenated oils (PHO), a decision that would save an estimated 3,000 to 7,000 lives annually. The comment period on this proposal has just closed and it is incumbent on FDA to make a final determination in an expeditious manner and implement an aggressive, but reasonable, timetable for industry to comply.

The Agency has also recently published a proposed revision of the Nutrition Facts label that provides for many important improvements based on today's scientific evidence, including a bolder statement of calories, removal of unnecessary text, and adding a line for "added sugars." Again, it is critical that FDA acts with dispatch in reviewing the comments that this proposal will engender and make a final decision with a timely implementation schedule. It has been more than 20 years since

the Nutrition Facts panel was established and our current knowledge of the roles various nutrients play in our health should be reflected in today's food labeling. Maintaining the momentum on this issue is essential to reaping the benefits of these changes.

FDA also has much unfinished business in nutrition policy. Front-of-package (FOP) labeling and the clarity of ingredient labels need to be addressed. FDA has sponsored consumer research on front-of-package nutrition labels, and 3 years ago the Institute of Medicine (IOM) recommended that FDA mandate a uniform national system of FOP labels. FDA should have seized the opportunity provided by the Nutrition Facts panel changes to address the confusing signals sent by many food packages on the front of the label, which every consumer sees. Yet the primary display panels on packages are often jumbles of messages about healthy aspects of food that are misleading when the food is considered as a whole. Also, ingredient labels on many packages remain painfully difficult to read. FDA should have sufficient resources to address this important outstanding business on labeling.

Moreover, more definitive action on sodium is required. Four years ago, the IOM published a landmark report laying out a road map for FDA to reduce sodium in the food supply. The Dietary Guidelines for Americans recommends that people over 50, African-Americans, and people with hypertension—or more than half of all adults—should limit themselves to 1,500 milligrams of sodium per day. Americans average about 4,000 milligrams of sodium per day. That higher level is causing about 100,000 more deaths per year from heart attacks and strokes than would occur if people were consuming 2,000 milligrams per day. While the revisions to the Nutrition Facts panel include a very modest reduction in the daily value for sodium from 2,400 mg to 2,300 mg, much more is needed, especially the publication of a guidance for industry that would provide targets for lowering sodium.

In addition, FDA has yet to publish the final rule for calorie labeling in chain restaurants, where Americans consume one-third of meals and caloric intake is higher than at home. FDA must not let these matters be further delayed, and for this kind of forward movement on public health, with the potential for saving tens of thousands of lives and tens of billions of dollars annually, the agency requires resources. These critical public health needs require additional funding so that FDA has the scientific base and staff resources to act today, not tomorrow or the day after.

#### USDA FUNDING LEVELS

The President's budget proposes cutting FSIS by \$9.3 million in fiscal year 2015. This is premised upon the agency achieving savings from implementation of the proposed poultry slaughter inspection program. Since FSIS has not finalized a rule and has not announced a date for doing so, this cut seems to put the cart before the horse. The Subcommittee should reject this premature cut until FSIS can demonstrate that its program is effective at protecting public health and can achieve the projected savings. We request the Subcommittee fund discretionary programs in FSIS at the fiscal year 2014 level of \$1,011 million.

Again, thank you for the opportunity to submit testimony on the fiscal year 2015 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill.

[This statement was submitted by Michael F. Jacobson, Ph.D., Executive Director, Center for Science in the Public Interest.]

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#### PREPARED STATEMENT OF THE CENTRAL ARIZONA WATER CONSERVATION DISTRICT (CAWCD)

On behalf of the Central Arizona Water Conservation District (CAWCD), I am writing to ask that you include at least \$17.5 million from the U.S. Department of Agriculture's Environmental Quality Incentive Program (EQIP) for the Colorado River Basin Salinity Control Program in the fiscal year 2015 Appropriation bill. Funding for the salinity control program will help protect the water quality of the Colorado River that is used by approximately 40 million people for municipal and industrial purposes and used to irrigate approximately 4 million acres in the United States.

CAWCD manages the Central Arizona Project (CAP), a multi-purpose water resource development and management project that delivers Colorado River water into central and southern Arizona. The largest supplier of renewable water in Arizona, CAP delivers an average of more than 1.5 million acre-feet of Arizona's 2.8 million acre-foot Colorado River entitlement each year to municipal and industrial users, agricultural irrigation districts, and Indian communities.

Our goal at CAP is to provide an affordable, reliable and sustainable supply of Colorado River water to a service area that includes more than 80 percent of Arizona's population.

These renewable water supplies are critical to Arizona's economy and to the economies of Native American communities throughout the state. Nearly 90 percent of economic activity in the State of Arizona occurs within CAP's service area. CAP also helps the State of Arizona meet its water management and regulatory objectives of reducing groundwater use and ensuring availability of groundwater as a supplemental water supply during future droughts.

#### NEGATIVE IMPACTS OF CONCENTRATED SALTS:

Natural and man-induced salt loading to the Colorado River creates environmental and economic damages. EPA has identified that more than 60 percent of the salt load of the Colorado River comes from natural sources. Additionally, human activity, principally irrigation, adds to the salt load of the Colorado River. The U.S. Bureau of Reclamation (Reclamation) has estimated damages at about \$376 million per year. Modeling by Reclamation indicates that damages will rise to approximately \$577 million per year by the year 2030 without continuation of the Program. These damages include:

- A reduction in the yield of salt sensitive crops and increased water use to meet the leaching requirements in the agricultural sector;
- Increased use of imported water and cost of desalination and brine disposal for recycling water in the municipal sector;
- An increase in the use of water and the cost of water treatment, and an increase in sewer fees in the industrial sector;
- An increase in the cost of cooling operations and the cost of water softening, and a decrease in equipment service life in the commercial sector;
- A reduction in the useful life of galvanized water pipe systems, water heaters, faucets, garbage disposals, clothes washers, and dishwashers, and increased use of bottled water and water softeners in the household sector;
- A decrease in the life of treatment facilities and pipelines in the utility sector; and
- Difficulty in meeting wastewater discharge requirements to comply with National Pollutant Discharge Elimination System permit terms and conditions, and an increase in desalination and brine disposal costs due to accumulation of salts in groundwater basins.

Funding for salinity control will prevent the water quality of the Colorado River from further degradation and significant increases in economic damages to municipal, industrial and irrigation users.

#### HISTORY OF THE USDA'S COLORADO RIVER BASIN SALINITY CONTROL PROGRAM:

Recognizing the rapidly increasing salinity concentration in the Lower Colorado River and its impact on water users, Arizona joined with the other Colorado River Basin States in 1973 and organized the Colorado River Basin Salinity Control Forum (Forum). In 1974, the Forum worked with Congress in the passage of the Colorado River Basin Salinity Control Act (Act) to offset increased damages caused by continued development and use of the waters of the Colorado River.

Congress authorized a salinity control program (Program) for the United States Department of Agriculture (USDA) through an amendment of the Act in 1984. With the enactment of the Federal Agriculture Improvement and Reform Act of 1996 (FAIRA), Congress directed that the Program should continue to be implemented as part of the newly created EQIP. Since the enactment of the Farm Security and Rural Investment Act (FSRIA) in 2002, there have been, for the first time in a number of years, opportunities to adequately fund the Program within EQIP.

In 2008, Congress passed the Food, Conservation and Energy Act (FCEA). The FCEA addressed the cost sharing required from the Basin Funds. In so doing, the FCEA named the cost sharing requirement as the Basin States Program (BSP). The BSP will provide 30 percent of the total amount that will be spent each year by the combined EQIP and BSP effort. With the passage of the Agricultural Act of 2014 the authorities for USDA to implement salinity control activities in the Colorado River Basin were continued.

The Program, as set forth in the Act, is to benefit Lower Basin water users hundreds of miles downstream from the sources of salinity in the Upper Basin. The salinity of Colorado River waters increases from about 50 mg/L at its headwaters to more than 700 mg/L in the Lower Basin. There are very significant economic damages caused downstream by high salt levels in the water. EQIP is used to improve upstream irrigation efficiencies which in turn reduce leaching of salts to the Colo-

rado River. There are also local benefits in the Upper Colorado River Basin from the Program in the form of soil and environmental benefits, improved agricultural production, improved water efficiencies, lower fertilizer and labor costs, and water distribution and infrastructure improvements. The mix of funding under EQIP, cost sharing from the Basin States and efforts, and cost sharing brought forward by local producers have created a most remarkable and successful partnership.

The threat of salinity continues to be a concern in both the United States and Mexico. In 2012, a five-year agreement, known as Minute 319, was signed between the U.S. and Mexico to guide future management of the Colorado River. Among the key issues addressed in Minute 319 included an agreement to maintain salinity standards. The CAWCD and other key water providers are committed to meeting these goals.

#### CONCLUSION:

Implementation of salinity control practices through EQIP has proven to be a very cost-effective method of controlling the salinity of the Colorado River. CAWCD urges the subcommittee to include at least \$17.5 million from the USDA's Environmental Quality Incentive Program for the Colorado River Basin Salinity Control Program in the fiscal year 2015 Appropriation bill. If adequate funds are not appropriated, significant damages from the higher salt concentrations in the water will be more widespread in the United States and Mexico.

[This statement was submitted by David V. Modeer, General Manager, Central Arizona Project.]

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#### LETTER FROM THE CHOOSE CLEAN WATER

March 28, 2014

Hon. MARK PRYOR,  
*Chairman, Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies,*  
*Washington, D.C. 20510*

Hon. ROY BLUNT,  
*Ranking Minority Member, Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies,*  
*Washington, D.C. 20510*

DEAR CHAIRMAN PRYOR AND RANKING MEMBER BLUNT: As members of the Choose Clean Water Coalition we are requesting continued support for clean water in the Chesapeake Bay watershed through the conservation programs of the new Farm Bill (the Agricultural Act of 2014). There are 87,000 farms in the Chesapeake region, and those that are well run protect their water resources and add much to our landscape, environment and economy. We want to ensure that these responsible farms and farmers remain economically viable. These conservation programs are critical for maintaining and restoring clean water to the rivers and streams throughout the Chesapeake Bay region, and for the Bay itself. These programs are also essential for the agricultural sector to meet requirements under the Clean Water Act.

We urge you to oppose cuts to mandatory agricultural conservation programs in fiscal year 2015. The recent enactment of a new Farm Bill sets us on a new path toward clean water in our region, but only if key conservation programs are funded as Congress intended.

At least 11 million people in this region get their drinking water directly from the rivers and streams that flow through the cities, towns and farms throughout our region. The quality of this water is critical to both human health and to the regional economy. The efforts to clean the Chesapeake began a generation ago under President Reagan in 1983. In his 1984 State of the Union speech President Reagan said, "Preservation of our environment is not a liberal or conservative challenge, it's common sense."

In order to follow a common sense path to maintain economically viable well run farms and to have healthy local water and a restored Chesapeake Bay, which is critical for our regional economy, we request full funding for the authorized amount in the Farm Bill for the following programs in fiscal year 2015:



U.S. DEPARTMENT OF AGRICULTURE—NATURAL RESOURCES CONSERVATION SERVICE  
(NRCS)

*Environmental Quality Incentives Program (EQIP)—\$1.6 billion*

This national Farm Bill conservation program provides a formula based allocation to farmers by state and is used for various conservation practices, such as nutrient management, cover crops, conservation tillage, fencing animals out of streams, restoring vegetative buffers along streams, etc., that are critical to protecting and restoring water quality throughout the region and the nation. EQIP has been essential over the years in this region for farmers to implement and maintain practices that enhance their operations and benefit the local environment. We support full funding for the \$1.6 billion for which this program is authorized in the new Farm Bill. This funding level is also critical to the success of the Regional Conservation Partnership Program that is allocated 7 percent of EQIP funds.

*Regional Conservation Partnership Program (RCPP)—\$100 million*

We support the \$100 million authorized level of this new Farm Bill program, as well as the President's \$100 million budget request for fiscal year 2015. A number of former Farm Bill programs, including the Chesapeake Bay Watershed Initiative, were ended and incorporated into the new RCPP. In order to continue the success that our region's farmers have had in reducing their impacts to local waters and the Bay over the past 5 years we strongly urge you to fully fund the RCPP in fiscal year 2015 and beyond. This new program is critical to continuing the march toward clean water throughout our region.

Thank you for your consideration on this very important request to maintain funding for these programs which are critical to both our agricultural community and for clean water throughout the mid-Atlantic region.

Sincerely,

1000 Friends of Maryland	Association National Wildlife
American Rivers	Federation
Anacostia Watershed Society Audubon	Natural Resources Defense Council
Naturalist Society Blue Water	Nature Abounds
Baltimore Chapman Forest	New York State Council Trout Unlimited
Foundation	Pennsylvania Council of Churches
Citizens for Pennsylvania's Future	Pennsylvania Council of Trout
Clean Water Action Conservation	Unlimited Piedmont Environmental
Pennsylvania Delaware Nature Society	Council Potomac Conservancy
Elk Creeks Watershed Association	Rivanna Conservation Society Rock
Friends of Dyke Marsh	Creek Conservancy Sassafras River
Friends of Frederick County	Association
Friends of Lower Beaverdam Creek	Savage River Watershed Association
IFriends of the North Fork of the	Shenandoah Riverkeeper Shenandoah
Shenandoah River	Valley Network Stewards of the Lower
IFriends of the Rappahannock Friends of	Susquehanna
the Rivers of Virginia Interfaith	St. Mary's River Watershed Association
Partners for the Chesapeake James	Theodore Roosevelt Conservation
River Association	Partnership Trout Unlimited
Loudoun Wildlife Conservancy	Trout Unlimited Mid-?Atlantic Council
Maryland Academy of Sciences at the	Upper Susquehanna Coalition Virginia
Maryland Science Center	Conservation Network
Maryland Conservation Council	Virginia League of Conservation Voters
Maryland League of Conservation Voters	Waterkeepers Chesapeake
Mattawoman Watershed Society	West Virginia Rivers Coalition
National Parks Conservation	

PREPARED STATEMENT OF THE COLORADO RIVER BASIN SALINITY CONTROL FORUM

Waters from the Colorado River are used by approximately 40 million people for municipal and industrial purposes and used to irrigate approximately 4 million acres in the United States. Natural and man-induced salt loading to the Colorado River creates environmental and economic damages. The U.S. Bureau of Reclamation (Reclamation) has estimated the currently quantifiable damages at about \$376 million per year. Modeling by Reclamation indicates that the quantifiable damages will rise to approximately \$577 million per year by the year 2030 without continuation of the Program. Congress authorized the Colorado River Basin Salinity Control Program (Program) in 1974 to offset increased damages caused by continued development and use of the waters of the Colorado River. The USDA portion of the Program, as authorized by Congress and funded and administered by the Natural

Resources Conservation Service (NRCS) under the Environmental Quality Incentives Program (EQIP), is an essential part of the overall effort. A funding level of \$17 million to \$18 million annually is required to prevent further degradation of the quality of the Colorado River and increased downstream economic damages.

In enacting the Colorado River Basin Salinity Control Act in 1974, Congress directed that the Colorado River Basin Salinity Control Program should be implemented in the most cost-effective way. The Program is currently funded under EQIP through NRCS and under Reclamation's Basinwide Program. The

Act requires that the basin states cost share 30 percent of the overall effort. Historically, recognizing that agricultural on-farm improvements were some of the most cost-effective strategies, Congress authorized a program for the United States Department of Agriculture (USDA) through amendment of the Act in 1984. With the enactment of the Federal Agriculture Improvement and Reform Act of 1996 (FAIRA), Congress directed that the Program should continue to be implemented as part of the newly created Environmental Quality Incentives Program. Since the enactment of the Farm Security and Rural Investment Act (FSRIA) in 2002, there have been, for the first time in a number of years, opportunities to adequately fund the Program within EQIP. In 2008, Congress passed the Food, Conservation and Energy Act (FCEA). The FCEA addressed the cost sharing required from the Basin Funds. In so doing, the FCEA named the cost sharing requirement as the Basin States Program (BSP). The BSP will provide 30 percent of the total amount that will be spent each year by the combined EQIP and BSP effort. With the passage of the Agricultural Act of 2014 the authorities for USDA to implement salinity control activities in the Colorado River Basin were continued.

The Program, as set forth in the Act, is to benefit Lower Basin water users hundreds of miles downstream from the sources of salinity in the Upper Basin. The salinity of Colorado River waters increases from about 50 mg/L at its headwaters to more than 700 mg/L in the Lower Basin. There are very significant economic damages caused downstream by high salt levels in the water. EQIP is used to improve upstream irrigation efficiencies which in turn reduce leaching of salts to the Colorado River. There are also local benefits in the Upper Colorado River Basin from the Program in the form of soil and environmental benefits, improved agricultural production, improved water efficiencies, lower fertilizer and labor costs, and water distribution and infrastructure improvements. Local producers submit cost-effective applications under EQIP in Colorado, Utah and Wyoming and offer to cost share in the acquisition of new irrigation equipment. The mix of funding under EQIP, cost share from the Basin States and efforts and cost share brought forward by local producers has created a most remarkable and successful partnership.

After longstanding urgings from the states and directives from Congress, NRCS has recognized that this Program is different than small watershed enhancement efforts common to EQIP. In the case of the Colorado River salinity control effort, the watershed to be considered stretches more than 1,400 miles from the Colorado River's headwater in the Rocky Mountains to the Colorado River's terminus in the Gulf of California in Mexico. Each year the NRCS State Conservationists for Colorado, Utah and Wyoming prepare a three-year funding plan for the salinity efforts under EQIP. The Forum supports this funding plan which recognizes the need for \$17.5M in fiscal year 2015. This includes the moneys needed for both on-farm and technical assistance. State and local cost-sharing is triggered by the Federal appropriation. The Forum appreciates the efforts of NRCS leadership and the support of this Subcommittee in implementing the Program.

The Forum is composed of gubernatorial appointees from Arizona, California, Colorado, Nevada, New Mexico, Utah and Wyoming. The Forum is charged with reviewing the Colorado River's water quality standards every 3 years. In so doing, it adopts a Plan of Implementation consistent with these standards. The level of appropriation requested in this testimony is in keeping with the adopted Plan of Implementation. If adequate funds are not appropriated, significant damages from the higher salinity concentrations in the water will be more widespread in the United States and Mexico.

Concentration of salt in the Colorado River causes approximately \$376 million in quantified damages and significantly more in unquantified damages in the United States and results in poor water quality for United States users. Damages occur from:

- a reduction in the yield of salt sensitive crops and increased water use to meet the leaching requirements in the agricultural sector,
- increased use of imported water and cost of desalination and brine disposal for recycling water in the municipal sector.

- a reduction in the useful life of galvanized water pipe systems, water heaters, faucets, garbage disposals, clothes washers, and dishwashers, and increased use of bottled water and water softeners in the household sector,
- an increase in the cost of cooling operations and the cost of water softening, and a decrease in equipment service life in the commercial sector,
- an increase in the use of water and the cost of water treatment, and an increase in sewer fees in the industrial sector,
- a decrease in the life of treatment facilities and pipelines in the utility sector, and
- difficulty in meeting wastewater discharge requirements to comply with National Pollutant Discharge Elimination System permit terms and conditions, and an increase in desalination and brine disposal costs due to accumulation of salts in groundwater basins.

Over the years, NRCS personnel have developed a great working relationship with farmers within the Colorado River Basin. Maintaining salinity control achieved by implementation of past practices requires continuing education and technical assistance from NRCS personnel. Additionally, technical assistance is required for planning and design of future projects. Lastly, the continued funding for the monitoring and evaluation of existing projects is essential to maintaining the salinity reduction already achieved.

In summary, implementation of salinity control practices through EQIP has proven to be a very cost effective method of controlling the salinity of the Colorado River and is an essential component to the overall Colorado River Basin Salinity Control Program. Continuation of EQIP with adequate funding levels will prevent the water quality of the Colorado River from further degradation and significantly increased economic damages to municipal, industrial and irrigation users.

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#### PREPARED STATEMENT OF THE CYSTIC FIBROSIS FOUNDATION

On behalf of the Cystic Fibrosis Foundation and the approximately 30,000 people with cystic fibrosis (CF) in the United States, we are pleased to submit the following testimony to the Senate Appropriations Committee's Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies for fiscal year 2015. In order to encourage efficient review of drugs for cystic fibrosis and other rare diseases, we urge the Committee to prioritize the Food and Drug Administration (FDA) in fiscal year 2015 by providing the highest possible funding level for this essential agency. We encourage special consideration and support for the Center for Drug Evaluation and Research (CDER), its Office of New Drugs (OND), and the Office of Orphan Products Development (OOPD).

