

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

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 be a 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 VILSACK. 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, main-frame 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 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 PPRAs 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.

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.

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.

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 re- tained premium
2010	+ 32 percent
2011	+ 18 percent
2012	- 15 percent
2013 ¹	+ 8 percent

¹ 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 (RCP) 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 RCP program. The Lower Mississippi River Valley is among the watersheds receiving serious consideration for designation. Selections of Critical Conservation Areas along with the RCP 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.

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.

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.¹

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.

¹As 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 2010,² 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).³ 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-

²Public Law 111–291, 124 Stat. 3064.

³Public 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 high-risk 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.