

# OVERSIGHT OF THE U.S. DEPARTMENT OF AGRICULTURE

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## HEARING BEFORE THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

JULY 22, 2015

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## OVERSIGHT OF THE U.S. DEPARTMENT OF AGRICULTURE

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WEDNESDAY, JULY 22, 2015

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The Committee met, pursuant to call, at 10:00 a.m., in Room 1300, Longworth House Office Building, Hon. K. Michael Conaway [Chairman of the Committee] presiding.

Members present: Representatives Conaway, Lucas, King, Rogers, Thompson, Austin Scott of Georgia, Crawford, DesJarlais, Gibson, Hartzler, LaMalfa, Davis, Yoho, Allen, Bost, Abraham, Moolenaar, Newhouse, Kelly, Peterson, David Scott of Georgia, Costa, Walz, Fudge, DelBene, Vela, Lujan Grisham, Kuster, Nolan, Bustos, Maloney, Kirkpatrick, Aguilar, Plaskett, Adams, Graham, and Ashford.

Staff present: Ashley Callen, Carly Reedholm, Christine Heggem, Haley Graves, Mollie Wilken, Scott C. Graves, Skyler Sowder, John Konya, Anne Simmons, Evan Jurkovich, Lisa Shelton, Liz Friedlander, Mary Knigge, Mike Stranz, and Nicole Scott.

### OPENING STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN CONGRESS FROM TEXAS

The CHAIRMAN. Well, good morning. This hearing of the Committee on Agriculture for oversight of the U.S. Department of Agriculture, will come to order.

I have asked Rick Crawford from Arkansas to open us up with prayer.

Rick?

Mr. CRAWFORD. Thank you, Mr. Chairman.

Father, I bow humbly before you, thankful for every blessing of life, Lord, thankful for this country you have given us, and, Father, mindful of the great responsibility that you have charged us with.

Father, I would just ask that everything that is said and done here today be pleasing in your sight. And we would ask that you help us to be civil in our discourse and discerning in our comments and dialogue.

Father, I just pray it all in Jesus' name. Amen.

The CHAIRMAN. Thank you, Rick.

I want to thank Secretary Vilsack for coming to be with us this morning. He has a hard stop at 12:15. He has Cabinet responsibilities.

So, Mr. Secretary, thanks very much for being here this morning. Be careful of your knee there on the table.

I want to welcome him.

I want to say at the start of this, he and his staff have worked really hard to fulfill the multitude of Committee requests for oversight information that we have flooded them with over the last 7 months, and I appreciate their cooperation and efforts to do that and work with our team on that.

It is Congress' responsibility under the Constitution and explicit in House Rules that each of the authorizing Committees conduct oversight over the Executive Branch areas of their jurisdiction. The American people demand that we hold our government accountable for the responsible stewardship of our taxpayer dollars, holding us accountable as well.

Today, we will examine the Department through the lens of fraud, waste, and abuse, as identified by the Department's Inspector General, Phyllis Fong, and the Government Accountability Office, Congress' external audit organization.

I would like to say a few words about Inspector General Fong. She has served the Department since 2002. Her office works hard in conducting hundreds of audits and investigations each year, all aimed at making the Department more efficient. Her investigations, particularly on SNAP cases, ensure that those engaged in fraud do not prey on our most vulnerable.

On behalf of the Committee, I want to thank Inspector General Fong and her staff for working with the Committee over the past 6 months.

Oversight is essential to deterring waste, fraud, and abuse at Federal departments and agencies. Government employees must remember that each time they award a grant or a contract, it is the taxpayers' money that they are spending.

Today, we will examine a few of the programs that the Department manages and executes. Over the course of our oversight efforts this year, we focused on the Farm Service Agency's MIDAS information technology program and the Office of Advocacy and Outreach grants and cooperative agreements awarded between 2010 and 2011.

FSA intended for the MIDAS program to modernize its delivery of programs to farmers and ranchers. Unfortunately, it was mismanaged, as evidenced by the fact that it is \$140 million over budget and only contains two of the five planned core functions.

In July of 2014, Mr. Secretary, you signed a memorandum ceasing further development of MIDAS. GAO and the IG agree with that action. It makes sense. The maintenance of MIDAS alone is costly.

Today, we expect to hear about the path forward on the FSA's delivery of programs. IT management across government has been deemed a high-risk area by GAO. The Committee wants to see the Department of Agriculture implement the identified best practices and hold the responsible parties accountable. This Committee will continue to monitor the work of both the USDA Chief Information Officer as well as the FSA's Chief Information Officer.