The Cystic Fibrosis Foundation is appreciative of the fiscal year 2014 funding level the Committee provided the Food and Drug Administration, an increase of \$91 million over the fiscal year 2013 enacted level. However, as the agency's responsibilities continue to grow and we enter an unprecedented era of innovation in drug development for rare diseases, even more needs to be done.

Cystic fibrosis is a rare genetic disease that causes the body to produce abnormally thick mucus that clogs the lungs and other bodily systems, resulting in life-threatening infections and other complications. There are nearly 2,000 mutations of the CF gene that can impact those with CF. In recent years, genetically-targeted treatments have become a reality for cystic fibrosis patients with particular CF mutations, changing the face of this chronic disease for a small portion people of with CF. Now, therapies that target other mutations are moving through the pipeline.

With these groundbreaking advancements, clinical trial design issues have been identified by cystic fibrosis experts that may arise in review of future treatments. For example, researchers and clinicians are concerned about the challenges inherent in executing placebo-controlled trials for genetically-targeted treatments when successful, genetically-targeted drugs are already approved and on the market. Outcome measures for young children and infants and the need for flexibility for the use of markers reasonably likely to predict clinical outcome are also concerns. How to accelerate classification of biomarkers, test combinations of drugs in populations that might include patients with several different CF mutations, develop and test single and combination therapies in n of 1 trials (those that consist of a single patient), and develop and implement Patient Reported Outcomes (PROs) are all questions that need to be considered as we enter this era of personalized medicine.

The Cystic Fibrosis Foundation and the patients, families, researchers, and clinicians we represent commend the FDA for its flexible and patient-centered approach to drug development. The agency's flexible attitude toward new drug review has pro-

duced significant treatment advances for those with CF, and demonstrates how the funding the agency receives is used effectively and efficiently.

We also note that FDA has moved expeditiously to implement a number of important provisions of the Food and Drug Administration Safety and Innovation Act (FDASIA), including but not limited to the breakthrough therapy designation, and to convene public meetings to consider important questions related to patient-focused drug development in a number of different therapeutic areas.

However, it is important that the FDA use the resources provided by this Committee to make the most of all tools at its disposal as it considers innovative new treatments and confronts the challenges ahead. As the Committee considers next year's funding for the FDA, the CF Foundation encourages the Committee to direct the Food and Drug Administration to fully implement Section 903 of FDASIA, Consultation with External Experts on Rare Diseases, Targeted Therapies, and Genetic Targeting of Treatments. Signed into law nearly 2 years ago, we encourage the FDA to utilize this provision to the fullest extent possible.

Section 903 requires the agency to ensure that opportunities exist for FDA consultation with rare disease experts. Specifically, it states, "The Secretary shall develop and maintain a list of external experts who, because of their special expertise, are qualified to provide advice on rare disease issues . . . . The Secretary may, when appropriate to address a specific regulatory question, consult such external experts on issues related to the review of new drugs and biological products for rare diseases and drugs and biological products that are genetically targeted."

Potential topics of consultation are encompassed in the law. They include rare diseases and their severity, the unmet medical need associated with rare diseases, the willingness and ability of individuals with a rare disease to participate in clinical trials, assessment of the benefits and risks of therapies to treat rare diseases, the general design of clinical trials for rare disease populations, and the demographics and the clinical description of patient populations.

The CF Foundation strongly supported the inclusion of section 903 in the user fee reauthorization. This type of case-by-case consultation with external experts, initiated by FDA reviewers, is different from other provisions of FDASIA. Section 903 calls for proactive outreach to rare disease experts when "such consultation is necessary because the Secretary lacks the specific scientific, medical or technical expertise necessary for the performance of the Secretary's regulatory responsibilities." This outreach is on a case-by-case basis on a particular issue. It is not tied to drug sponsors, and it is not part of a pre-scheduled public meeting or workshop. There are 7,000 rare diseases, each with their own demographics, consideration of unmet medical need and disease.

[This statement was submitted by Robert J. Beall, Ph.D., President and CEO, Cystic Fibrosis Foundation.]

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#### PREPARED STATEMENT OF THE FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY

The Federation of American Societies for Experimental Biology (FASEB) respectfully requests a fiscal year (FY) 2015 appropriation of a minimum of \$335 million for the Agriculture and Food Research Initiative (AFRI) within the National Institute of Food and Agriculture. We strongly urge a sustained commitment to investment in the critical field of agriculture research, with an ultimate target of the authorized funding level.

FASEB, a federation of 26 scientific societies, represents more than 115,000 life scientists and engineers, making it the largest coalition of biomedical research associations in the United States. Our mission is to advance health and welfare by promoting progress and education in biological and biomedical sciences.

AFRI is the preeminent competitive grant program of the U.S. Department of Agriculture (USDA), facilitating collaborative, interdisciplinary research at universities and private research institutions across the country to address significant societal challenges such as food safety and security and the need for sustainable agriculture practices. Research funded through AFRI generates knowledge in the food, nutrition, and agricultural sciences and translates these discoveries into practice. AFRI also encourages young scientists to pursue careers in agricultural research by providing funding for more than 1,500 of the nation's most promising pre- and postdoctoral scholars in agricultural, nutrition, and food sciences.

Examples of recent USDA-funded research include:

- New Environmentally Friendly Products: Wood adhesive, used to make plywood and various other composite materials, is traditionally a noxious, petroleum based compound. Researchers at the University of Oregon successfully devel-

- oped a nontoxic and environmentally friendly alternative made from soybean flour. Using the new wood adhesive reduced hazardous air pollutant emissions at production facilities by 90 percent.
- Increasing Food Safety: AFRI-funded researchers developed a new two-step process to eliminate *E. coli* bacteria contamination from spinach. The process involves using ultrasound waves and a chemical washing treatment to eliminate 99.99 percent of bacterial presence from fresh spinach. Industry is exploring ways to broaden the use of this process for other fresh fruits and vegetables to reduce contamination and increase consumer safety.
- Improving the Health of Honeybees: Honeybees are an integral part of the agriculture system and pollinate over 130 fruit and vegetable crops in the U.S. Over the past several years, the honeybee population has been declining due to Colony Collapse Disorder (CCD), which has tripled the cost of maintaining beehives. An AFRI-funded research team identified the varroa mite as a key cause of CCD, helping honeybee breeders to choose variants that protect against the disorder.
- More Efficient and Effective use of Fungicides: Delivering safe, healthy fruit to market is the goal of every grower. Traditionally, growers must estimate the best time to apply fungicide and how much to use to protect their plants from fungal rot. AFRI-funded researchers developed a web-based prediction tool to help growers determine how much fungicide to use and when to apply it. The system has helped growers reduce fungicide use by 50 percent, improving fruit safety for consumers and increasing profits for farmers.

#### REALIZING THE POTENTIAL OF AGRICULTURAL RESEARCH

With an increasing world population, demand for innovative food and agricultural products has never been greater. Agricultural, nutrition, and food scientists are developing more abundant, nutritious food, creating new biofuel materials, and designing more sustainable agriculture practices. AFRI research and education programs support the translation of cutting edge science into solutions for some of the greatest challenges facing our nation.

Agricultural research directly benefits all sectors of society and every geographic region of the nation. The food, nutrition, and agriculture industries rely on Federal funding for basic scientific research that leads to the development of innovative products that industry can bring to market, as well as programs that train the next generation of agricultural researchers. With rising challenges from foreign competitors and growing demand for agricultural products, AFRI is significantly underfunded. AFRI's budget has not increased since it was established in 2008. FASEB recommends a minimum of \$335 million for AFRI in fiscal year 2015 as part of a sustained commitment to investment in the critical field of agricultural research, with an ultimate target of the authorized level of \$700 million.

Thank you for the opportunity to offer FASEB's support and recommendations for AFRI.

[This statement was submitted by Meghan McCabe, Legislative Affairs Analyst, Federation of American Societies for Experimental Biology.]

#### PREPARED STATEMENT OF THE ASSOCIATION OF FISH AND WILDLIFE AGENCIES

On behalf of millions of sportsmen conservationists, livestock producers, and state and private academic research institutions, we ask your help in the end-game strategy for controlling zoonotic diseases in the United States, particularly bovine brucellosis and bovine tuberculosis. These diseases are transmissible between livestock and wildlife—and under certain circumstances, humans. Despite nationwide efforts to eradicate zoonotic diseases in livestock, both bovine brucellosis and bovine tuberculosis remain active in isolated wildlife reservoirs in the West and Midwest. To bring this decades-long campaign to a long-term resolution, we ask the Subcommittee to include language encouraging the use of competitive grants for zoonotic disease research under the National Institute of Food and Agriculture (NIFA) Animal Health and Disease Research Initiative.

The Agricultural Act of 2014 recognized the need for this research by making the development of improved surveillance and vaccine systems a priority research area under the Competitive, Special, and Facilities Research Grant Act. If funded, researchers nationwide using matching investments and collaboration among state and private research institutions could compete for grants to address bovine brucellosis and bovine tuberculosis. Many partnerships have already been built in this wide network, representing significant non-Federal investment, which includes recent upgrades in laboratories to higher standards of safety for handling the bacteria

that cause these diseases. The persistence of these diseases is an obstacle for wildlife conservation and livestock health. The current strategy of responding to outbreaks by slaughtering or depopulating infected herds and populations sacrifices economic and social values. Depopulation as a management tool necessarily involves the taking of healthy animals along with the sick and deprives economies and communities of benefits from livestock industry and wildlife recreation. False-positive detections using current tests are also a problem, costing ranchers substantial sums out of profit. Financial pressure on livestock operations is also a risk to conservation as these businesses keep America's rural lands as open spaces under good stewardship. When ranches fail and land is developed, wildlife habitat is lost.

The use of competitive grants under the existing Animal Health and Disease Research Initiative ensures that Federal resources to combat this animal health problem are used effectively. We seek to focus the combined efforts of many who are already struggling with the problem diseases in livestock and wildlife. This approach is designed for clear accountability of measurable results.

Thank you for your consideration.

[This statement was submitted by Greg Schildwachter, Watershed Results.]

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#### PREPARED STATEMENT OF THE FRIENDS OF AGRICULTURAL RESEARCH

Mister Chairman and Members of the Subcommittee, thank you for this opportunity to present our statement supporting funding for the USDA's Agricultural Research Service (ARS), and especially for its flagship research facility, the Henry A. Wallace Beltsville Agricultural Research Center (BARC), in Beltsville Maryland. We strongly recommend full fiscal-year 2015 funding support for research programs at Beltsville.

*Henry A. Wallace Beltsville Agricultural Research Center*—the nation's premier agricultural research center that includes the Beltsville Human Nutrition Research Center and the research operations of the U.S. National Arboretum—has spearheaded technical advances in American agriculture for over 100 years. Beltsville celebrated 100 years of research leadership and technical advances in 2010. The long list of landmark research achievements over that time is truly remarkable. Still at the threshold of its second century, Beltsville stands unequalled in scientific capability, breadth of agricultural research portfolio, and concentration of scientific expertise. The location of BARC in close proximity to many other Federal research agencies as well as the University of Maryland allows for significant joint research activities and the leveraging of resources.

*Priorities in the President's fiscal year 2015 Budget Request*—Now, Mr. Chairman, we turn to key research areas that were highlighted in the President's proposed fiscal year 2015 budget. We were pleased to see that the fiscal year 2015 budget includes increases for crop breeding and protection; animal breeding and protection; enhanced environmental stewardship; food safety; and human nutrition. Obviously, these are areas of great importance to all Americans, and they are certainly among the highest priorities for agricultural research today. All of these research areas are strengths of the Beltsville Agricultural Research Center and they will benefit well from the unique facilities and scientific expertise at the Center. We encourage you to seriously consider funding the proposed budget and to ensure that Beltsville receives the funding that it needs to address these critical research needs.

In summation, we would highlight these spheres of excellence:

*Crop Breeding and Protection*: Beltsville scientists have an extensive record of ongoing research relating to protecting crops from pests and emerging pathogens. Beltsville's Bee Research Laboratory is at the forefront of efforts to determine the cause of colony collapse disorder that is devastating the bee industry that is critical for the pollination of many crops. Beltsville houses matchless national biological collections that are indispensable to the well-being of American agriculture. In addition to the actual collections, Beltsville scientists are internationally recognized for their expertise and ability to quickly and properly identify insect pests, fungal pathogens, bacterial threats, and nematodes. This expertise is crucial to preventing loss of crops ensuring that invasive threats to American agriculture are identified before they can enter the country, thus helping to protect homeland security, and ensuring that American exports are free of pests and pathogens that could prohibit exports. At BARC, research on the breeding of crops and plants has led to improved varieties of vegetables, nursery stock, fruits and even turf grasses.

*Animal Breeding and Protection*: Beltsville conducts extensive research on animal production and animal health. The U.S. Poultry industry depends on Beltsville scientists to develop new and more effective vaccines and immunological approaches to prevent losses to flocks. Animal scientists at BARC have been using cutting-edge

genomic approaches to increase the feed efficiency of animals used for food and to improve disease resistance in farm animals. Many of the emerging diseases affecting humans are zoonotic in that they arise first in animals. By understanding these diseases in animals and how they might be controlled, BARC scientists are helping human as well as animal health. BARC has worked with the Smithsonian Museum of Natural History to ensure the continued curation of the National Animal Parasite collection and with the dairy industry to transfer the technology to enhance milk yield in dairy cows. Both of these activities allow for BARC scientists to continue to meet the needs of commodity groups and producers and to leverage its resources to expand research activities.

*Enhanced Environmental Stewardship:* BARC scientists are at the forefront of research aimed at development of climate resilient land, crop, grazing and livestock production systems. Beltsville became actively engaged in climate change research long before climate change became a topic of intense media interest; scientists have been able to increase our understanding how climate change affects crop production and the effects of climate change on growth and spread of invasive and detrimental plants such as weeds. The facilities at BARC to replicate environmental changes and to model changes in plant production are truly unique. Since BARC is an actively farmed facility that is close to an urban center and drains into the Chesapeake Bay, it is significantly involved in research on agriculture at the ag-urban interface and for controlling agricultural impacts on the environment.

*Food Safety:* BARC houses the largest food safety laboratory in the Agricultural Research Service. It is highly regarded for its research on improving the safety of animal products by improving pathogen reduction on the farm. This is a significant issue as this research is able to reduce the use of antibiotics in agriculture and greatly reduce the development of antibiotic resistant organisms in the environment and in humans. Beltsville scientists have been and continue to be involved in research aimed at keeping pathogens out of our fruits and vegetables and to develop effective and efficient ways of monitoring contamination of these important commodities.

*Human Nutrition:* The Beltsville Human Nutrition Research Center (BHNRC) is the nation's largest, oldest and most comprehensive Federal human nutrition research center. Unique activities at BHNRC include conducting the What We Eat in America survey, which is the government's nutrition monitoring program, and the National Nutrient Databank, which is the gold standard reference of food nutrient content that is used throughout the world. These two activities are the basis for food labels, nutrition education programs, food assistance programs including SNAP, the Supplemental Nutrition Assistance Program, school feeding programs, and government nutrition education programs. Human feeding studies conducted by BHNRC scientists were the first ever to demonstrate the harmful effects of trans fats in the human diet and they have worked with the food industry develop alternatives for their removal from the food supply.

*Food Quality Laboratory:* The Laboratory concerned with maintaining and enhancing fruit and vegetable food quality is to be redirected, but the research funding is to remain at the Center. We are supportive of keeping the funding for these projects concerning food quality at the Henry A. Wallace Beltsville Agricultural Research Center.

You can see that the Beltsville Agricultural Research Center conducts impactful research in those areas that are a priority in the President's fiscal year 2015 budget. It is perhaps one of the real strengths of the Center that research is conducted in each of these areas thereby allowing for unique multidisciplinary activities that cut across each of these priorities. It is not uncommon at BARC to see plant scientists working side by side with animal scientists. The Beltsville Human Nutrition Research Center hired a climate change scientist over 10 years ago. The research conducted at BARC not only adds to our scientific knowledge but truly improves the quality of life for all Americans and significantly impacts American agriculture.

Lastly, Mr. Chairman, I would like to call to your attention an urgent facilities need that is highlighted in the President's fiscal year 2015 budget. The Center has aggressively moved to consolidate space and reduce costs and has been very successful at doing so. However, these plans require the renovation of a building—Building 307A—that was vacated some years ago in anticipation of a complete renovation. In the past, Congress approved partial funding for this renovation, and those monies were retained pending appropriation of the full amount required for the renovation. Unfortunately, those funds now have been lost to ARS. Consequently, renovation of this vacant, highly useful building is on indefinite hold. While we realize that funding is extremely tight, we affirm that Beltsville urgently needs a renovated Building 307A for adequate, high quality lab space. Moreover, a renovated Building 307A would not only yield substantial energy savings and reduce operating costs, but also

would allow Beltsville to move forward with other long-delayed relocation and consolidation plans. At a minimum, funds are urgently needed to stabilize this vacant building from continuing deterioration.

Mr. Chairman, this concludes our statement. Thank you for consideration and support for the educational, research, and outreach missions of the Beltsville Agricultural Research Center.

[This statement was submitted by James D. Anderson, Ph.D., President, Friends of Agricultural Research.]

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PREPARED STATEMENT OF THE INTERNATIONAL WALKING HORSE ASSOCIATION  
(IWHA)

We submit the following testimony seeking funding for the USDA/APHIS Horse Protection Program of \$893,000 for fiscal year 2015. We recognize that Congress is focused on the imperative of cutting Federal spending. But we believe that it should be possible to achieve meaningful reductions in the overall budget while still addressing shortfalls in very specific accounts that are vital and have been seriously underfunded. This \$893,000, the same amount provided by the Senate committee in its fiscal year 2014 bill, is urgently needed to begin to fulfill the intent of the Horse Protection Act—to eliminate the cruel practice of soring—by allowing the USDA to strengthen its enforcement capabilities for this law.

In 1970, Congress passed the Horse Protection Act to end soring, the intentional infliction of pain to the hooves and legs of a horse to produce an exaggerated gait, practiced primarily in the Tennessee Walking Horse show industry.

For example, caustic chemicals—such as mustard oil, diesel fuel, and kerosene—are painted on the lower front legs of a Tennessee Walking Horse, then the legs are wrapped for days in plastic wrap and bandages to “cook” the chemicals deep into the horse’s flesh. This makes the horse’s legs extremely painful and sensitive, and when ridden, the horse is fitted with chains that slide up and down the horse’s sore legs, forcing him to produce an exaggerated, high-stepping gait in the show ring. Additional tactics include inserting various foreign objects such as metal screws or hard acrylic between a heavy stacked shoe and the sole of the horse’s hoof; pressure shoeing—cutting a horse’s hoof down to the sensitive live tissue to cause extreme pain every time the horse bears weight on the hoof; and applying painful chemicals such as salicylic acid to slough off scarred tissue, in an attempt to remove evidence of soring.

The Horse Protection Act authorizes the USDA to inspect Tennessee Walking Horses, Racking Horses, and Spotted Saddle Horses—in transport to and at shows, exhibits, auctions and sales—for signs of soring, and to pursue penalties against violators. Unfortunately, since its inception, enforcement of the Act has been plagued by underfunding. As a result, the USDA has never been able to adequately enforce the Act, allowing this extreme and deliberate cruelty to persist on a widespread basis.

To eliminate soring, the goal of the Act, USDA officials must be present at more shows. However, limited funds allow USDA attendance at only about 20 percent of more than 500 Tennessee Walking Horse shows. Thus, the agency set up an industry-run system of certified Horse Industry Organization (HIO) inspection programs, which are charged with inspecting horses for signs of soring at the majority of shows. These groups license examiners known as Designated Qualified Persons (DQPs) to conduct inspections in a self-regulatory role. To perform this function, some of these organizations hire industry insiders who have an obvious stake in preserving the status quo. Statistics clearly show that when USDA inspectors are in attendance to oversee shows affiliated with these organizations, the numbers of violations recorded are many times higher than at shows where industry inspectors alone are conducting the inspections. Unfortunately, the largest, most popular HIOs in the industry are the most conflicted, resulting in ongoing, widespread abuse of horses. By all measures, the overall DQP program as a whole has been a failure—the only remedy is to abolish the conflicted industry-run inspection programs charged with self-regulation and have USDA oversee a legitimate inspection program.

The USDA appears to have attempted to step up its enforcement efforts in recent years, and has begun to work with the Department of Justice in prosecuting criminal cases as provided for under the Act. In 2011, a Federal prosecutor sought the first-ever criminal indictments under the Act and as a result, a well-known, winning trainer in the Spotted Saddle Horse industry served a prison sentence of over 1 year. A former Walking Horse Trainers’ Association Trainer of the Year and winner of the Tennessee Walking Horse World Grand Championship, Jackie McConnell,



was indicted in 2012 on 52 counts (18 of them felony) of violating the Act and pleaded guilty to felony conspiracy to violate the Act. He was sentenced to 3 years of probation and a \$75,000 fine in Federal court. Another Tennessee trainer, Larry Wheelon, and three of his employees have been indicted on 19 counts of aggravated animal cruelty charges under state law in a case flowing from a USDA Office of Inspector General investigation.

While these are significant actions which should have a deterrent effect, there are scores of other violators who go undetected and many cases that go unprosecuted due to a lack of resources. USDA needs enhanced resources to carry out its responsibilities under this Act, as Congress, and the public, expects.

In years past, inspections were limited to physical observation and palpation by the inspector. Protocols for the use of new technologies, such as thermography and “sniffer” devices (gas chromatography/mass spectrometry (GC/MS) instruments), have been implemented, which can help inspectors identify soring more effectively and objectively. The results of USDA’s recent GC/MS testing for prohibited foreign substances used by violators on the legs of horses (either to sore them, or to mask underlying soring and evade detection by inspectors) are staggering: 62 percent of samples taken by the USDA at 17 horse shows in 2013 tested positive for illegal foreign substances, including soring, masking, and numbing agents. In 2012, 65 percent of samples tested at 24 horse shows by USDA tested positive for illegal foreign substances.

Effective though this inspection protocol may be, due to budget constraints, USDA has been unable to purchase and put enough of this testing into use in the field, allowing for industry players to continually evade detection. In 2013, USDA was able to afford to collect and test samples at only 17 of the industry’s largest shows; in 2012, only 24. With increased funding, the USDA could purchase more equipment and dispatch more inspectors to use it properly, greatly increasing its ability to enforce the HPA.

Currently, when USDA inspectors arrive at shows affiliated with some industry organizations, many of the exhibitors load up and leave to avoid being caught with sored horses. While USDA could stop these trailers on the way out, agency officials have stated that inspectors are wary of going outside of their designated inspection area, for fear of harassment and physical violence from exhibitors. Armed security is frequently utilized to allow such inspections, at additional expense to this program. The fact that exhibitors feel they can intimidate government officials without penalty is a testament to the inherent shortcomings of the current system.

Lack of a consistent presence by USDA officials at events featuring Tennessee Walking Horses, Racking Horses, and Spotted Saddle Horses has fostered a cavalier attitude among industry insiders, who have not stopped their abuse, but have only become more clandestine in their soring methods. The continued use of soring to gain an advantage in the show ring has tainted this segment of the horse industry, and creates an unfair advantage for those who are willing to break the law in pursuit of victory. Besides the indefensible suffering of the animals themselves, the continued acceptance of sored horses in the show ring prevents those with sound horses from competing fairly for prizes, breeding fees and other financial incentives, while those horse owners whose horses are sored may unwittingly suffer property damage and be duped into believing that their now abused, damaged horses are naturally superior.

The egregious cruelty of soring is not only a concern for horse industry and animal protection organizations, but also for veterinarians. In 2008, the American Association of Equine Practitioners (AAEP) issued a white paper condemning soring, calling it “one of the most significant welfare issues faced by the equine industry.” It called for the abolition of the DQP Program, saying “the acknowledged conflicts of interest which involve many of them cannot be reasonably resolved, and these individuals should be excluded from the regulatory process.” The AAEP further stated, “The failure of the HPA to eliminate the practice of soring can be traced to the woefully inadequate annual budget . . . allocated to the USDA to enforce these rules and regulations.”

The USDA Office of Inspector General conducted an audit of the Horse Protection Program, and issued its final report in September of 2010. The report recommends the abolition of the DQP program, and an increase in funding for APHIS enforcement of the Horse Protection Act. The agency concurred with the findings and recommendations in the report, specifically Recommendation 2: “Seeking the necessary funding from Congress to adequately oversee the Horse Protection Program,” indicating that it would develop a budgeting and staffing plan to phase in the resources needed to adequately oversee the Horse Protection Program.

It is unacceptable that more than 40 years after passage of the Horse Protection Act, the USDA still lacks the resources needed to end this extreme form of abuse.

It is time for Congress to give our public servants charged with enforcing this Act the support and resources they want and need to fulfill their duty to protect these horses as effectively and safely as possible.

We appreciate the opportunity to share our views about this serious problem, and thank you for your consideration of our request.

[This statement was submitted by Mark Matson, President, International Walking Horse Association.]

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PREPARED STATEMENT OF THE MEDS & FOOD FOR KIDS (MFK)

Meds & Food for Kids (MFK) appreciates the opportunity to submit testimony to the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies, and requests that the Subcommittee fully fund the Local and Regional Food Aid Procurement Project (LRP) at \$80 million for fiscal year 2015, as authorized in section 3207 of the Agricultural Act of 2014 (the Farm Bill) and administered by the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS). The LRP is a critical tool for international development that saves and improves lives by quickly purchasing necessary food aid locally or regionally, while also increasing resiliency through the further development of local food systems.

MFK is a U.S. non-profit organization that manufactures high quality, peanut-based ready-to-use therapeutic and supplementary foods in Haiti that are used to treat and prevent malnutrition in young children. MFK intimately knows the importance of local production and procurement of food aid, including ready-to-use foods for treating children with malnutrition, to Haiti's vulnerable populations. MFK has been fighting malnutrition and poverty, its root cause, in Haiti since 2003. After the earthquake MFK transported all its available stocks to Port au Prince for use in hospitals, clinics and orphanages. In total we have saved the lives of over 120,000 in the last 10 years. Most of those children were treated after we scaled up in 2012, by building a new \$3.2 million state-of-the-art factory in Cap Haitien, increasing our annual production capacity from 80 to 800 metric tons (MT). We made this urgent investment because every life saved, every body healed; every brain protected, is an investment in Haiti's future. MFK believes that Haiti, and countries like it, deserve a bright future.

MFK is working not only to rescue children from malnutrition, but create a sustainable solution to the problem of food insecurity. We do this by igniting economic development and building local technical capacity. This longer-term mission just isn't possible without funding for local and regional food aid procurement. We must move beyond rescue to establish sustainable, locally-based solutions to achieve real and lasting change. To this end, MFK employs 48 Haitian people in the production of our peanut-based RUFs. MFK has also trained over 1,120 small-scale peanut farmers and supplied them with a reliable customer for their peanuts. MFK is working with Clinton Giustra Foundation to create Haitian agricultural "middle men" to supply inputs to farmers. MFK will buy 50 MT of Haitian peanuts this year and has invested more than \$200,000 in local procurement of peanuts since 2008. In complement, the U.S. Agency for International Development (USAID) has donated to MFK over \$100,000 of peanut equipment and funding for farmer training.

With the help of development partners like USAID and USDA, we are building sustainable supply chains, and creating expertise in food safety and manufacturing. To date, MFK has passed three international food safety audits, the only entity in Haiti to have done so. MFK also recently completed a \$1 million USDA McGovern Dole Micronutrient Fortified Food Aid Pilot Project (MFFAPP) to develop and test a nutritious school snack in Haiti. Making local and regional procurement funds available to further projects like this one would only add value to the McGovern Dole investment. MFK is an example of a success story in helping to build resilience and sustainable food systems in Haiti. By supporting local and regional food and agricultural supply chains through the LRP, we will see more success stories in the future.

From our experience, the addition of local and regional procurement of food to the U.S. Government's aid toolbox allows the policy and programming flexibility necessary to best meet the needs of vulnerable populations. It also helps to support and protect local farmers and food manufacturers, allowing for longer term economic development. For this reason, we support full funding of the Local and Regional Food Aid Procurement Project along with the development of a strategy that will be beneficial to both the world's most vulnerable populations and the American tax-payers.

Thank you for providing MFK the opportunity to submit testimony regarding the Local and Regional Food Aid Procurement Project. Please do not hesitate to contact me if the Subcommittee has any questions or would like further information.

[This statement was submitted by Dr. Patricia Wolff, Executive Director, Meds & Foods for Kids.]

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PREPARED STATEMENT OF THE NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION (NAHMA)

Thank you, Chairman Pryor and Ranking Member Blunt for the opportunity to submit this testimony on behalf of the National Affordable Housing Management Association (NAHMA). My testimony concerns the fiscal year 2015 budget for the U.S. Department of Agriculture (USDA), and in particular, funding for the USDA-Rural Development (RD) multifamily housing programs. The majority of my testimony will discuss RD's requested funding and new legislative authorities for its Section 521 Rural Rental Assistance (RA) Program.

ABOUT NAHMA

NAHMA members manage and provide quality affordable housing to more than two million Americans with very low to moderate incomes. Our membership consists of presidents and executives of property management companies, owners of affordable rental housing, public agencies and national organizations involved in affordable housing, and providers of supplies and services to the affordable housing industry. In addition, NAHMA serves as the national voice in Washington for 19 regional, state and local affordable housing management associations (AHMAs) nationwide.

FUNDING FOR RD MULTIFAMILY HOUSING PROGRAMS

Section 521 Rural Rental Assistance: The Section 521 Rural Rental Assistance (RA) program is project-based rental assistance administered by USDA-RD. It is often used in conjunction with Section 515 housing or farm labor housing to pay apartment owners the difference between tenants' contributions (30 percent of their income) and the monthly rental rate.

For fiscal year 2015, USDA requests \$1.089 billion for Section 521 Rural Rental Assistance. RD believes this request is sufficient to accommodate renewals. NAHMA urges the Subcommittee to review this request thoroughly, as it is based on assumptions for new legislative authorities that affect the level of necessary funding. NAHMA firmly believes that appropriations for this program must be sufficient to provide 12 months of funding for all contracts.

This year, RD also requests legislative changes which would:

- Remove the requirement to fund RA contracts for a 1 year period, and replace it with language to fund contracts "up to 1 year";
- Eliminate the automatic renewal of rental assistance contracts that occur within the 12-month contract period; and
- Provide that "rental assistance will be renewed at the discretion of the Secretary."

RD believes these changes will provide greater predictability in the RA budget, as well as the necessary flexibility to prioritize RA contract renewals during times of funding uncertainty (such as continuing resolutions or under sequestration). NAHMA is concerned that the specific language proposed is too broad, and we recommend that it be revised to more closely reflect its stated intent.

After the RA shortfall which resulted from fiscal year 2013 sequestration, it is clear that RHS needs some degree of flexibility in its contract renewal procedures during times of extraordinary budget uncertainty. That said, the flexibility must not absolve the agency of its financial obligations to owners for payment of RA during the term of the contract, nor should it be used as a budget gimmick to request less appropriations than are necessary to provide 12 months of contract funding at the time of renewal.

Likewise, NAHMA respectfully suggests that an advanced appropriation would offer a more straightforward mechanism to ensure RD has the necessary funding for contract renewals when the agency must operate under a continuing resolution. Advanced appropriations have been used successfully for several years to renew HUD's Project-Based Section 8 and Housing Choice Voucher contracts during the first quarter of the fiscal year when continuing resolutions are in place.

In section 725 of USDA's proposed general provisions, the Agency also requests authority to access the same interagency databases used for income verification by the U.S. Department of Housing and Urban Development (HUD). RD is especially

interested in using this authority to reduce improper payments in its RA program. NAHMA supports this request in concept. If Congress provides such authority, NAHMA recommends that USDA-RD implement it by seeking access to HUD's Enterprise Income Verification (EIV) System for RHS staff, as well as for authorized property owners and managers. EIV obtains monthly Social Security and Supplemental Security Income benefits data from the Social Security Administration, and monthly employer new hires (W-4), quarterly wage for Federal and non-Federal employees, and quarterly unemployment data from the Department of Health and Human Services' National Directory of New Hires (NDNH). It would seem more efficient for RD to use the EIV system for income verification than to create an entirely new system.

Section 515: Section 515 Direct Rural Rental Housing Loans are competitive mortgage loans which finance affordable multifamily rental housing for low-income families, the elderly and persons with disabilities in rural America. The 2015 budget request proposes \$28.432 million for the Section 515 direct loan program. NAHMA supports funding at a level of at least \$28.432 million.

Section 538: The Section 538 Multifamily Loan Guarantee program provides loan guarantees which encourage construction, acquisition, or rehabilitation of rural multifamily housing for low-income residents. NAHMA supports RD's request of \$150 million for this program.

Multifamily Preservation and Revitalization (MRP) Program: The Multifamily Housing Revitalization Program funds tenant protection vouchers, property rehabilitation and preservation demonstration programs. RD requests \$28 million for this program. Of this total funding, \$8 million would be directed to the Rural Housing Voucher Program, which provides a rental subsidy to any low-income household (including those not receiving rental assistance) residing in a property financed with a Section 515 loan which has been prepaid after September 30, 2005. Likewise, \$20 million is proposed for the demonstration program to preserve and recapitalize aging rural multifamily rental properties. NAHMA supports funding for MRP program at a level of at least \$28 million. We are, however, concerned about the proposed reduction in voucher funding from nearly \$12.58 million in the fiscal year 2014 Omnibus Appropriations Act to \$8 million in RD's fiscal year 2015 budget request. We urge the Subcommittee to carefully consider whether \$8 million will be sufficient to meet the demand for these Rural Housing Vouchers in fiscal year 2015.

#### CONCLUSION

Thank you again for the opportunity to submit this testimony. I look forward to working with the Subcommittee to ensure that USDA-RD's multifamily housing programs are fully funded and properly administered.

[This statement was submitted by Kris Cook, CAE, Executive Director, National Affordable Housing Management Association.]

#### PREPARED STATEMENT OF THE NATIONAL ANIMAL HEALTH LABORATORY NETWORK

I am writing to urge your support for the inclusion of the National Animal Health Laboratory Network in the fiscal year 2015 Agriculture Appropriations Bill. The NAHLN was authorized in the recently passed Farm Bill (Section. 12105). Serving as our nation's most vital early warning system for emerging and foreign animal diseases, we are urging the members of the Appropriation Committee to fund the NAHLN at \$15 million for fiscal year 2015.

The NAHLN was developed in response to the Public Health Security and BioTerrorism Preparedness and Response Act of 2002, and the Homeland Security Presidential Directive-9 (HSPD-9) of 2004 to "develop nationwide laboratory networks for food, veterinary, plant health and water quality that integrate existing Federal and State laboratory resources, are interconnected, and utilize standardized diagnostic protocols and procedures".

During the past 12 years the NAHLN, composed of Federal, university, and state veterinary diagnostic laboratories, has established the framework of a surveillance and emergency response system (not research) that provides critical and ongoing resources for laboratory testing, surveillance, information management, quality assurance and the development and validation of new tests.

Funding of NAHLN at \$15 million would result in improved compliance with HSPD-9 by: 1) expanding surveillance and surge capacity of the NAHLN by increasing the number and level of participating state laboratories; 2) additional development of the infrastructure for electronic transmission of data between sample collectors, laboratories and state and Federal databases; and 3) increasing efficiency and effectiveness of laboratory personnel training and employment both regionally and

nationwide. Federal funding for the NAHLN at \$15 million would be leveraged over six times by direct state appropriations. A survey of 34 NAHLN laboratories conducted by the American Association of Veterinary Laboratory Diagnosticians revealed direct state appropriations of \$100 million to NAHLN laboratories toward total laboratory operation expenses of \$186 million.

The NAHLN enables laboratories to test for economically devastating diseases such as mad cow disease, foot-and-mouth disease, avian and swine influenza, and classical swine fever. Without the NAHLN and the early disease detection it provides, an outbreak of Foot and Mouth Disease (FMD) could cost US agriculture an estimated \$128 billion. This includes decreased revenues for corn and soybean of \$44 billion and \$24.9 billion, respectively. This loss translates into roughly 154,000 jobs over the course of the outbreak.

An August 2011 report from the GAO and a report from the Commission on the Prevention of Weapons of Mass Destruction, Proliferation and Terrorism both gave the nation a failing grade for its ability to respond to and recover from a biological attack, natural disaster or animal disease event as required by HSPD-9. In order for the nation to adequately respond to, and recover from, a biological attack; the NAHLN needs \$15 million to ensure such a threat would be quarantined in a timely manner.

Wisconsin has benefited from the Wisconsin Veterinary Diagnostic Laboratory being a NAHLN laboratory on several occasions. Having the ability to rapidly deliver foreign animal disease diagnostic samples to the local laboratory has provided test results to State Animal Health Officials hours or days before the same reports were received from the National Veterinary Services Laboratory due to the time it takes to ship samples. This early reporting has allowed the state to release quarantines which were impacting commerce at slaughter facilities or livestock production sites.

Thank you for your leadership on this vital issue to the agriculture industry and consideration of this funding in the fiscal year 15 Agriculture Appropriations Bill.

[This statement was submitted by Ben Brancel, Secretary, Wisconsin Department of Agriculture, Trade & Consumer Protection.]

#### PREPARED STATEMENT OF THE NATIONAL FARMERS UNION

On behalf of the family farmer and rancher members of National Farmers Union (NFU), thank you for the opportunity to present funding requests for fiscal year 2015. As a general farm organization, NFU has a broad array of interests in the agricultural appropriations process. This letter enumerates a few of the highest priorities for our members.

Additionally, the recent passage of the 2014 Farm Bill deserves the attention of the subcommittee. I ask that programs that were granted discretionary funding through the farm bill receive their full appropriations, and that the subcommittee not reduce other program funding through changes in mandatory programs.

*REQUEST: No legislative riders or targeted funding reductions to limit or restrict the enforcement, legal defense or study of Country-of-Origin Labeling (COOL).*

The 2008 Farm Bill requires retailers to notify customers through labeling of the source of nearly all muscle cuts and ground meat, along with fish, fruits, vegetables, nuts and a variety of other generally unprocessed products. As of 2013, the U.S. Department of Agriculture (USDA) enacted rules that require the labeling of production steps—for example, “Born, Raised, and Harvested in the U.S.”—as directed by a World Trade Organization (WTO) dispute. Another WTO proceeding is currently underway to review the new COOL regulations’ compliance with trade agreements. A lawsuit is pending in U.S. court regarding implementation of the new labels and initial attempts to enjoin the new COOL requirements were defeated. Additionally, the 2014 Farm Bill requires a study on the economic impact of COOL.

NFU opposes any funding cuts or legislative riders that would circumvent enforcement, implementation, legal defense or study of COOL. Studies have found that more than 90 percent of consumers support COOL. Any threats of retaliation from Canada and Mexico are extremely premature, as WTO appeals are slow-moving and typically last for years.

*REQUEST: No legislative riders to limit or restrict the USDA’s rulemaking and enforcement authority under the Packers and Stockyards Act of 1921.*

Because of appropriations riders in the last 3 years, USDA has not been allowed to write rules that would provide greater fairness for livestock sellers and poultry growers in the agriculture marketplace, as directed by the 2008 Farm Bill. This includes prohibiting deceptive or fraudulent buying practices and permitting farmers

and ranchers to seek protection under the Packers and Stockyards Act if they have been harmed by unfair trade practices.

While the last three legislative riders on GIPSA have varied, they each have significantly undermined important protections for livestock and poultry ranchers and growers. These provisions must not be prevented; thus, NFU strongly urges the Subcommittee to reject any legislative riders that would undermine GIPSA's authority and ignore congressional intent.

*REQUEST: Funding for the Food and Drug Administration to implement the Food Safety Modernization Act (FSMA) and to study its economic impacts on farmers.*

NFU asks that the FDA be adequately funded at the president's request level for fiscal year 2015 with \$253 million to be used for implementation of FSMA. There are many areas of possible improvement within the proposed FSMA rules, but it is imperative that the process be provided resources in order to be effective. Of particular importance is funding to provide food safety training to family farmers and small processors. The president's request to spend \$2.5 million on that initiative is a low amount but a good start to prepare our members to work well within the upcoming FSMA rules.

Additionally, I ask that no action be taken during the appropriations process that would derail or detract from FDA's study of the economic impacts of FSMA on farmers, as mandated by the 2014 Farm Bill.

*REQUEST: Report language on public cultivar development through the Agriculture and Food Research Initiative (AFRI).*

The 2008 Farm Bill created the Agriculture and Food Research Initiative (AFRI), which called for AFRI to make "conventional" plant and animal breeding a priority for research grants. Implementation of these directives has been slow. NFU asks that the fiscal year 2015 appropriations bill include report language that reiterates the need to prioritize funding for classical plant and animal breeding within the AFRI process.

*REQUEST: Provide \$25.9 million to the Genetic Improvement and Translational Breeding Initiative, along with report language directing funds to the development and release of regionally adapted, public cultivars.*

The administration's fiscal year 2015 budget requests \$25.9 million for a new Genetic Improvement and Translational Breeding Initiative to be administered by the Agricultural Research Service. Given the very substantial private and public investments in genomics and the lack of funding for classical breeding for public cultivar development, clear language ought to be included to direct ARS to focus all of the funding provided for this initiative on the development and release of regionally adapted, publicly held, cultivars to benefit farmers and ranchers across the country.

*REQUEST: Fully fund farm bill energy title programs at discretionary funding levels and do not reduce program funding through changes in mandatory programs. Also, allow 2014 Biomass Crop Assistance Program (BCAP) funds to carry over into 2015 if they are not expended.*

The 2014 Farm Bill makes substantial investments in existing energy programs such as the Rural Energy for America Program (REAP), Biomass Crop Assistance Program (BCAP), and Biorefinery Assistance Program (BAP). NFU asks that the subcommittee not reduce any of the funds allocated to these programs. In addition, because USDA may not expend all funds for BCAP in 2014, NFU asks that language be inserted allowing for unexpended 2014 BCAP funds to be carried over into 2015.

*REQUEST: Provide \$10 million for competitive grants and formula-based funding for animal health and disease research.*

Public investment in animal science has slipped in recent years, especially in comparison to the economic impact of animal agriculture. By 2050, global meat consumption is expected to increase by 73 percent, dairy production by 57 percent, and per capita egg consumption in developing countries is projected to rise by almost 40 percent. Animal agriculture has a clear impact on rural America, as livestock and poultry sales account for 40 percent of all U.S. farm income.

The 2014 Farm Bill revitalized the structure of a public funding opportunity for animal science. I ask that \$10 million be made available to establish the new competitive grants program on sound financial footing.

Thank you for your consideration of these requests.

[This statement was submitted by Roger Johnson, President, National Farmers Union.]

## PREPARED STATEMENT OF THE NATIONAL SUSTAINABLE AGRICULTURE COALITION

Thank you for the opportunity to present our fiscal year 2015 funding requests. The National Sustainable Agriculture Coalition is a national alliance of over 100 organizations that advocates for policies that support the sustainability of agriculture, natural resources, and rural communities. Our USDA requests are as follows, in the order they appear in the appropriations bill:

## DEPARTMENTAL ADMINISTRATION

Office of Advocacy and Outreach. The Office of Advocacy and Outreach coordinates policy and outreach in three vital areas—small and beginning, socially disadvantaged, and veteran farmers. We urge that \$1.4 million be provided for the OA&O, as requested by USDA.

Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers. We urge you to provide \$10 million in discretionary funding and no limitation in mandatory program spending to restore total program funding to its historical level in order to meet the increased demand for outreach and technical assistance by military veteran farmers, and other historically underserved producers.

## AGRICULTURE RESEARCH SERVICE

New Priority Research Initiative. We urge you to support the reallocation of \$25.9 million for a new Genetic Improvement and Translational Breeding Initiative, as proposed by the Administration, provided that report language directs ARS to use the funding to advance classical breeding research and germplasm infrastructure to protect agricultural genetic diversity and address long-term challenges to agriculture such as climate change and global food security.

## NATIONAL INSTITUTE OF FOOD AND AGRICULTURE

Sustainable Agriculture Research and Education Program. We urge you to fund this innovative competitive grants program at \$30 million. The fiscal year 15 Budget Request once again proposes to combine research, education, and extension into a single line item. We do not oppose consolidation, so long as funding is increased to cover all functions outlined in statute, including Federal-state matching grants (7 U.S.C. 5813). To that effect, we urge the reiteration of the fiscal year 14 Senate report language (113–46) clarifying that “all three activities authorized in Subtitle B of the Food, Agriculture, Conservation and Trade Act of 1990 are vital to the success of the SARE program, and the Committee directs the Department to ensure that each activity remain intact in the future.” SARE has helped turn farmer-driven research, education, and extension into profitable and environmentally sound practices for over 25 years. At \$30 million, SARE would be at just half its authorized level, half the level recommended by the National Academy of Sciences, and nearly a quarter of the authorized level if that level were updated to 2014 dollars. There is no other REE competitive grant program that has a bigger bang for the buck.

Organic Transitions Integrated Research Program. We request \$5 million to invest in innovative organic research with strong farmer delivery mechanisms built in. This level of funding is critical to help keep organics from falling further behind in its fair share of the research budget.

Food Safety Outreach Program. We request \$5 million to help small and mid-size farms and small processing facilities comply with new proposed food safety regulations. FDA is in the process of proposing new, expansive food safety regulations for farmers and food processors under the Food Safety Modernization Act (FSMA). This FSMA-authorized Food Safety Training Program will provide farmers with the training they need to implement and comply with new food safety rules. We are thrilled USDA has requested funding to begin this program, but believe their request of \$2.5 million is insufficient and therefore urge you to launch this urgently needed program at \$5 million to ensure that multiple regions of the country can benefit rather than just a single region.

## AGRICULTURAL MARKETING SERVICE

Federal-State Market Improvement Program. FSMIP provides matching funds to state departments of agriculture to help grantees conduct research and create innovations to increase new markets for farmers. We request \$1.363 million, the same as fiscal year 2014 funding.

Organic Production and Market Data Initiatives. As the organic industry surpasses \$31 billion a year in sales, organic market reporting is vital to creating fair risk management tools and collecting adequate data on organic markets. We request

\$0.3 million for AMS to continue and enhance reporting on organic production, marketing, and pricing data. We also support ongoing organic data collection and analysis through NASS and ERS.

**Local Food Data Collection and Analysis.** Information concerning state and regional food needs is not readily available to food system developers and investors who need to gain a better understanding of the opportunities and challenges that exist for agricultural food systems across the country. We support the President's request of \$2.6 million for AMS to partner with Federal and state agencies, Land-Grant Universities, Regional Planning Commissions, and other entities to conduct 6 to 10 state local and regional food system assessments. We would also encourage the Committee to include report language directing AMS to incorporate data collection and assessments of market price information for direct and intermediated local and regional food markets.

#### FARM SERVICE AGENCY

**Direct Farm Ownership Loans, Direct Operating Loans, and Individual Development Accounts.** Direct loans provide capital for beginning farmers and others not served by commercial credit. This is critical in light of the increasing age of farmers and the land access challenges faced by beginning farmers. Similarly, the Beginning Farmer and Rancher Individual Development Account (IDA) program, authorized by the 2008 and 2014 Farm Bills, will enable limited-resource beginning farmers and ranchers to save for asset-building purchases, including farmland, equipment, breeding stock, or similar expenditures.

Through the IDA program, FSA will offer competitive grants, with a 50 percent local match required, and financial management training as the core component of the program. We support the President's fiscal year 15 Budget Request for program levels of \$1.5 billion for Direct Farm Ownership loans, \$1.252 billion for Direct Operating Loans, and \$2.5 million for the IDA program. We also request an additional \$4 million in ACIF administrative expenses<sup>1</sup> specifically to allow FSA to provide intermediary technical assistance and loan delivery services to new microloan borrowers. This combined package will serve new, beginning, and veteran farmers well, and at a reduction in the actual appropriated amounts relative to fiscal year 14—\$46 million in budget authority and approximately \$51 million in outlays, a net reduction in actual appropriations of \$24 million and approximately \$16 million, respectively, according to OMB's figures.

#### NATURAL RESOURCES CONSERVATION SERVICE

**Conservation Technical Assistance.** CTA, a subset of Conservation Operations, helps farmers develop and implement conservation plans to conserve resources on their farms. NRCS also uses CTA funds to assess conservation practices and systems, and to collect, analyze, and disseminate data on the condition of the nation's natural resources. We urge you to provide no less than \$717 million for CTA, as requested in the President's fiscal year 15 budget request.

#### RURAL BUSINESS AND COOPERATIVE SERVICE

**Value-Added Producer Grants.** VAPG offers grants to farmers and ranchers developing farm- and food-related businesses that boost farm income and create jobs in rural America. VAPG encourages the kind of entrepreneurship that enables rural communities to grow economically. Growing interest in local and regional foods means greater need for regional supply chains and enterprises that aggregate local production, exactly the kind of rural development strategy VAPG is designed to support. We request no changes in mandatory program spending as well as \$15 million in discretionary funding for VAPG, the same level as included in the final fiscal year 14 bill.

**Rural Microentrepreneur Assistance Program.** RMAP provides business training, technical assistance, and microloans to owner-operated businesses with up to ten employees. It is specifically targeted at very small business development, the leading job creator in rural communities. The 2014 Farm Bill renews a modest investment of \$3 million per year in direct farm bill spending for RMAP loans and grants. The President's fiscal year 15 Budget Request includes \$3.3 million in discretionary funding for RMAP loans, as well as no changes in mandatory program spending. For a second year in a row, the Budget Request recommends that Congress combine the RMAP grant component with several other rural development programs. Congress

<sup>1</sup> See "Agricultural Credit Insurance Fund Program Account" on page 104 of the President's Budget Appendix



considered this proposal during the fiscal year 14 appropriations process and during farm bill proceedings, and in both cases, wisely rejected the consolidation proposal. We support the President's fiscal year 15 Budget Request of no changes in mandatory program spending, as well as \$3.3 million in discretionary funding; however, we urge that this discretionary funding be provided for the cost of loans and grants. This level of appropriation combined with the new farm bill funding will result in over \$40 million in new microloans plus expanded entrepreneurial development training, an incredibly smart investment.

Appropriate Technology Transfer for Rural Areas. The ATTRA program, also known as the National Sustainable Agriculture Information Service and reauthorized by the 2014 Farm Bill, provides critical support to farmers, Extension agents, and conservation and energy specialists throughout the country. We urge \$2.5 million for ATTRA for fiscal year 2015.

Rural Cooperative Development Grants. RCDG invests in rural development by helping individuals start or expand cooperatives. We oppose the Administration's proposal to consolidate RCDG into a Rural Business and Cooperative Grants program. We request \$9.1 million for RCDG, including \$3 million for centers targeting socially disadvantaged producers.

#### GENERAL PROVISIONS

Repeated annual cuts to the Conservation Stewardship Program, Environmental Quality Incentives Program, and other farm bill conservation programs have created enormous backlogs of applications among highly qualified producers and made it difficult for farmers to maintain healthy soil, protect water, and mitigate and adapt to the impacts of drought. We strongly oppose changes in mandatory program spending to these critical conservation programs.

Finally, we oppose the inclusion of any policy riders that limit implementation and enforcement of the Packers & Stockyards Act. Limiting farmers' free speech rights to consult with Members of Congress and limiting USDA's ability to protect market transparency has no rightful place in the appropriations bill or any other legislation.

[This statement was submitted by Juli Obudzinski, NSAC Senior Policy Specialist.]

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#### PREPARED STATEMENT OF THE NATIONAL MULTIPLE SCLEROSIS SOCIETY

Ms. Chairwoman and Members of the Committee, thank you for this opportunity to provide testimony regarding funding of critically important Federal programs that impact those affected by multiple sclerosis. We urge the Subcommittee to provide \$3.784 billion in discretionary spending for the Food and Drug Administration (FDA).

Multiple sclerosis (MS) is an unpredictable, often disabling disease of the central nervous system that interrupts the flow of information within the brain, and between the brain and body. Symptoms range from numbness and tingling to blindness and paralysis. The progress, severity, and specific symptoms of MS in any one person cannot yet be predicted. Most people with MS are diagnosed between the ages of 20 and 50, with at least two to three times more women than men being diagnosed with the disease.

The National MS Society sees itself as a partner to the government in many critical areas. For instance in fiscal year 2013, we dedicated approximately \$48 million in MS research through funds generated through the Society's fundraising efforts. While we're here to advocate for Federal funding, we do it as an organization that commits tens of millions of dollars each year to similar or complementary efforts as those being funded by the Federal government, including partnerships with the National Institutes of Health (NIH).

#### ADMINISTRATION

The FDA is the United States' pre-eminent public health agency. Its role as the regulator of the country's pharmaceutical industry provides invaluable support and encourages vital progress for people living with MS and other diseases. In its capacity as the industry's regulator, the FDA ensures that drugs and medical devices are safe and effective for public use and provides consumers with confidence in new technologies. Because of the tremendous impact the FDA has on the development and availability of drugs and devices for individuals with disabilities, the National MS Society requests that Congress provide \$2.784 billion in discretionary appropriations. This funding will allow FDA to complete its current mandates, which include

developing a biosimilar approval pathway and appropriately implementing the Food and Drug Administration Safety and Innovation Act (FDASIA) of 2012.

Advancements in medical technology and medical breakthroughs play a pivotal role in decreasing the societal costs of disease and disability. The FDA is responsible for approving drugs for the market and in this capacity has the ability to keep healthcare costs down. Each dollar invested in the life-science research regulated by the FDA has the potential to save upwards of \$10 in health gains. Breakthroughs in medications and devices can reduce the potential costs of disease and disability in Medicare and Medicaid and can help support the healthier, more productive lives of people living with chronic diseases and disabilities, like MS.

The approval of low-cost generic drugs saved the healthcare system \$140 billion in 2010 and nearly \$1 trillion over the past decade. However, recent funding constraints have resulted in a 2 year backlog of generic drug approval applications and could potentially cost the Federal government and patients billions of dollars in the coming years. Similarly, FDA was tasked with creating a biosimilars approval pathway in 2010, which still needs to be finalized. This pathway is expected to allow a cheaper alternative for some very expensive biologic medications. The potential for these cost-saving medical breakthroughs and overall healthcare savings relies on a vibrant industry and an adequately funded FDA.

Entire industries are working to enhance the lives of Americans with new medical devices and pharmaceuticals with tens of billions of dollars being spent annually by the NIH and industry in pursuit of new breakthroughs. The FDA has a comparatively small budget yet is charged with ensuring the safety and efficacy of these new products.

#### CONCLUSION

The National MS Society thanks the Committee for the opportunity to provide written testimony and our recommendations for fiscal year 2015 appropriations. The agencies and programs we have discussed are of vital importance to people living with MS and we look forward to continuing to working with the Committee to help move us closer to a world free of MS. Please don't hesitate to contact me with any questions.

[This statement was submitted by Ted Thompson, Vice President of Federal Government Relations, National MS Society.]

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#### PREPARED STATEMENT OF THE NATIONAL WILDLIFE FEDERATION

On behalf of the National Wildlife Federation (NWF), the nation's largest conservation advocacy and education organization, and our more than four million members and supporters, we thank the Senate Appropriations Subcommittee on Agriculture for the opportunity to provide fiscal year 2015 funding recommendations for the Department of Agriculture. We urge the Subcommittee to oppose all cuts to mandatory agricultural conservation programs in the fiscal year 2015 agriculture appropriations legislation.

After several years of negotiation, Congress recently passed Agriculture Reform, Food and Jobs Act (Public Law 113-79) with broad bipartisan support. This recently passed Farm Bill includes much needed funding for conservation priorities, and it is critical that Congress ensure that all of this allocated funding, as signed into law, can be spent as Congress intended.

Farm Bill Conservation programs—including the Conservation Reserve Program, Environmental Quality Incentives Program, Regional Conservation Partnership Program, Agricultural Conservation Easement Program, Conservation Stewardship Program, and Voluntary Public Access Program—have been disproportionately cut in recent appropriations cycles and in this last farm bill.

From fiscal year 2003-2012, Changes in Mandatory Program Spending (CHIMPS) for farm bill conservation programs have increased steadily, threatening to undermine our most critical conservation programs. According to the Congressional Research Service (CRS), total CHIMPS to mandatory agricultural programs from fiscal year 2003-2010 equaled \$7.5 billion.<sup>1</sup> These cuts increased to over \$9 billion in fiscal year 2012. The Conservation Title of the Farm Bill has been unduly targeted, accounting for over 50 percent of cuts to mandatory agricultural programs from fiscal year 2003 to fiscal year 2010 and 83 percent of all Farm Bill CHIMPS from fis-

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<sup>1</sup>Jim Monke and Megan Stubbs, Reductions in Mandatory Agriculture Program Spending, CRS Report for Congress (Congressional Research Service, May 19, 2010), <http://www.nationalaglawcenter.org/assets/crs/R41245.pdf>.

cal year 2007 to fiscal year 2010.<sup>2</sup> Since the enactment of the 2002 Farm Bill, appropriators have taken roughly \$4.4 billion from Farm Bill mandatory conservation spending.<sup>3</sup> On top of this, conservation programs were cut by an additional \$6 billion in the latest Farm Bill.

With increased pressures on working lands to produce food, fuel, and fiber for our nation and the world, farm bill conservation programs critically important now more than ever. These conservation programs are crucial to the health and viability of agriculture and rural America. They help farmers, ranchers and foresters to voluntarily address their key resource concerns and assist them in complying with local, state, and Federal regulations. They deliver demonstrated environmental benefits including clean air, healthy soil, clean water, and abundant habitat for wildlife. And they bring important economic benefits and jobs to rural areas, including increased revenues from hunting, fishing, and other recreational activities. The demand for enrollment in these programs routinely exceeds the funds available, even without any cuts.

Mandatory funding levels for farm bill programs were just agreed upon by Congress during the Farm Bill reauthorization process; it is unacceptable to continue to slash these programs yearly during the appropriations process and to continue to disproportionately target farm bill conservation programs. We ask the Appropriations Committees to recognize the importance of agricultural conservation programs by rejecting cuts to mandatory Farm Bill conservation programs and allowing these programs to receive the full allocation as set by the Agriculture Reform, Food and Jobs Act (Public Law 113–79).

[This statement was submitted by Aviva Glaser, Senior Agriculture Policy Specialist, National Wildlife Federation.]

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#### PREPARED STATEMENT OF THE OREGON WATER RESOURCES CONGRESS (OWRC)

The Oregon Water Resources Congress (OWRC) strongly supports the budget for the U.S. Department of Agriculture's (USDA) Natural Resources Conservation Service (NRCS) and we are very excited about the new Regional Conservation Partnership Program (RCPP) in the recently passed 2014 Farm Bill. However, because the RCPP combines the authorities of several existing programs, clarification is needed on how some of the provisions will be implemented. Specifically, we request detail on how the new RCPP will cover existing multi-year agreements funded under the Agricultural Water Enhancement Program (AWEP) or Cooperative Conservation Partnership Initiative (CCPI). OWRC also requests that the Columbia River Basin and Klamath River Basin be considered for inclusion in the Critical Conservation Areas (CCAs). Furthermore, it is crucial that the RCPP has adequate resources to leverage partnerships and tackle the complex natural resources conservation issues facing the nation. Lastly, we are strongly supportive of coordinated Federal agency watershed planning and funding for the Small Watershed Rehabilitation Program.

OWRC was established in 1912 as a trade association to support the protection of water rights and promote the wise stewardship of water resources statewide. OWRC members are local governmental entities, which include irrigation districts, water control districts, drainage districts, water improvement districts, and other agricultural water suppliers that deliver water to roughly 1/3 of all irrigated land in Oregon. These water stewards operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower production.

#### CLARIFICATION OF RCPP PROVISIONS

OWRC is requesting that funding for the NRCS RCPP be clarified to ensure that projects with existing AWEP and CCPI agreements are eligible for funding. OWRC has members with multi-year agreements with NRCS under AWEP and/or CCPI and they are concerned that the remainder of those years may not be funded. This concern is based on remarks made by USDA officials in Washington DC stating that AWEP and CCPI "went away" with the new Farm Bill. As OWRC and its national partners understand the 2014 Farm Bill, it was the intent to consolidate the authorities and maximize the benefits of AWEP and CCPI, not to eliminate these valuable programs. Our organization is hopeful that clarification will be provided so that NRCS can merge the existing agreements into the new RCPP program in a seam-

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<sup>2</sup>Monke and Stubbs, Reductions in Mandatory Agriculture Program Spending. National Sustainable Agriculture Coalition, comparison of budget authority to appropriations bills. Note: does not include rescissions.

<sup>3</sup>National Sustainable Agriculture Coalition, comparison of budget authority to appropriations bills.

less manner. It is in the best interest of those holding current multi-year agreements that this is done as quickly as possible so that they can continue with these beneficial long-term projects that leverage the investments of multiple state and Federal partners.

OWRC also strongly supports the additional 7 percent (7 percent) of funding on top of the \$100 million that is to be transferred from AWEF and other related conservation programs that are being combined into the RCPP. It is important to note that we are concerned about implications for program expenditures since the April 1st deadline referenced in Section 2401 for any uncommitted funds returning to each covered program has now passed. Ideally, solicitations for RCPP projects should be issued between Oct-Dec 2014 in order to obligate funds in a timely fashion to meet the March 31st commitment date.

Additionally, as the Secretary of Agriculture considers recommendations regarding the new Critical Conservation Areas (CCAs) under the 2014 Farm Bill, OWRC requests that the Columbia Basin and the Klamath Basin be considered for inclusion as CCAs. Both Basins are facing significant natural resources challenges, span multiple states, and would be excellent candidates to more efficiently promote soil, water and habitat conservation programs on a regional level. The Columbia Basin, which covers parts of seven states and is the fourth largest watershed in the nation, continues to be one of the nation's largest environmental challenges as it wrestles with implementing recovery efforts under the Endangered Species Act (ESA) while balancing other diverse resource needs. The Klamath Basin, which covers parts of Oregon and California, is also facing a complex set of ESA issues that have been further compounded by a devastating drought that has dire impacts for the both agricultural and environmental resources. NRCS funding and participation are an essential part of the cooperative conservation efforts for addressing the complex ESA needs in both of these basins.

#### RCPP NEEDS

Federal support of water conservation activities funded through NRCS programs, including the RCPP is essential to the conservation of our natural resources and critical to protecting our food, energy and water supply. Financial assistance has diminished in recent years and there is a backlog of unmet need. We worry that a further decline of funding for fiscal year 2015 will severely impact districts and other agricultural water suppliers. For example, in 2013, Oregon requested \$24.7 million in financial assistance for NRCS funding, but received approximately \$20 million. Because of the large unmet need, we are strongly supportive of providing allocations for fiscal year 2014 year to meet state requests that have been unfunded in recent years.

While we recognize that the Administration has increased funding for some of the NRCS programs, the need for additional financial assistance with conservation projects still far outweighs the budget. NRCS programs are essential to irrigation districts in developing and implementing conservation projects that benefit not only the individual farmers they serve but also the entire watershed and community as a whole. Furthermore, conservation projects also benefit the economy through job creation and ensuring the future viability of American agriculture.

RCPP helps fill a funding void for multi-partner conservation projects. Often large conservation projects do not include individual on-farm projects which limits the effectiveness of the project. RCPP allow farmers to pool together and leverage the dollars invested in the off-farm project with the addition of EQIP on-farm projects. And as previously mentioned, due to the large number of successful project applications for AWEF, USDA should continue to fund existing AWEF projects within the new RCPP program to finish out existing multiyear projects. It is important that the funding for these projects not be interrupted so that they may be completed. However, it is equally important to have funding available for new eligible RCPP projects that simultaneously benefit the environment and economy.

#### RCPP BENEFITS

OWRC strongly supports the new RCPP, which we see as a critical tool for districts and other agricultural water suppliers in developing and implementing water and energy conservation projects in Oregon. In the past AWEF has been highly successful in developing cooperative approaches on a basin-wide scale, and historically, the CCPI partnerships in the past allowed Federal, State and Local interests to address ESA and Clean Water Act (CWA) issues in watershed basins and sub basins.

We are hopeful the RCPP will continue to allow districts and other agricultural water suppliers to partner with farmers to address regional water quantity and quality issues in local watersheds. It is our belief that water supply issues in Or-

egon and elsewhere in the nation can be resolved best at the local level, in cooperative partnership efforts that promote conservation with a more aggressive Federal funding partnership as defined in RCPP.

#### EXAMPLES OF SUCCESSFUL AWEF PROJECTS IN OREGON

Oregon has had several successful AWEF applicants over the past several years, three from our member districts (described below).

- The Whychus Creek/Three Sisters Irrigation District Collaborative Restoration Project focuses on irrigation water efficiency with irrigation improvements in the Upper Division of the Three Sisters Irrigation District, which is the project partner. The effort will improve stream flows and water quality for native fish while providing farmers a reliable supply of water. Fiscal Year 2013 Funding: \$180,000; Fiscal Year 2012 \$251,300
- The Talent Irrigation District Project works with agricultural producers to install conservation practices that will properly utilize limited surface water resources, improve water quality on flood irrigated land by converting to more efficient irrigation systems, and apply irrigation water management to eliminate irrigation runoff. Fiscal Year 2013 Funding: \$0; Fiscal Year 2012 Funding: \$4,470
- The Willow Creek Project helps landowners in the Lower Willow Creek Watershed portion of Malheur County convert to water-saving irrigation systems, reduce irrigation runoff, and improve water quality in Willow Creek and Malheur River. The project partner is the Vale Oregon Irrigation District. Fiscal Year 2013 Funding: \$180,000; Fiscal Year 2012 \$251,300
- In Oregon, NRCS is helping develop the Save Water, Save Energy Initiative, a multi-agency cooperative effort to develop a clearinghouse of information on financial incentives and technical expertise to assist districts and their water users in implementing conservation measures.

Additional innovative projects like the ones above could be developed and implemented in Oregon if more funding is made available.

#### SMALL WATERSHED REHABILITATION PROGRAM AND WATERSHED PLANNING NEEDS

OWRC also strongly supports the Small Watershed Rehabilitation Program. One of our members, Sutherlin Water Control District (SWCD) has two dams that were built under PL-566. Both dams are reaching 50 years old and while they were built to seismic standards 50 years ago, they are no longer up to par. In 2010, SWCD received \$40,000 (\$20,000 for each dam) for a needs assessment study that determined that both dams are high hazard and in immediate need of retrofit and repair. The two dams are in such desperate need of repair that they are numbers 1 and 2 on Oregon NRCS' priority list for funding. A more thorough seismic study is needed to determine how to bring the dams up to code, but it is important to note that even a small earthquake (less than a 2.0 on the Richter scale) has the potential to damage the dams severely enough to cause breaches, flooding and damaging property and resources in the surrounding area. NRCS needs significant funding so it can address its high priority dams, like the ones in the SWCD. A minimum of \$250 million dollars in funding is needed for NRCS to address and repair high priority dams, like the ones in the SWCD. It would also be beneficial if the program was given flexibility to include piping and water conservation projects that have multiple environmental, farming and safety benefits.

OWRC also reiterates requests made in previous years that the "Bridging the Headgates" MOU be reactivated and expanded to include other Federal agencies. The need for continued coordination among Federal agencies, including NRCS, the Bureau of Reclamation (BOR), Bureau of Land Management (BLM), Environmental Protection Agency (EPA), NOAA Fisheries, US Fish and Wildlife Service, and Army Corps of Engineers (ACOE), is a significant issue. With the historic loss of watershed planning funding, reactivating and expanding this program to other Federal agencies would be a very cost-effective alternative.

In the past, Oregon NRCS used a watershed resources planning team to conduct Rapid Watershed Assessments throughout Oregon. This planning program helped prioritize projects to bring about the most benefit in critical watersheds and getting on-the-ground conservation projects completed in a timely manner. A number of NRCS funded district projects have been implemented using the data from this program.

Following in the vein of the Rapid Watershed Assessments, Oregon has adopted a Strategic Approach to Conservation. The goal is to invest technical and financial resources to strategically solve natural resource problems and be more effective, efficient, and accountable for staffing, funding and partnerships. This strategy is in-

tended to accelerate the conservation implementation and leverage technical and financial resources required to solve the problem. These types of program activities are effective tools that need a consistent funding source.

#### CONCLUSION

Our member districts, the farms and other water users they serve, and the communities in which they are located benefit greatly from the NRCS programs described in our testimony. Oregon's agricultural community is actively committed to water conservation programs, but those programs require Federal participation if the agricultural community is to be able to continue its efforts to address Oregon's water supply needs through water conservation. Increasing the budget for NRCS programs is a strategic investment that will pay both environmental and economic dividends to Oregonians and America as a whole. Thank you for the opportunity to provide testimony for the record on the proposed fiscal year 2015 budget for the U.S. Department of Agriculture.

[This statement was submitted by April Snell, Executive Director, Oregon Water Resources Congress.]

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#### PREPARED STATEMENT OF THE ORGANIC TRADE ASSOCIATION (OTA)

Chairman Aderholt, Ranking Member Farr, and Members of the Subcommittee, I am Laura Batcha, Executive Director and CEO of the Organic Trade Association (OTA).<sup>1</sup> The organic agricultural economy continues to be one of the fastest-growing sectors of American agriculture and is a job creator. The Organic Foods Production Act of 1990 (OFPA) set in motion the creation of a vibrant marketplace that has grown to \$35 billion in sales over 22 years, at a 2012 growth rate of over 10 percent.<sup>2</sup> The industry is comprised of over 17,000 organic businesses in the U.S., and is creating jobs in the manufacturing sector at four times the rate of the economy as a whole.<sup>3</sup>

Organic is more than simply a marketing seal; it is a distinct production system with independent marketplace dynamics. When viewed as a distinct class, organic ranks fourth in food/feed crop production at farm-gate values.<sup>4</sup> This parallel stream of commerce and agricultural production is a bright spot in the American marketplace of innovation and entrepreneurship. Organic is no longer a niche product category, it is a mainstream market.

The Farm Bill passed into law earlier this year recognizes this, and brings an enhanced array of authorities and resources to help the organic sector continue to grow, innovate, create new markets and jobs, provide certified operations new tools to succeed, and ensure access to safe and nutritious food supply. To facilitate this, we respectfully request the following funding levels for programs pertinent to the organic industry: USDA (AMS) National Organic Program—\$9.1 million; USDA (AMS) Organic Data Initiative—\$309,000; USDA (NASS) Organic Data Initiative—\$250,000; USDA (NIFA) Organic Transition Research Program—\$4 million; USDA (RCBS) Appropriate Technology Transfer for Rural Areas—\$2.5 million; USDA (ARS) Genetic Improvements and Translational Breeding Program—report language directing the funding be fully allocated to regionally adapted public cultivar development; and USDA (NIFA) Food Safety Outreach Program—\$2.5 million.

#### NATIONAL ORGANIC PROGRAM (NOP)

OTA requests \$9.1 million for the National Organic Program, which is charged with regulating the organic sector, and not only enforcing the organic regulations, but ensuring they evolve to keep pace with consumer expectations. This program is vital to meeting growing consumer demand for organic products. Recognizing continued growth of the industry and the need for fiscal restraint, we ask for \$9.1 million, the amount in the President's Budget and an amount that reflects the over 10 percent growth rate of the sector. The industry currently returns over \$200 for every \$1 spent on the NOP, so an increased investment would garner a strong return for the Federal government.

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<sup>1</sup> The Organic Trade Association is the membership-based business association representing more than 6,500 organizations in the organic industry including growers, shippers, processors, certifiers, farmers' associations, distributors, importers, exporters, consultants, retailers, and others. OTA's mission is to promote and protect the growth of organic trade to benefit the environment, farmers, the public, and the economy.

<sup>2</sup> 2013 Organic Trade Association Organic Industry survey.

<sup>3</sup> National Organic Program database.

<sup>4</sup> NASS USDA 2011 Organic Production Survey.

## ORGANIC DATA INITIATIVE (ODI)

ODI collects and disseminates data regarding organic agriculture through the Agricultural Marketing Service (AMS) and the National Agricultural Statistics Service (NASS). This program has been successful in providing valuable information to Congress, government agencies, and the organic industry at a low cost. Because ODI was appropriately funded with mandatory funding in the 2014 Farm Bill, we ask for a modest amount of \$309,000 in discretionary funding for AMS and \$250,000 in discretionary funding for NASS.

AMS collects organic prices and disseminates the data through Market News Reports, which give producers and buyers farm-gate selling prices for several organic products, helping to create a more stable organic market. This is an excellent first step, but organic pricing information falls far behind what is available to conventional agriculture. Organic producers currently receive farm-gate prices for only a limited number of products, while conventional producers receive farm-gate, terminal, and retail price information for many products in all regions of the country. Organic producers, processors, and retailers need this information to maintain a stable organic market. Moreover, this information is necessary for the Secretary to fulfill his recently announced policy directive regarding crop insurance. We therefore request \$309,000 for AMS to continue and expand organic price reporting services in fiscal year 2015.

NASS provides surveys based on Census of Agriculture data. In October 2012, NASS released the Organic Production Survey (2011), the second survey to provide a state-by-state collection of the amount of farmland used for organic production and gross farm sales of organic products. Such information has long been provided for conventional production, and should continue to be funded for organic production. OTA requests that NASS receive \$250,000 in fiscal year 2015, to continue work on the next Organic Production Survey.

## ORGANIC TRANSITION RESEARCH PROGRAM (ORG)

OTA requests that ORG be funded at \$4 million in fiscal year 2015, the same level that is included in the President's budget. Authorized by Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998, ORG provides funding for research grants that specifically study the relationship between organic agriculture and improving critical water quality problems. This program consistently receives many more funding requests than it can accommodate.

Organic retail sales have grown to over 4 percent of retail agriculture sales, but research funding provided to organic agriculture has never exceeded 2 percent of all agriculture research dollars. Without continued funding of ORG as an organic-specific research grant program, this gap will only increase. The program should be funded at \$4 million to facilitate growth of this important research.

## APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS (ATTRA)

We request \$2.5 million to fund ATTRA, the amount that is found in the President's budget. ATTRA helps thousands of organic and conventional farmers across the country by supplying information about a wide range of issues. Topics that are routinely asked about include creating rural jobs by encouraging farming; developing new marketing opportunities by focusing on local foods, farm-to-school, and farmers' markets; reducing the use of herbicides and pesticides; employing farm practices that help protect air, water, and soil resources; and reducing energy and water use. ATTRA reports that 30 percent of the calls received relate to organic practices.

## GENETIC IMPROVEMENTS AND TRANSLATIONAL BREEDING PROGRAM

OTA requests that the entirety of the funding dedicated to the Genetic Improvements and Translational Breeding Program be dedicated to regionally adapted public cultivar development. Public resources for classical breeding have dwindled in recent decades, and our capacity for public breeding is in critical condition. U.S. agricultural productivity and resilience will be strengthened by the development of new public breeds, lines, and strains with better climate adaptation, drought tolerance, disease resistance, nutritional value, production efficiencies, and impact on the environment. It is essential that the work done by USDA on breeding—investment of public monies—be dedicated entirely to regionally adapted public cultivar development. Public monies should go to public research, not research on privately held breeding technologies.

## FOOD SAFETY OUTREACH PROGRAM

OTA requests that the Food Safety Outreach Program be funded at \$2.5 million, the amount that is in the President's budget. This will provide food safety training and technical assistance, education, and extension to owners and operators of small farms, small food processors, and small fruit and vegetable vendors affected by the Food Safety Modernization Act of 2011 (FSMA). This money will help farmers and food processors understand, interpret, implement, and comply with the new food safety regulations currently being proposed by the FDA.

## CONCLUSION

Organic agriculture creates economic opportunities for farmers and rural communities, while improving and conserving the condition of the environment and giving consumers the choice to buy foods and other products that are produced according to organic standards. Meeting these funding requests will help to ensure the continued growth of U.S. organic agriculture by promoting and supporting the integrity of the organic label, providing important data, and continuing to support research for organic agriculture.

I thank the Committee and look forward to working with you to advance the organic industry.

[This statement was submitted by Laura Batcha, Executive Director and CEO of the Organic Trade Association (OTA).]

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PREPARED STATEMENT OF THE OUTREACH AND ASSISTANCE TO SOCIALLY  
DISADVANTAGED AND VETERAN FARMERS AND RANCHERS

As the subcommittee considers fiscal year 2015 Agriculture Appropriations, we urge you to provide adequate funding for a set of critical programs that make a real difference in communities that most need support. While only a fraction of the full agriculture budget these are the lifeblood for socially disadvantaged, new entry and veteran producers, farmworkers and communities:

*Outreach and Assistance to Socially Disadvantaged and Veteran Farmers and Ranchers:* We request that the committee restore the funding base of the OASDVFR Program to allow the Secretary of Agriculture to assist both socially disadvantaged and veteran farmers and ranchers in participating equitably in the full range of USDA agricultural programs. Specifically we urge you to provide not less than \$10 million in additional funding to supplement the direct funding of \$10 million annually in order to assure the program can accommodate both the traditional and new constituencies of the program, and ensure that Veteran Farmers and Ranchers are able to fully benefit from the program.

The OASDVFR Program helps our nation's historically underserved producers gain access to the United States Department of Agriculture's credit, commodity, conservation and other programs and services by supporting technical assistance to producers through community-based organizations, tribes and educational institutions best prepared to reach and serve them. Established in Section 2501 of the 1990 Farm Bill, OASDFR provides technical assistance to reduce the trend among socially disadvantaged producers of engaging in fewer farm program payments, fewer and lower-valued loans, and less outreach and training than other producers.

- The OASDVFR Program in recent years has served more than 100,000 rural constituents and is an invaluable resource for the more than 400 counties in more than 35 states serving a wide range of socially disadvantaged recipients living in persistent poverty areas of the country.
- The program is bringing diverse producers back to USDA or in the door for the first time greatly increasing participation in the NRCS High-tunnel program and the FSA microloan program. OASDVFR programs are fundamental to the goals and work of Secretary Vilsack's Strikeforce Initiative.
- The 2014 Farm Bill expanded the program to include Veteran Farmers and Ranchers, but with a 50 percent reduction from previous funding levels to provide only \$10 million in direct funds annually. With adequate resources, the OASDVFR Program can also provide critical support for veteran farmers and ranchers. The 2010 Census identified 21.9 million veterans in 2009, including 156,000 American Indian Veterans, 2.4 million African American Veterans, 1.2 million Hispanic Veterans, and 265,000 Asian Veterans. Many Veterans are from rural areas.
- The lack of funding for the program in fiscal year 2013 has meant that groups receiving support have already or are laying off hundreds of experienced staff as the final year of their contracts have expired creating a service gap to thou-



sands of producers who need their assistance to access USDA programs. Restoring these services is essential with a new Farm Bill coming into effect.

We strongly support this important program and ask you to support funding at the fully authorized level to ensure both the traditional constituencies and the expanded constituency of Veteran Farmers and Ranchers are able to fully benefit from the program.

*USDA Coordination Activities:* Beginning and socially disadvantaged producers have long needed an office at USDA to help better understand and utilize the wide array of USDA services. The Office of Advocacy and Outreach, established in the 2008 Farm Bill, is in full operation and working effectively with communities across the nation to provide equitable access to its programs and enhance the viability and profitability of our nation's diverse and new entry producers. We urge you to provide the full \$2 million authorized to support OAO's staffing and operational needs and activities related to the new Military Veterans Agricultural Liaison as well as the Farmworker Coordinator and the OASDVFR Program; overseeing the Advisory Committees on Minority Farmers and Ranchers, and Beginning Farmers and Ranchers; and managing the 1890, 1994 and Hispanic serving institutions programs. Adequate OAO funding will enhance coordination among USDA agencies as a new Farm Bill takes effect to include underserved constituencies and Strikeforce areas.

In order to provide critically needed services to tribal producers, we urge you to expand funding for the federally Recognized Tribal Extension Program (FRTEP) to at least \$10 million for fiscal year 2015 to reach at least 100 of the 566 Tribes. Congress mandates research and extension services in every county in the nation—over 3,100 offices nationwide, funded cooperatively by county, state, and Federal levels of government. Extension services are not extended to Indian Reservations, except through the limited Federal funds provided through USDA to the FRTEP. Tribes contribute in-kind cost share for office space and a small portion of operating expenses.

Only 36 extension agents are supported on Indian reservations with current funding of \$3 million. The inadequate funding of FRTEP has a profound negative impact on the long-term viability of tribal agriculture, which remains a critical basis for the economic security, health and nutrition of Native Americans.

Fewer than 4 percent of American Indians living on America's Indian reservations have access to these programs, yet more than 97 percent of America's counties have had robust programs since 1914. Increased funding would allow FRTEP to serve better the many tribes who have repeatedly requested full access to these programs. It is time that Native American producers, families, youth and reservation residents receive the same level of service as US citizens who are not reservation-bound. In order to correct this grave inequity, we urge you to provide \$10 million for this program in the fiscal year 2015 Agriculture Appropriation.

The Beginning Farmer and Rancher Individual Development Account (BFRIDA) Program is designed to help beginning farmers and ranchers of limited means finance their farming endeavors through business and financial education and matched savings accounts. This new program helps individuals with financial training and assistance so they can build assets and make needed purchases to get started in agriculture. We urge you support of \$2.5 million fiscal year 2015 appropriation for BFRIDA so it can work together with other new farmer initiatives to create economic opportunities and greater stability for both urban and rural beginning farmers. We further urge you to support the President's fiscal year 2015 Budget Request for program levels of \$1.5 billion for Direct Farm Ownership loans and \$1.252 billion for Direct Operating Loans. We also urge you to instruct FSA to develop price information to improve eligibility and lending capabilities for farmers growing for local and regional food markets.

We also urge you to ensure that farmers and ranchers who are in economic trouble receive fair loan restructuring and servicing of their loans by funding the Federal match for State Mediation Programs at \$5 million. These programs currently operate in 40 states.

*Sustainable Agriculture Research and Education (SARE)*—We request that you invest in critical sustainable agriculture research and education conducted at the field level by farmers themselves by including funding for fiscal year 2015 of \$30 million the SARE program.

*Healthy Food Financing Initiative:* We urge you improve health outcomes and increase access to healthy foods for low-income people by strengthening local food systems through significant investments of funds from both the Department of Agriculture and Department of Treasury necessary to get the Healthy Food Financing Initiative fully operational in fiscal year 2015.

*Summer Electronic Benefits Transfer BT (SEBTC) pilot projects:* For the past 2 years, USDA has been conducting pilot projects in eight states and two Indian nations that used electronic benefits to reach children when school meals are unavailable. These pilots have been proving remarkably successful at reducing childhood hunger and we urge they be continued with a \$30 million investment.

*Agriculture and Food Research Initiative (AFRI):* We support inclusion of report language and funding for increased public research and development of seed varieties and livestock breeds to ensure the diversity of our nation's food supply. Specifically, we urge the inclusion of report language on public cultivar development be included under AFRI, and for USDA to see classical plant and animal breeding as a priority area within the AFRI process.

*Rural Cooperative Development Grants:* We urge you to provide \$9.1 million for RCDG, including \$3 million for centers targeting socially disadvantaged producers to assist individuals in beginning and expanding cooperatives. We oppose the Administration's proposal to consolidate RCDG into a Rural Business and Cooperative Grants program.

*Rural Microenterprise Assistance Program:* We urge you to foster development in rural areas by preserving the full mandatory funding of \$3 million as provided in the 2014 Farm bill and by adding an additional \$3.3 million in discretionary funding, for total support of \$6.3 million.

*Value-Added Producer Grants:* VAPG offers grants to farmers and ranchers developing farm- and food-related businesses that boost farm income and create jobs in rural America. Growing interest in local and regional foods means greater need for regional supply chains and enterprises that aggregate local production, exactly the kind of rural development strategy VAPG is designed to support. We request no changes in mandatory program spending as well as \$15 million in discretionary funding for VAPG, the same level as included in the final fiscal year 14 bill.

*Food Safety Training:* We urge you to provide funding to assist farmers to adapt to coming Food Safety and Modernization Act rules for Food Safety Training at \$5 million for fiscal year 2015.

*Appropriate Technology Transfer for Rural Areas:* We urge you to provide \$2.5 million to ATTRA for fiscal year 2015 to provide support to farmers and extension agents across the country.

*Organic Transitions Integrated Research Program:* We urge you to provide \$5 million to invest in new organic research with farmer delivery systems included and allow organics a fairer portion of the research budget.

*Federal-State Market Improvement Program:* We request funding be continued at the fiscal year 2014 level of \$1.363 million. This program is critical in matching funds to state departments of agriculture to assist with research and creating new markets for farmers.

*Conservation Programs:* We further urge you to protect and maintain direct funding for agricultural conservation programs including the Environmental Quality Incentive Program and the Conservation Stewardship Program, and other programs that help producers across the nation protect their land. The diverse producers we represent are returning to USDA through these programs, and building up small operations that care for the land and contribute to the economic viability of small rural communities in some of the poorest areas of the nation.

*Implementation and Enforcement of Existing Laws:* We strongly support allowing USDA to implement and enforce existing laws relating to provisions of Country of Origin Labeling (COOL) and the Grain Inspection Packers and Stockyards Administration (GIPSA) as included in the 2008 Farm Bill. We strongly oppose the use of riders within the appropriations process to limit the authority of the USDA to enforce these important laws.

As you proceed with funding for these important programs for fiscal year 2015, we urge you to consider the impacts of your funding decisions on the next generation of American farmers and ranchers, and with great care to being inclusive of beginning, minority, tribal, women, and limited resource farmers who are often in most need of these important programs.

Rural Coalition/Coalici Rural, Washington, DC Community Food & Justice Coalition, Oakland, CA Farmers Veteran Coalition, Davis, CA

Federation of Southern Cooperatives Rural Training and Research Center, Epes, AL

National Alliance of Farmworker Women, Oxnard, CA National Family Farm Coalition, Washington, DC National Hmong American Farmers, Inc., Fresno, CA

National Latino Farmers and Ranchers Trade Association, Washington, DC

National Sustainable Agriculture Coalition, Washington, DC

North Carolina Association of Black Lawyers Land Loss Prevention Project, Durham, NC

21st Century Youth Leadership Movement, Eutaw, Alabama  
 Alabama State Association of Cooperatives, Forkland, AL  
 Albany Food Justice Coalition, Albany, NY  
 American Federation of Government Employees Local 3354, St. Louis, MO  
 American Indian Mothers Inc., Shannon, NC  
 Arkansas Land and Community Development Corporation, Brinkley, AR  
 Ashtabula, Geauga, Lake Counties Farmers Union (Ohio), OH  
 Atrisco Land Grant, Atrisco, New Mexico  
 California FarmLink, Santa Cruz, CA  
 Carolina Farm Stewardship Association, Pittsboro, NC  
 CASA del Llano, Hereford, TX  
 Center for Social Inclusion, New York, NY  
 Citizens For Water, New York, NY  
 Colorado Latino Farmers and Ranchers, Antonito, CO  
 Concerned Citizens of Wagon Mound and Mora County, Wagon Mound, NM  
 Dakota Rural Action, Brookings, SD  
 Damascus Citizens for Sustainability, Milanville, PA  
 Delgado Farms, El Paso, TX  
 Ecohermanas, Washington, DC  
 Environmental Justice and Health Alliance for Chemical Policy Reform, Washington, DC  
 Fair World Project, Portland, OR  
 Farmworker Association of Florida, Apopka, FL  
 Fernandez Ranch, Centerville, WA  
 FOCUS Churches of Albany, Albany, NY  
 Food Chain Workers Alliance, Los Angeles, CA  
 Grassroots International, Boston, MA  
 Hmong National Development, Inc., Washington, D.C.  
 Hunger Action Network of New York State, New York, NY  
 Indian Country Agriculture and Resource Development Cooperation, Anadarko, OK  
 Indian Nations Conservation Alliance, Twin Bridges, MT  
 Institute for Agriculture and Trade Policy, Minneapolis, MN  
 Land Stewardship Project, MN  
 Latino Economic Development Center, Minneapolis, MN  
 Local Matters, Columbus, OH  
 Los Jardines Institute (The Gardens Institute), Albuquerque, NM  
 Maine Rural Partners, Orono, MAINE  
 Michael Fields Agricultural Institute, East Troy, WI  
 Mississippi Association of Cooperatives, Jackson, MS  
 Nebraska Sustainable Agriculture Society, Ceresco, NE  
 Northern New Mexico Stockmans' Association, Espanola, New Mexico  
 Northwest Farm Bill Action Group, Seattle, WA  
 Northwest Forest Worker Center, Albany, CA  
 NYH2O, New York, NY  
 Oklahoma Black Historical Research Project, Inc., Oklahoma City, OK  
 Operation Spring Plant, Inc., Oxford, NC  
 Orangeburg County Young Farmer, Orangeburg, SC  
 Pesticide Action Network, Oakland, CA  
 Pululu Farms, Arroyo Seco, NM  
 Quote...Unquote, Inc, Albuquerque, NM  
 Roots of Change, Oakland, CA  
 Rural Advancement Fund, Orangeburg, SC  
 Rural Development Leadership Network, New York, NY  
 San Diego 1 in 10 Coalition, San Diego, CA  
 San Diego Hunger Coalition, San Diego, CA  
 Slow Food California, Sacramento, CA  
 South Valley Regional Association of Acequias, Albuquerque, NM  
 Southwest Workers Union, San Antonio, TX  
 Taos County Economic Development Corporation, Taos, NM  
 Victory Garden Foundation, Oakland, CA  
 Viva Farms, Burlington, WA  
 Western Sustainable Agriculture Working Group, Austin, NV  
 WhyHunger, New York, NY  
 Winston County Self Help Coop, Louisville, MS  
 World Farmers, Inc., Lancaster, MA

[This statement was submitted by Lorette Picciano, Rural Coalition.]

#### PREPARED STATEMENT OF THE PICKLE PACKERS INTERNATIONAL, INC.

CONCERN FOR SUSTAINED AND INCREASED RESEARCH FUNDING USDA/AGRICULTURAL RESEARCH SERVICE

#### Summary

Sustained and increased funding is desperately needed to maintain the research momentum built over recent years and to defray rising fixed costs at laboratory fa-

cilities. Companies in the pickled vegetable industry generously participate in funding and performing short-term research, but the expense for long-term research needed to insure future global competitiveness is too great for individual companies to shoulder on their own.

*Additional Budget Requests for fiscal year 2015*

Funding needs for USDA/ARS laboratories are as follows:

I. Requests for Program Enhancement—Pickled Vegetables

	Amount
Emerging Disease of Crops .....	\$500,000
Quality and Utilization of Agricultural Products & Food Safety .....	500,000
Applied Crop Genomics .....	500,000
Specialty Crops .....	500,000
Total Program Enhancements Requested—Pickled Vegetables .....	\$2,000,000

USDA/ARS RESEARCH PROVIDES:

- Consumers with over 150 safe and healthful vegetable varieties providing vitamins A, C, folate, magnesium, potassium, calcium, and phytonutrients such as antioxidant carotenoids and anthocyanins.
- Genetic resistance for many major vegetable diseases, assuring sustainable crop production with reduced pesticide residues—valued at nearly \$1 billion per year in increased crop production.
- Classical plant breeding methods combined with bio-technological tools, such as DNA markers, genetic maps, and genome sequence to expedite traditional breeding and increase efficiency.
- New vegetable products with economic opportunities amidst increasing foreign competition.
- Improved varieties suitable for machine harvesting, assuring post harvest quality and marketability.
- Fermentation and acidification processing techniques to improve the efficiency of energy use, reduce environmental pollution, and reduce clean water intake while continuing to assure safety and quality of our products.
- Methods for delivering beneficial microorganisms in fermented or acidified vegetables, and produce reduced sodium, healthier products.
- New technology and systems for rapid inspection, sorting and grading of pickling vegetable products.

HEALTH AND ECONOMICAL BENEFITS

- Health agencies continue to encourage increased consumption of fruits and vegetables, useful in preventing heart disease, cancer, stroke, diabetes and obesity.
- Vegetable crops, including cucumbers, peppers, carrots, onions, garlic and cabbage (sauerkraut), are considered “specialty” crops and not part of commodity programs supported by taxpayer subsidies.
- Current farm value for just cucumbers, onions and garlic is estimated at \$2.4 billion with a processed value of \$5.8 billion. These vegetables are grown and/or manufactured in all 50 states.

A STATEMENT OF CONCERN FOR SUSTAINED AND INCREASED RESEARCH FUNDING USDA/  
AGRICULTURAL RESEARCH SERVICE

The pickled vegetable industry strongly supports and encourages your committee in its work of maintaining and guiding the Agricultural Research Service. To accomplish the goal of improved health and quality of life for the American people, the health action agencies of this country continue to encourage increased consumption of fruits and vegetables in our diets. Accumulating evidence from the epidemiology and biochemistry of heart disease, cancer, diabetes and obesity supports this policy. Vitamins (particularly A, C, and folic acid), minerals, and a variety of antioxidant phytochemicals in plant foods are thought to be the basis for correlations between high fruit and vegetable consumption and reduced incidence of these debilitating and deadly diseases.

As an association representing processors that produce over 85 percent of the tonnage of pickled vegetables in North America, it is our goal to produce new products that increase the competitiveness of U.S. agriculture as well as meet the demands

of an increasingly diverse U.S. population that is encouraged to eat more vegetables. The profit margins of growers continue to be narrowed by foreign competition. This industry can grow by meeting today's lifestyle changes with reasonably priced products of good texture and flavor that are high in nutritional value, low in negative environmental impacts, and produced with assured safety from pathogenic microorganisms and from those who would use food as a vehicle for terror. With strong research to back us up, we believe our industry can make a greater contribution toward reducing product costs and improving human diets and health for all economic strata of U.S. society.

Many small to medium sized growers and processing operations are involved in the pickled vegetable industry. We grow and process a group of vegetable crops, including cucumbers, peppers, carrots, onions, garlic, cauliflower, cabbage (Sauerkraut) and Brussels sprouts, which are referred to as 'minor' crops. None of these crops are in any "commodity program" and do not rely on taxpayer subsidies. However, current farm value for just cucumbers, onions and garlic is \$2.4 billion with an estimated processed value of \$5.8 billion. These crops represent important sources of income to farmers and rural America. Growers, processing plant employees and employees of suppliers to this industry reside in all 50 states. To realize its potential in the rapidly changing American economy, this industry will rely upon a growing stream of appropriately directed basic and applied research from four important research programs within the Agricultural Research Service.

#### APPLIED CROP GENOMICS

The USDA/ARS has the only vegetable crops research unit dedicated to the genetic improvement of cucumbers, carrots, onions and garlic. ARS scientists account for approximately half of the total U.S. public breeding and genetics research on these crops. Their efforts have yielded cucumber, carrot and onion cultivars and breeding stocks that are widely used by the U.S. vegetable industry (i.e., growers, processors, and seed companies). These varieties account for over half of the farm yield produced by these crops today. All U.S. seed companies rely upon this program for developing new varieties, because ARS programs seek to introduce economically important traits (e.g., pest resistances and health-enhancing characteristics) not available in commercial varieties using long-term high risk research efforts. The U.S. vegetable seed industry develops new varieties of cucumbers, carrots, onions, and garlic and over twenty other vegetables used by thousands of vegetable growers. Their innovations meet long-term needs and bring innovations in these crops for the U.S. and export markets, for which the U.S. has successfully competed.

ARS scientists have developed genetic resistance for many major vegetable diseases that is estimated at \$670 million per year in increased crop production, not to mention environmental benefits due to reduction in pesticide use. New research has resulted in cucumbers with improved disease resistance, pickling quality and suitability for machine harvesting. New sources of genetic resistance to viral and fungal diseases, tolerance to environmental stresses, and higher yield have recently been identified along with molecular tools to expedite delivery of elite cucumber lines to U.S. growers.

There are still serious vegetable production problems which need attention. For example, losses of cucumbers, onions, and carrots in the field due to attack by pathogens and pests remains high, nutritional quality needs to be significantly improved and U.S. production value and export markets should be enhanced. Genetic improvement of all the attributes of these valuable crops are at hand through the unique USDA lines and populations (i.e., germplasm) that are available and the new biotechnological methodologies that are being developed by the group. The achievement of these goals will involve the utilization of a wide range of biological diversity available in the germplasm collections for these crops. Classical plant breeding methods combined with bio-technological tools such as DNA markers, genetic maps, and genome sequences to expedite traditional cucumber, carrot and onion breeding and increase its efficiency. With this, new high-value vegetable products based upon genetic improvements developed by our USDA laboratories can offer vegetable processors and growers expanded economic opportunities for U.S. and export markets.

#### QUALITY AND UTILIZATION OF AGRICULTURAL PRODUCTS & FOOD SAFETY

The USDA/ARS maintains a food science research unit that our industry looks to for new scientific information on the safety of our products and development of new processing technologies related to fermented and acidified vegetables. Major accomplishments include: pasteurization treatments currently used for most acidified vegetables; the preservation technology used for manufacturing shelf stable sweet pickles; and fermentation technology (purging) used to prevent the formation of air

pockets within fermented pickles. With the passage of the Food Safety Modernization Act, commercial producers of acidified foods must prove that they meet critical limits established for microbial safety. USDA-ARS has supplied technical expertise and the scientific data needed to define safe processing conditions for domestic and imported pickled vegetable products, saving considerable expense to the industry for microbial challenge studies. These data are currently used to support required process filings, and have helped establish a scientific basis for acidified food regulations. Additional funding is needed to support the important research initiatives detailed below.

First, nearly all retail pickled vegetables are pasteurized for safety and shelf stability. Current steam and water bath pasteurizers rely on technology from the 1940s and 50s. Promising new technologies include continuous flow microwave technology and “hot-fill-and-hold” pasteurization. The objective is to reduce water use and significantly improve energy efficiency with new, scientifically validated thermal processing technology.

Second, additional research that offers significant economic and environmental advantages to the U.S. industry includes the reduction or replacement of salt in commercial vegetable fermentations and bulk acidification. Calcium substitution of salt in commercial vegetable processing has the potential to significantly reduce chloride levels in waste waters and sludge currently delivered to landfills; and create opportunities to manufacture healthier, calcium enriched, reduced sodium vegetable products. Reducing environmental impact and production costs for the manufacture of healthier products is essential to the sustainability of the U.S. industry.

Third, the market of refrigerated vegetable products is rapidly growing in the U.S. These products are attractive to conscientious customers targeting healthier, beneficial and bioactive food formulations. Fermented vegetables presented in the refrigerated sector deliver natural microbiota perceived as probiotic bacteria by a growing market. New processing technologies and knowledge of the intrinsic value of the natural microbiota in fermented vegetables are needed to develop genuine, high value, probiotic vegetable products that provide health benefits for the average U.S. citizen.

#### SPECIALTY CROPS

The USDA/ARS conducts research on the development of innovative technologies for rapid, nondestructive measurement and grading of fruits and pickling vegetables to enhance product quality and marketability and achieve labor cost savings. The research program is nationally and internationally recognized for its pioneering research and development and technology transfer effort in imaging and spectroscopic inspection technologies, which have found wide applications in food quality and safety inspection. Currently, ARS researchers are developing a spectral imaging-based common inspection platform and other related sensing technologies with substantially improved capabilities for quality evaluation and grading of pickling vegetables and fruits at the processing facility and in the field.

Development of new and/or improved sensing technologies will help growers and processors assess, monitor, inspect, and grade pickling vegetables and horticultural products rapidly and accurately for internal and external quality characteristics at various steps of harvest and postharvest handling and processing operations. This will minimize postharvest losses of food that has already been produced, ensure high quality, consistent final product and consumer satisfaction, and reduce production cost. Expansion of the USDA/ARS research in food quality sensing and automation is critically needed, so that it can develop and deliver these much needed technologies to the specialty crop industry.

#### EMERGING DISEASE OF CROPS

USDA/ARS vegetable research addresses national problems confronting the vegetable industry of the southeastern U.S. The mission of the laboratory is to develop disease and pest resistant vegetables, and also new, reliable, environmentally-sound disease and pest management practices that do not rely on conventional pesticides. Programs currently address 14 crops, including those in the cabbage, cucumber, and pepper families, all of major importance to the pickling industry. USDA/ARS research is recognized world-wide, and its accomplishments include over 150 new vegetable varieties and many improved management practices.

Expansion of this program would directly benefit the southeastern vegetable industry. Vegetable growers depend heavily on synthetic pesticides to control diseases and pests. Without the availability of certain pesticides that have been eliminated for use, producers are likely to experience crop failures unless other effective, non-pesticide control methods are readily identified. In this context, the research on im-

proved, more efficient and environmentally compatible vegetable production practices and resistant varieties continues to be absolutely essential. This research can help provide U.S. growers with a competitive edge they need to sustain and keep their industry vibrant, allowing it to expand in the face of increasing foreign competition. Current cucumber varieties are highly susceptible to a new strain of the downy mildew pathogen which has caused considerable damage to commercial cucumber production in eastern states in recent years. A new plant pathologist position could address this critical situation.

#### FUNDING NEEDS FOR THE FUTURE

It remains critical that funding continues the forward momentum in pickled vegetable research that the U.S. now enjoys and to increase funding levels as warranted by planned expansion of research projects to maintain U.S. competitiveness. The diverse array of companies making up our industry assumes responsibility for short-term research, but the expense and risk are too great for individual companies to commit to the long-term research needed to insure future competitiveness.

It is important to note that fiscal year 2013 Enacted funding for USDA/ARS laboratories totaled \$10,212,000. However, fiscal year 2013 Enacted funding for all cucurbits equaled just \$3,665,000 with only \$1,876,000 directed toward cucumber and pickled vegetable research. For fiscal year 2015, PPI is requesting an additional \$2,000,000 in program enhancements that will provide needed research for cucumber and pickled vegetables.

#### EMERGING DISEASE OF CROPS

There is a critical need to establish and fund a plant pathology position to address cucumber diseases, especially the disease caused by a new strain of the downy mildew pathogen responsible for recent extensive damage to cucumber production in eastern states. The pathologist is needed to characterize pathogen strains and to develop new management approaches, as well as resistant cucumber varieties, to combat the disease. Ultimately, this proposed plant pathologist would accomplish research that results in effective protection of cucumbers from disease without the use of conventional pesticides.

	Amount
Fiscal year	
2013 Enacted .....	\$425,000
2014 Estimate .....	\$425,000
2015 (Proposed budget) .....	To be determined
2015 Additional Request (Plant Pathologist & support) .....	\$500,000

#### QUALITY AND UTILIZATION OF AGRICULTURAL PRODUCTS AND FOOD SAFETY

The current funding includes research and development for a variety of vegetable products, including fermented and acidified vegetables. For new research initiatives to reduce energy and water use, reduce environmental impact from commercial fermentations, and develop new health-promoting food (probiotic) technology, we request additional support of \$500,000. This will provide support for Post-Doctoral or Pre-Doctoral research associates along with necessary equipment and supplies.

	Amount
Fiscal year	
2013 Enacted .....	\$599,000
2014 Estimate .....	\$599,000
2015 (Proposed budget) .....	To be determined
2015 Additional Request (Post-doctoral and Pre-doctoral Research Associate & support) .....	\$500,000

#### APPLIED CROP GENOMICS

Emerging and persisting diseases, such as downy mildew, southern root knot nematode, and angular leaf spot of cucumber, threaten production of the crop in all production areas. We request an additional \$500,000 to fully fund the scientists and support staff, including graduate students and post-doctorates for identifying and researching new sources of genetic resistance to emerging diseases.

	Amount
Fiscal year	
2013 Enacted .....	\$421,000
2014 Estimate .....	\$421,000
2015 (Proposed budget) .....	To be determined
2015 Additional Request (Post-doctoral and Pre-doctoral Research Associate & support) .....	\$500,000

## SPECIALTY CROPS

The current funding is far short of the level needed to carry out research on inspection, sorting and grading of pickling cucumbers and other vegetable crops to assure the processing and quality of pickled products. An increase of \$550,000 in the current base funding level would be needed to fund the research engineer position.

	Amount
Fiscal year	
2013 Enacted .....	\$145,000
2014 Estimate .....	\$145,000
2015 (Proposed budget) .....	To be determined
2015 Additional Request (Research Engineer & support) .....	\$500,000

## PREPARED STATEMENT OF THE RURAL COOPERATIVE DEVELOPMENT GRANT (RCDG)

CooperationWorks! is requesting the Rural Cooperative Development Grant (RCDG) program of USDA's Rural Business—Cooperative Service be continued in the fiscal year 2015 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations bill.

The President's fiscal year 2015 budget request, like the previous fiscal year 2014 budget request, contains a proposal to eliminate a number of rural development programs, including the Rural Cooperative Development Grant (RCDG) program, and consolidate them into a new \$57.5 million economic development grant program. CooperationWorks! is seriously concerned with the elimination of the only program in the Federal government focused on the development of cooperative enterprise, providing needed technical assistance for cooperative expansion and start-up. The consolidation of the RCDG program in our view will diminish the agency's focus and mission of supporting the advancement of self-help programs, and cooperatives specifically, and further takes away the ability of Congress to establish priorities and accountability for the programs that Congress has historically authorized and funded.

As the only network of technical assistance providers in the United States, connecting over 100 professionals in rural and urban areas alike, covering all 50 states, CooperationWorks! expresses its strong support for the Rural Cooperative Development Grant (RCDG) program and encourages the committee to support it through funding in fiscal year 2015 and beyond that will continue to allow cooperative development centers to operate and further expand its reach into more rural communities to provide the types of technical assistance to cooperatives that allow for economic growth and job creation. In addition, we request for initial funding of a new inter-agency working group that was created in the recent Farm Bill and which is to be coordinated and chaired by USDA. This funding would help to further efforts to foster cooperative development and ensure coordination with Federal agencies and national and local cooperative organizations that have cooperative programs and interests.

The RCDG program is a competitive grants program, administered by USDA's Rural Development, Rural Business-Cooperative Services Program. The primary objective of the RCDG program is to improve the economic condition of rural areas by assisting individuals or entities in the startup, expansion, or operational improvement of rural cooperatives and other business entities. Grants are awarded competitively on an annual basis to nonprofits or institutions of higher education that operate cooperative development centers who provide technical assistance to those seeking to form cooperatively owned businesses in rural areas. The maximum grant amount that USDA provides in a fiscal year is \$200,000. There is a 25 percent cost share requirement of the total project cost (5 percent cost share for 1994 Institutions). Cooperative development centers currently serve rural communities in all 50 states. They use the grants to fund critical technical assistance for economic development, such as legal and accounting assistance, feasibility studies, business



planning, board education, and other services that help ensure the success of these businesses.

We understand that in this current fiscal environment, Federal funding is limited and Congress has to make tough spending choices. We believe funding in the RCDG account is a sound investment toward rural economic development and job growth for more Americans. Through outcome surveys conducted among the RCDG recipients in our membership, which includes over half of all RCDG funded centers, we found that in 2011 for every \$1,362 in Federal dollars there was a result of one job saved or created. This efficient use of program funds is possible because of the matching funding requirement in the program, the self-help nature of the cooperative business model, and the efficient use of funds stewarded by RCDG program recipients.

[This statement was submitted by Tom Pierson, Advocacy Chair for CooperationWorks!]

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#### PREPARED STATEMENT OF THE SOCIETY FOR WOMEN'S HEALTH RESEARCH (SWHR)

SWHR is pleased to submit written testimony to urge the Committee to prioritize and provide an increase to the fiscal year 2015 budget authority (BA) appropriations (non-user fees) for the Food and Drug Administration (FDA) of \$2.784 billion, a \$223 million increase over fiscal year 2014 and \$200 million above the President's budget proposal for FDA. In addition, SWHR supports an allocation of \$7 million for the FDA Office of Women's Health (OWH) for fiscal year 2015. These recommended allocations will allow the FDA to address resource shortages across all centers, implement critical improvements in infrastructure, and continue investment in OWH, the critical voice on women's health and women's health research within the Agency.

The FDA, as regulator of products covering more than a quarter of the US economy, should receive priority funding as its responsibilities are critical to the health and well-being of all Americans. Each year, Congress adds to FDA's ever increasing responsibilities but does not provide appropriate funds to meet those demands reasonably, straining the FDA's abilities. The fiscal year 2015 appropriations must reflect an amount that meets the needs of the Agency demanded by Congress.

More than 47 percent of Americans have a chronic disease and 22 percent have multiple conditions. Eighty-two percent of Americans take over the counter or prescription medications and 30 percent take more than 5 medications. American consumers and patients expect proactive scientific and research leadership from the FDA while demanding assurance of the safety and effectiveness of their food, drugs and cosmetics. To meet this expectation, the FDA spends over 80 percent of its budget on salary costs in maintaining and recruiting talented and smart researchers and scientists who can keep pace with scientific innovation. Globalization and the complexity of our scientific research world have put demands on the FDA that need additional appropriated resources. Unfortunately, due to congressional funding levels and COLA requirements, FDA annually is challenged and must frequently postpone needed investments in infrastructure, technology, and human collateral due to budget constraints.

While SWHR recognizes that Congress is focused on reducing our Federal deficit, appropriate budgetary allocation must be provided to allow FDA to react in a proactive manner for new scientific innovation and against emerging or known threats to food and drug security. As the thought leader in research on biological sex differences in disease, SWHR is dedicated to transforming women's health through science, advocacy, and education and believes that sustained funding for the FDA and its regulatory responsibilities is absolutely essential if the U.S. is to meet the needs of its citizens, especially women, and maintain its gold standard.

In the past two decades, scientists have uncovered significant biological and physiological differences between men and women. Traditionally, the term women's health represented a women's reproductive capability because science and medicine believed that women and men were biologically the same. We now know this is not the case.

Biological and physiological differences and hormonal fluctuations play a role in the rate of drug absorption, distribution, metabolism, elimination as well as ultimate effectiveness of response in females as opposed to males. Information about the ways drugs may differ in various populations, however, is often unexplored. As was noted by the FDA in a recent The 60 Minutes segment (Feb. 9, 2014), women may require a lower dosage of some drugs because of different rates of absorption or metabolism (Ambien). The 60 Minutes highlighted the importance of sex and gender differences research and the need to examine sex from the earliest phases of research, starting in basic science.

The FDA has a critical role in human subject research in assuring female recruitment and retention is set at appropriate levels and not too low to provide statistically significant results in research. American women should have the confidence that drugs, devices and biologics that have been approved for use in both men and women have been appropriately analyzed for sex differences and the finding publicly reported to a meaningful way for usage by both healthcare providers and patients. America's biomedical development process, while continuing to deliver new and better targeted medications to combat disease, does not routinely analyze and report sex differences. FDA's must enforce its own requirement that the data acquired during research of a new drug or device's safety and efficacy be reported and analyzed by sex.

Pursuant to Section 907 of the Food and Drug Administration Safety and Innovation Act of 2012 (FDASIA), the FDA released a report on August 20, 2013 on the inclusion of demographic subgroups in clinical trials and data analysis in drugs, biologic and device applications submitted to the agency. The report, both the summary and the data, coordinated and written by OWH and the Office of Minority Health (OMH) demonstrated that while demographic data was submitted significant gaps still existed with respect to representation, reporting and analysis of the data for women, minorities and the elderly. The FDA is currently designing an action plan, with short and long term recommendations and implementation strategies to help FDA transform its approach toward important demographic data. SWHR believes this will result in greater knowledge of reactions to drugs and medical treatments by sex, age, race and ethnicity, and further, greater understanding of devices and their usage or limitations in women.

SWHR has long advocated that sex differences data discovered from clinical trials be presented in a meaningful way to the medical community and to patients through education, drug labels and packaging inserts, and other forms of alerts directed to key audiences. Through more accurate, sex-specific drug and device information and labeling the FDA will better serve male and female patients, and will ensure that appropriate sex specific data analysis of post-market surveillance is placed in the hands of physicians and ultimately the patient in a timely manner.

SWHR believes that Congress must commit to continued investment in FDA's informational technology to assure continued advancement of data standardization, collection and analysis. In our ever evolving digital world, the FDA needs to keep pace with scientific discoveries and must have the tools to do so. Congress must dedicate resources from appropriated dollars and user fees to FDA's IT systems and infrastructure to meet this demand.

#### FDA OFFICE OF WOMEN'S HEALTH (OWH)

OWH must have a steady and sustained investment to remain the key resource in advancing regulatory science in women's health and reporting of sex differences. OWH's programs ensure that sex and gender differences in the efficacy of drugs (such as metabolism rates), devices (sizes and functionality) and diagnostics are taken into consideration in reviews and approvals. OWH seeks to correct sex and gender disparities and monitors women's health priorities, through leadership and active engagement with the FDA Centers.

American women rely on the tools OWH provides to them to help with their healthcare decisions. Each year, OWH consumer pamphlets are the most requested of any documents at the government printing facility in Colorado, with more than 8 million distributed to women across America, including target populations such as Hispanic communities, seniors and low-income citizens on topics such as breast cancer screening, diabetes, menopause hormone therapy, and medication use during pregnancy.

In partnership with the National Institutes of Health Office of Research on Women's Health, OWH created a website for an on-line sex and gender course to provide additional educational tools for medical practice and scientific innovation. Most recently, a third course in the series will be going on-line. All courses offer free continuing education credits for physicians, pharmacists and nurses. In addition, OWH developed a toolkit and curriculum in a joint effort with the American Association of Colleges of Pharmacy. It is a Women's Health curriculum elective given for credit by the schools and also contains a tool kit so teachers can incorporate elements into other courses. Further, OWH is a strategic partner in the planning of the research roadmap for FDA, helping to align the research and structural needs for the agency for the next 3 years.

Women across our great nation rely on OWH's high quality, timely information to make medical decisions on behalf of themselves and their families. OWH's highly regarded website is a vital tool for consumers and physicians, providing free,

downloadable fact sheets on over one hundred different illnesses, diseases, and health related issues for women. OWH has created medication charts on several chronic diseases, listing all the medications that are prescribed and available for each disease. These are vital functions that our healthcare professionals and the public understand and utilize daily to make healthcare decision and must be maintained.

[This statement was submitted by Martha Nolan, Vice President, Public Policy, Society for Women's Health Research (SWHR).]

#### PREPARED STATEMENT OF THE SOUTHERN POVERTY LAW CENTER

The Southern Poverty Law Center (SPLC) submits this testimony regarding the dangers posed to workers and consumers by the pending regulation proposed by the U.S. Department of Agriculture's Food Safety and Inspection Service entitled "Modernization of Poultry Slaughter Inspection," 77 Fed. Reg. 4,408–4,456 (Apr. 26, 2012). If implemented, this regulation threatens the health and safety of thousands of poultry slaughter and processing workers. The rule is part of the agency's overhaul of its food safety inspection program, proposed changes that have been harshly criticized by food safety and workers' rights advocates alike. The USDA's proposed budget for the coming fiscal year reflects cuts to food safety inspection funds that indicate intent to implement this ill-advised rule.

##### 1. THE USDA'S PROPOSED RULE PUTS WORKERS AND CONSUMERS AT RISK.

The FSIS's proposed rule would increase the already intolerably fast speeds of the poultry slaughtering and processing lines throughout the country, from between 70 and 140 birds per minute, depending on the number of food safety inspectors, to a new maximum of 175 birds per minute. Currently there is no state or Federal line speed standard designed to protect the safety of workers who produce this food. The USDA's regulations are the only limit on line speeds for this industry. The Subcommittee's intervention to halt or amend this rule, and to restore the funding needed to avoid its implementation, would protect workers as well as consumers.

Numerous studies find strong correlations between rates of repetitive motions and likelihood of musculoskeletal injuries such as carpal tunnel syndrome, which suggests that faster speeds will increase the risk of worker injuries. The SPLC believes that the rule must therefore be withdrawn in its entirety. If the proposed rule is not withdrawn, the USDA should at least incorporate meaningful and enforceable work speed safety standards to protect plant employees from repetitive motion injuries and other musculoskeletal disorders. The rule should at a minimum be stayed until adequate measures are incorporated into the regulations to ensure that the health and safety of workers in poultry processing plants are protected.

The Southern Poverty Law Center and Alabama Appleseed Center for Law and Justice recently published a report entitled *Unsafe at These Speeds: Alabama's Poultry Industry and its Disposable Workers*,<sup>1</sup> providing a unique inside look at the operation of poultry plants and documenting health, safety, and other conditions affecting workers in all positions in the poultry industry—from chicken catchers, live hangers, and rehangers to deboners, skin pullers, and box stackers. The data and information included in this report leaves no question that the current line speeds are too fast and any regulation that increases these speeds and allows the industry to regulate itself is unacceptable.

Alabama alone produces more than 1 billion broilers per year—ranking it third among states behind Georgia and Arkansas. The broiler chicken industry has an \$8.5 billion impact on the state—generating about 75,000 jobs and 10 percent of Alabama's economy—and one that plays a vital economic role in numerous small towns. But it all comes at a steep price for the low-paid, hourly workers who face the relentless pressure of the mechanized processing line.

Nearly three-fourths of the 302 workers whom we interviewed revealed that they had suffered some type of significant work-related injury or illness, yet 68 percent felt that they could not ask their supervisors to improve health or safety hazards. In spite of many factors that lead to undercounting of injuries in poultry plants, the employer-reported data collected by the U.S. Occupational Safety and Health Administration (OSHA) reflected an injury rate of 5.9 percent for poultry processing workers in 2010, a rate that is more than 50 percent higher than the 3.8 percent injury rate for all U.S. workers.

<sup>1</sup>A copy of the report is available at: <http://www.splcenter.org/get-informed/publications/Unsafe-at-These-Speeds>.

The realities workers discussed with us demonstrate an ongoing health and safety crisis in the poultry processing industry, principally driven by the punishingly fast speeds at which slaughtering and processing lines currently operate. Over three-fourths (78 percent) of workers said that an increase in the line speed makes them feel less safe, makes their work more painful, and causes more injuries. These speeds are a predominant factor in the most common type of injuries, called musculoskeletal disorders. The most common injuries suffered involved debilitating pain in workers' hands and upper limbs, gnarled fingers and other permanent changes to workers' bodies, cuts, and skin and respiratory problems. Workers in jobs most sharply affected by processing line speeds and the high rates of repetitive motions reported the highest rates of musculoskeletal injuries. Plant workers, many whom are immigrants, are often treated as disposable resources by their employers. Threats of deportation and firing are frequently used to keep them silent about injuries and abuses, even if they are United States citizens or have lawful immigration status.

In light of these findings, we respectfully urge members of the Subcommittee to use their oversight authority and ask the Department of Agriculture's Food Safety and Inspection Service to withdraw its proposed rule entitled "Modernization of Poultry Slaughter Inspection," especially the provisions that would increase maximum permitted line speeds to 175 birds per minute and replace independent Federal food safety inspectors with plant employees already too intimidated to ask for protections for their own health. If the proposed rule is not withdrawn altogether, the Food Safety and Inspection Service should, at a minimum, require plants that opt into the new inspection system to permit the National Institute for Occupational Safety and Health to conduct health hazard evaluations, as the FSIS previously required in its Salmonella Initiative Program rule, published at 76 Fed. Reg. 41,186. We further urge the Subcommittee to restore funding to the USDA's budget to avoid implementation of the proposed rule and to preserve food safety inspector capacity to adequately inspect every chicken slaughtered for consumption as required under the Poultry Products Inspection Act.

Increases in the speeds at which slaughter and evisceration lines run put the safety of all categories of workers in poultry plants at risk. First, the workers most directly affected will be workers known as live hangers. These workers must pick up and hang every live chicken arriving at a plant at a pace fast enough to keep up with slaughter line speeds. A live hang worker often must hang 60 birds per minute. Second, the proposed rule would in essence create a new job classification of plant workers sorting carcasses for defects. These workers would have to collectively review and sort 175 birds per minute. USDA employees currently conducting this work already suffer repetitive motion injuries and file workers' compensation claims as a result.

This risk would be, if anything, heightened for plant employees now assuming these duties. Third, rehang workers, who must hang carcasses on shackles or place them onto cones for other workers to cut, debone, or otherwise process, would face increased risks of repetitive motion injuries. Fourth, while it is possible for processing lines that are located after the area known as the "chiller" to operate at different speeds from the slaughter and evisceration lines that are most directly affected by the USDA's proposed rule, additional birds slaughtered at new, higher speeds would still need to be processed within a limited time of slaughter, making it unlikely that there would be no changes in other areas of plants. As an example, an increase in a worker's rate of motion by even just one bird per minute equates to approximately 480 additional cutting, trimming, hanging, or other motions in a typical work shift, and to approximately 2,400 additional motions in a standard work week, during which each worker already performs tens of thousands of such strenuous motions. Even what may seem superficially like a small increase in the burden on each individual worker may have long-term and permanent disabling effects on her body.

2. NIOSH'S RECENT HEALTH HAZARD EVALUATIONS FOUND SEVERE HEALTH AND SAFETY HAZARDS RELATED TO FAST WORK SPEEDS AND REPETITIVE MOTIONS, AND DO NOT SUPPORT IMPLEMENTATION OF A RULE PERMITTING INCREASED LINE SPEEDS.

The SPLC particularly wishes to clarify the import of two recent reports issued by the National Institute for Occupational Safety and Health (NIOSH). The USDA has stated to the public that NIOSH's health hazard evaluation from a poultry processing plant in South Carolina suggested that line speeds may be increased without adverse effect on the health and safety of plant employees. However, NIOSH evaluated conditions in a plant that did not increase work speeds and was not implementing the same changes as USDA has proposed. The USDA should not draw con-

clusions about what the results would be if the rule were published based on a study of a plant operating under different conditions.

The NIOSH report confirmed that poultry processing workers suffer extraordinarily high rates of painful and often permanently crippling injuries on the job and validates the fact that fast work speeds pose a serious risk to workers' health and safety. It evaluated working conditions at one plant in South Carolina—a plant not operating in the agency's HIMP pilot program. The plant was evaluated after it requested a waiver from the USDA to combine two evisceration lines into one.

USDA should not use an evaluation showing consistently dangerous conditions related to work speed in a plant where work speeds remained steady to justify letting companies increase such speeds elsewhere. Key differences in the operations of the plant evaluated for this report and plants that will implement the rule when it is finalized make comparisons impossible. It is inaccurate for the USDA to conclude that NIOSH's study shows no effect from a line speed increase. The key differences include:

- NIOSH did not test the effects of an increase in work speed at the South Carolina plant.
  - The number of birds processed per minute by each worker did not change.
  - The South Carolina plant did not make the same types of line-related changes that plants will likely make under the USDA's proposed rule.
  - Following the initial NIOSH evaluation, the plant reconfigured its evisceration lines from two lines to one, but did not increase work speeds.
- What the NIOSH poultry plant evaluation does clearly show are extraordinarily high levels of crippling injuries at current work speeds. For example:
- 42 percent of workers in the evaluation had evidence of painful and often permanently disabling carpal tunnel syndrome.
  - Moderate or severe mononeuropathy, a type of nerve damage, was found in 80 percent of workers with carpal tunnel syndrome.
  - Reports of hand or wrist symptoms of musculoskeletal disorders from workers on the evisceration line increased from 53 percent of the workers to 62 percent after the evisceration line reconfiguration.

The employer also failed to implement NIOSH's recommendations for better protecting worker safety and health, including reducing repetition and hand and wrist activity in job tasks to reduce carpal tunnel syndrome. In its final report, NIOSH again recommends that the employer design job tasks so that they are below the recommended threshold limits to minimize the risk for developing carpal tunnel syndrome. NIOSH specifically recommends "reducing the speed of all cone lines to reduce repetition."

The findings of the recent NIOSH report do not justify the USDA moving forward with its proposed rule to increase evisceration line speeds and the removal of food safety inspectors from those lines.

### 3. CONCLUSION

A central aspect of any effort to "modernize" the poultry industry must be an end to the epidemic of repetitive motion injuries. This could be accomplished by limiting line speeds and the number of repetitions required of workers; by enforcing rights to bathroom and other rest breaks; and by requiring other ergonomically sound practices. These minimal worker safety protections must not be sacrificed. The health and safety of these workers should be of utmost concern to this Subcommittee and the agencies it oversees. This is why the SPLC, along with Nebraska Appleseed and a total of fifteen civil rights and workers' rights organizations, filed a formal rulemaking petition with OSHA and the USDA on September 3, 2013 calling for these agencies to promulgate a clear, enforceable, and slower work speed safety standard in meat and poultry processing plants.<sup>2</sup> We have yet to receive a formal response from either agency.

We thank you for this opportunity to discuss our findings, the problems they pose, and possible solutions.

[This statement was submitted by Tom Fritzsche, Staff Attorney, Southern Poverty Law Center, Immigrant Justice Project.]

### PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The Wildlife Society appreciates the opportunity to submit testimony concerning the fiscal year 2015 budgets for the Animal and Plant Health Inspection Service, National Institute of Food and Agriculture, Natural Resources Conservation Service, and Farm Service Agency. The Wildlife Society was founded in 1937 and is a non-profit scientific and educational association representing nearly 10,000 professional

wildlife biologists and managers dedicated to excellence in wildlife stewardship through science and education. Our mission is to represent and serve the professional community of scientists, managers, educators, technicians, planners, and others who work actively to study, manage, and conserve wildlife and habitats worldwide. The Wildlife Society is committed to strengthening all Federal programs that benefit wildlife and their habitats on agricultural and other private land.

#### ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Wildlife Services, a unit of APHIS, is responsible for controlling wildlife damage to agriculture, aquaculture, forest, range, and other natural resources, monitoring wildlife-borne diseases, and managing wildlife at airports. Its activities are based on the principles of wildlife management and integrated damage management, and are carried out cooperatively with state fish and wildlife agencies. In fiscal year 2015, the budget proposal includes funding to continue a national feral swine control program, working cooperatively with the States currently experiencing issues with feral swine. In recognition of the important work that Wildlife Services performs regarding methods development and wildlife damage management, we request that Congress support the President's request of \$106 million to Wildlife Services in fiscal year 2015.

A key budget line in Wildlife Service's operations is Methods Development, which funds the National Wildlife Research Center (NWRC). Much of the newest research critical to state wildlife agencies is being performed at NWRC. In order for state wildlife management programs to be the most up-to-date, the work of the NWRC must continue. We recommend funding Methods Development at \$19 million in fiscal year 2015.

#### NATIONAL INSTITUTE OF FOOD AND AGRICULTURE

The Renewable Resources Extension Act (RREA) provides an expanded, comprehensive extension program for forest and rangeland renewable resources. RREA funds, which are apportioned to State Extension Services, effectively leverage cooperative partnerships at an average of four to one, with a focus on private landowners. The need for RREA educational programs is greater than ever because of continuing fragmentation of land ownership, urbanization, diversity of landowners needing assistance, and increasing societal concerns about land use and increasing human impacts on natural resources. The Wildlife Society recommends that the Renewable Resources Extension Act be funded at \$10 million.

The McIntire-Stennis Cooperative Forestry Program is essential to the future of resource management on non-industrial private forestlands while conserving natural resources, including fish and wildlife. As the demand for forest products grows, privately held forests will be increasingly needed to supplement resources obtained from national forest lands. However, commercial trees take many decades to produce. In the absence of long-term research, such as that provided through McIntire-Stennis, the nation might not be able to meet future forest-product needs as resources are harvested. We appreciate the \$34 million in fiscal year 2014 and urge that amount to be continued in fiscal year 2015, per the President's request.

#### NATURAL RESOURCES CONSERVATION SERVICE

Farm Bill conservation programs are more important than ever, given the huge backlog of qualified applicants, increased pressure on farmland from biofuels development, urban sprawl, and the concurrent declines in wildlife habitat and water quality. The Natural Resources Conservation Service (NRCS), which administers many Farm Bill conservation programs, is one of the primary Federal agencies ensuring our public and private lands are made resilient to climate change. NRCS does this through a variety of programs that are aimed at conserving land, protecting water resources, and mitigating effects of climate change.

One key program within the overall NRCS discretionary budget is Conservation Operations. The fiscal year 2015 request for Conservation Operations is \$815 million. We urge you to provide \$843.4 million for Conservation Operations, which includes Conservation Technical Assistance (CTA). Due to the General Services Administration's recent decentralization of responsibility for making building rental payments, the Natural Resource Conservation Service (NRCS) will for the first time have to make rental payments out of the Conservation Operations budget. NRCS expects to pay \$28.6 million in rent in fiscal year 2015. When this change is taken into account, the Administration's request of \$814.8 million for Conservation Operations would actually reduce the amount of funding available for conservation operations by \$26.6 million relative to fiscal year 2014.

Conservation Operation's Technical Assistance (TA) sub-activity provides funding for NRCS to support implementation of the various Farm Bill programs. The fiscal year 2015 budget proposal recommends \$717 million in funding for TA, a slight increase from fiscal year 2014. The Wildlife Society encourages you to support funding for TA at \$717 million.

Overall, The Wildlife Society believes strong support for TA delivery is needed. Implementing the changes in the 2014 Farm Bill will require significant conservation planning and producer education effort. In the 2014 Farm Bill, Congress showed strong support for the use of mandatory funds for TA, though these funds can only be used in association with a specific farm bill program. Appropriated funds for Conservation Technical Assistance are still essential for NRCS to provide good customer service and strong conservation results.

The Wildlife Society also supports the continuation of funding for the Conservation Effects Assessment Project. Information gathered from this effort will greatly assist in monitoring accomplishments and identifying ways to further enhance effectiveness of NRCS programs.

After several years of negotiations, Congress recently passed the Agriculture Act of 2014 with broad bipartisan support. This recently passed Farm Bill renewed a suite of extremely popular and effective conservation programs, but reduced mandatory funding by \$4 billion. It is critical that Congress ensure that all of direct spending on conservation programs, as provided by the authorizing committees in the Farm Bill, can be spent as Congress intended in fiscal year 2015. The Wildlife Society recommends Farm Bill conservation programs be funded at levels mandated in the 2014 Farm Bill. Demand for these programs continues to grow during this difficult economic climate at a time when greater assistance is needed to address natural resource challenges, including climate change, soil quality deficiencies, declining pollinator health, disease and invasive species, water quality and quantity issues, and degraded, fragmented and lost habitat for fish and wildlife.

We do have some concerns about the absorption of the Wildlife Habitat Incentive Program (WHIP), a voluntary program for landowners who want to improve wildlife habitat on their land, into the Environmental Quality Habitat Incentives Program, as mandated by the 2014 Farm Bill. EQIP was funded at \$1.374 billion in fiscal year 13 and the President's fiscal year 2015 request is \$1.35 billion. While at least 5 percent of EQIP funds must go towards wildlife conservation, we remain concerned that this \$88 million decrease in overall funding coupled with the additional program responsibilities due to the absorption of WHIP could translate into lesser emphasis on critical wildlife conservation efforts.

#### FARM SERVICE AGENCY

The Administration's request would slightly reduce funding for the Conservation Reserve Program (CRP) to \$1.957 billion in fiscal year 2015. Lands enrolled in CRP are important for the conservation of soil on some of the Nation's most erodible cropland. These lands also contribute to water quantity and quality, provide habitat for wildlife that reside on agricultural landscapes, sequester carbon, and provide a strategic forage reserve that can be tapped as a periodic compatible use in times when other livestock forage is limited due to drought or other natural disasters. We strongly encourage Congress to fund CRP at a level that fully utilizes program enrollment authority through CRP general sign-up.

Thank you for considering the views of wildlife professionals. We look forward to working with you and your staff to ensure adequate funding for wildlife conservation.

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#### PREPARED STATEMENT OF THE WORLD FOOD PROGRAM USA

The World Food Program USA, on behalf of the world's hungriest people, urges the subcommittee to provide the strongest possible funding to US international food aid programs. Specifically, we request the following fiscal year 15 funding levels for three programs within the jurisdiction of the subcommittee:

- Title II Food for Peace—\$1.84 billion
- McGovern Dole Food for Education—\$209.5 million
- Local and Regional Food Purchase program (LRP) newly authorized in the 2014 Farm Bill—\$80 million (full authorized level)

There are 842 million hungry people in the world. Global hunger threatens US international economic and national security interests. Robust funding for the three United States international food aid programs described in this testimony is vital to preserving US leadership and encouraging other countries to contribute their fair share in the fight against global hunger. The Senate Appropriations Committee has

been a leader over the years in ensuring adequate funding for U.S. food aid programs. We encourage you to continue that proud tradition of leadership for fiscal year 2015.

#### FOOD FOR PEACE

Food for Peace provides emergency food and development assistance to millions suffering from hunger and malnutrition. For the past 50 years, Food for Peace (FFP) has been the primary vehicle for providing food aid in response to natural disasters, crises, and conflicts around the world. Maintaining robust funding for Food for Peace Title II and finding ways to stretch that funding further is imperative.

While the United States remains the largest donor of global food assistance, the reach of U.S. food assistance has dramatically declined due to a sharp net drop of over a half billion dollars in Food for Peace programs since 2009. With the ongoing Syria crisis and emergency food requirements in Africa and parts of Asia, global need will likely increase in 2014 and 2015. Supporting FFP at \$1.84 billion would allow the U.S. to reach approximately 50 million people with lifesaving food aid and maintain its global leadership.

FFP programs are the foundation of global efforts to confront hunger and malnutrition. FFP includes emergency programs that keep people alive through natural disasters, conflict, and food security crises and nonemergency developmental programs that address underlying sources of chronic hunger through multiyear investments in nutrition, agricultural productivity and diversification of household incomes.

The United Nations World Food Programme (WFP) is the largest US food aid partner, implementing programs that account for roughly 90 percent of Food for Peace emergency food aid funding. WFP estimates \$6.2 billion will be required to fund its 2015 emergency food assistance programs. Over \$ 2 billion—about 1/3 of total WFP emergency needs—will be required just for the humanitarian crisis in Syria and Syrian refugees in neighboring countries. Needs will continue to persist across Sub-Saharan Africa, including Ethiopia, Sudan, Niger, Somalia, Kenya, Zimbabwe, Democratic Republic of Congo, and Chad, as well as in parts of Southwest Asia of interest to the US such as Yemen, Pakistan and Afghanistan.

Food for Peace provides the bulk of funding for the US to contribute its historical average of about 30 percent of WFP emergency, relief, and recovery programs. Other countries provide over 60 percent of the annual contributions to WFP, which means that US food aid channeled through WFP helps leverage significantly additional international assistance.

#### MCGOVERN DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM

The McGovern-Dole International Food for Education and Child Nutrition Program provides U.S. agricultural products and technical assistance for school feeding projects in low income, food-deficit countries that are committed to universal education. The McGovern-Dole program provides school-age children in poverty-stricken countries with what is often their only full meal of the day and protects vulnerable children, especially during times of natural disasters and economic shocks.

Serving food at school helps solve chronic hunger and can be life-changing for the world's poorest children. School meals also help get students into the classroom, giving them an important key to a better future: an education. In areas where enrollment rates for girls are low, McGovern-Dole supported programs work with families and communities to make it possible for more girls to attend school. This sometimes includes giving girls take-home rations that encourage families to send daughters to school and also benefit younger children at home.

Girls' education has a powerful ripple effect on families and communities. One study has shown that the more education girls have, the less likely their children will be malnourished. School meals can help break the cycle of hunger and poverty for the world's most vulnerable children.

The UN World Food Programme calculates that \$3.2 billion is needed per year to reach all 66 million primary school-age children that go to school hungry every day. While an investment of \$209.5 million for school feeding represents a small fraction of overall global investment in school feeding programs by donor and host country governments, U.S. resources remain critical for low-income countries to continue school feeding programs. We urge the committee to fund the McGovern-Dole program at a level of \$209.5 million in fiscal year 15.



## LOCAL AND REGIONAL FOOD PROCUREMENT PROGRAM

We recommend fully funding the Local and Regional Procurement (LRP) Program which was newly authorized at \$80 million in the Agricultural Act of 2014. Senate leadership in the 2014 Farm Bill conference was essential to authorizing this new program. We hope Senate appropriators will be equally visionary in funding the LRP program implementation.

Rigorous analysis of the USDA Local and Regional Procurement (LRP) Pilot Project has shown that, compared with traditional U.S. food aid shipments, LRP practices typically enable both emergency and non-emergency assistance to be delivered more quickly, at considerable savings, with the ultimate benefit of reaching larger numbers of vulnerable people. LRP also generates important developmental impacts by spurring local economic activity and helping form and strengthen local markets.

The 2014 farm bill conference report's statement of managers affirms that the intent of LRP programming is to complement existing food aid programs, especially the McGovern-Dole Food for Education program. Linking the new USDA LRP program to the McGovern-Dole program improves the chances of long-term sustainability of school-feeding programs supported by McGovern-Dole. A fundamental objective of U.S. support to international school feeding is for countries to eventually take over, manage, and fund their own school-feeding programs. This means developing locally sustainable systems for the purchase and management of food used in school-feeding programs to move away over time from reliance on U.S.-donated commodities. U.S. support for LRP can help countries make that transition to national ownership. Funding the newly authorized LRP program would provide McGovern-Dole supported programs with an LRP option that currently does not exist.

In order to encourage the link between the new LRP program and McGovern-Dole, WFP USA recommends the committee include the following language in its fiscal year 15 Appropriations bill report.

## SUGGESTED REPORT LANGUAGE:

"Funds appropriated for Local and Regional Procurement are expected to be used for programs and activities that complement the existing McGovern-Dole Food for Education program."

[This statement was submitted by Richard Leach, President, World Food Program USA]

## PREPARED STATEMENT OF THE U.S. NATIONAL ARBORETUM (USNA)

## INCREASED FINANCIAL SUPPORT IS NECESSARY AT THE U.S. NATIONAL ARBORETUM

The US National Arboretum (USNA), located in northeast Washington, DC, is part of the Agricultural Research Service, Beltsville Unit. The USNA conducts wide-ranging basic and developmental research on trees, shrubs, turf, and floral plants. It is also engaged in the development of new technologies for the floral and nursery industries. The Friends of the National Arboretum request funding sufficient to recover support lost to sequestration and other reductions over the past few years.

Gardens are a signature feature of the USNA. Single-genus groupings include: azalea, boxwood, daffodil, daylily, dogwood, holly, magnolia, and maple. Major garden features include: aquatic plants, the Asian Collections, the Fern Valley Native Plant Collections, the Flowering Tree Collection, the Flowering Tree Walk, the Friendship Garden, the Gotelli Dwarf and Slow-Growing Conifer Collection, the Introduction Garden, the National Bonsai & Penjing Museum, the National Capitol Columns, the National Grove of State Trees, and the National Herb Garden.

The budget for the Arboretum has steadily eroded over the past decade. The budget for the USNA prior to sequestration was \$12.1 million, nearly a million dollars below its highest level of funding. As a consequence of additional reductions, the current level of funding is about \$11.1 million, requiring the facility to be closed to visitors during the week and making it impossible to sustain its full research, education, and visitor responsibilities. The Friends of the National Arboretum are requesting an increase in resources for USNA to enable it to restore its level of research and education, and become a premier visitor destination in the Nation's Capital.

## THE ARBORETUM CONTRIBUTES TO THE AGRICULTURAL ECONOMY

The USNA is an important facility for the USDA's fundamental missions of research and education on horticultural and nursery issues, and serves as an impor-

tant tourism and visitor destination in the Nation's Capital. Nurseries and horticulture are major components of the national agricultural economy. According to the American Nursery and Landscape Association, the horticulture industry's production, wholesale, retail, and landscape service components have annual sales of \$163 million, and sustain over 1,150,000 full and part-time jobs.

To serve this industry, the USNA conducts a wide-ranging program of basic and developmental research on trees, shrubs, turf, and floral plants. The Arboretum is also engaged in the development of new technologies for the floral and nursery industries. The staff also participates in the development of plants with superior characteristics through a program of testing and genetic improvement. They are actively involved in the taxonomy and nomenclature of ornamental plants and their wild relatives. Finally, USNA staff are leaders in the collection and preservation of plant germplasm with ornamental potential.

As a consequence of their work, the USNA has contributed 678 official plant releases, eight patents and two EPA biopesticide registrations. In addition, USNA staff have published over 150 scientific articles in professional and trade journals in the last 3 years.

An important aspect of the Arboretum's leadership role in horticultural research is its cooperative research relationships with land grant schools and associations across the country. Cooperative relationships exist with Alfred State University, Auburn University, Brooklyn Botanic Garden, Cornell University, Danforth Plant Science Center, Iowa State University, Michigan State University, National Turfgrass Federation, North Carolina State University, Oklahoma State University, Oregon State University, Rutgers University, Tennessee State University, University of Arizona, University of California, University of Connecticut, University of Florida, University of Georgia, University of Maryland, University of Minnesota, University of Missouri, University of Tennessee, University of Utah, University of Wisconsin, USDA Forest Service, US Golf Association, and Washington State University.

#### THE NATIONAL ARBORETUM HAS IMPORTANT EDUCATION AND VISITOR RESPONSIBILITIES

USNA has an important role in public education about horticulture through symposia, lectures, workshops, and demonstrations plus plant, flower, and art exhibitions; In addition, the Arboretum has been a pioneer in urban gardening through the Washington Youth Garden (WYG), a program of FONA that has, for the past 40 years has inspired children and families to engage in self-discovery, explore relationships with food and the natural world, and contribute to the health and well-being of their communities.

The USNA is part of the largest contiguous parcel of greenspace in Washington, DC, free to all and interesting through all of the seasons of the year. It offers a place for quiet contemplation and to explore nature in the backyard of the Nation's Capital. The Arboretum is also a significant visitor and tourist destination in Washington, with visitors making special trips to enjoy the National Bonsai Museum, the National Herb Garden, the Capitol Columns, the azalea and boxwood collections, and the Asia Collections. The USDA is currently working with the State Department and the Peoples Republic to build a traditional China Garden on the grounds of the Arboretum.

#### FONA URGES THE COMMITTEE TO PROVIDE MORE RESOURCES TO THE USNA

Budget cuts have reduced the ability of the Arboretum staff to provide adequate maintenance and upkeep on the grounds, has restricted valuable research programs, has restricted the educational role of the USNA, and has limited the days that the USNA is open to tourists and visitors.

The Arboretum and FONA have completed a new strategic plan for the USNA that lays out a roadmap for achieving significant goals for research, education, and visitation. Progress on moving forward on this plan has stalled due to the budget cuts at the USNA.

The Friends of the National Arboretum is a 501(c)(3) organization dedicated to working with the USDA and the USNA to achieve the goals embodied in the strategic plan through programs of "friend raising", fund raising, and advocacy.

We respectfully request that Congress provide resources sufficient to enable the USDA and the USNA to advance the goals of the strategic plan, and to open the doors of the Arboretum to visitors for additional days each week.

[This statement was submitted by Ms. Barbara Shea, Chair, Friends of the National Arboretum.]

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