We are also going to discuss today, as I mentioned, the Office of Advocacy and Outreach, the award of grants and cooperative agreements under that program. Between 2010 and 2011, that office, under the direction of then-Assistant Secretary of Administration

Pearlie S. Reed, awarded approximately \$40 million in grants and cooperative agreements on a noncompetitive basis.

In essence, Mr. Secretary, he gave taxpayers' dollars away, and this is alarming. I know it is alarming to you, as well.

The Inspector General recommended that those responsible for these awards be held accountable. And I agree with that recommendation and look forward to visiting with you this morning about the execution of that recommendation.

Based on the public outcry that has occurred over other scandals involving the misuse or waste of taxpayer dollars, the American people want you to hold responsible individuals accountable for egregious conduct that violates that trust.

We, Mr. Secretary, thank you and your staff again for the cooperation and I look forward to continuing to work together on oversight. Thank you for being here.

[The prepared statement of Mr. Conaway follows:]

PREPARED STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN  
CONGRESS FROM TEXAS

I want to welcome the Secretary today and thank him for being here. He and his staff have worked hard to fulfill many of the Committee's oversight requests this first 7 months. We appreciate your cooperation and your staff working with my staff.

It is Congress' responsibility implicit in the U.S. Constitution and explicit in the House Rules to conduct oversight of the Executive Branch.

The American people demand that we hold government accountable for the responsible stewardship of their taxpayer dollars.

Today, we will examine the Department through the lens of waste, fraud and abuse as identified by the Department's Inspector General, Phyllis Fong and the Government Accountability Office (GAO), Congress' external audit organization.

I would like to say a few words about Inspector General Fong. She has served the Department since 2002. Her office works hard, conducting hundreds of audits and investigations each year all aimed at making the Department more efficient. Her investigations, particularly on SNAP cases, ensure that those engaged in fraud do not prey on our most vulnerable.

On behalf of the Committee, I want to thank Inspector General Fong and her staff for working with the Committee over the past 6 months. Oversight is essential to deterring waste, fraud, and abuse at Federal departments and agencies.

Government employees must remember that each time they award a grant or a contract, it is the taxpayers' money they are spending, *not* their own.

Today, we will examine a few of the programs the Department manages and executes.

Over the course of our oversight efforts this year, we focused on the Farm Service Agency's (FSA) MIDAS information technology or IT program and the Office of Advocacy and Outreach's (OAO) grants and cooperative agreements awarded in 2010 and 2011.

FSA intended for the MIDAS IT program to modernize its delivery of programs to the farmers and ranchers.

Unfortunately, it was mismanaged as evidenced by the fact that it was \$140 million over budget and only contains two of the five planned core functions.

On July 23, 2014, Mr. Secretary, you signed a memorandum ceasing further development on MIDAS. GAO and the IG agree this makes sense. The maintenance of MIDAS alone is costly. Today, we expect to hear about the path forward for FSA's delivery of programs.

IT program management across government has been deemed a high risk area by the GAO. The Committee expects to see the Agriculture Department implement the identified best practices and hold the responsible parties accountable. This Committee will continue to monitor the work of both the USDA Chief Information Officer's (CIO) office as well as FSA's CIO.

We are also going to discuss today, as I mentioned, the Office of Advocacy and Outreach's award of grants and cooperative agreements.

Between 2010 and 2011, that office, under the direction of then-Assistant Secretary for Administration Pearlie S. Reed awarded approximately \$40 million in

grants and cooperative agreements *non-competitively*. **In essence, Mr. Secretary, he gave away taxpayer dollars. This is alarming.**

The Inspector General recommended that those responsible for these awards be held accountable. I agree with that recommendation. And I look forward to hearing how you have executed that recommendation.

Based on the public outcry that has occurred after other scandals involving misuse and waste of taxpayer dollars—the American people want you to hold responsible individuals accountable for egregious conduct that violates their trust. They also expect reform and we look forward to hearing about OAO's efforts post-2011.

Mr. Secretary, thank you and your staff again for their cooperation. I look forward to continuing our working relationship on oversight. Thank you for being here today. I will yield to the Ranking Member for his opening statement.

The CHAIRMAN. I now yield to the Ranking Member for any opening comments he has to make.

**OPENING STATEMENT OF HON. COLLIN C. PETERSON, A  
REPRESENTATIVE IN CONGRESS FROM MINNESOTA**

Mr. PETERSON. Well, thank you, Mr. Chairman.

And welcome, Mr. Secretary, back to the Agriculture Committee. I appreciate you being here.

Oversight of USDA is a responsibility the Committee takes very seriously. Having an open dialogue with the Department is important not just to ensure that USDA is operating in the best interest of our constituents but is implementing programs as Congress intended.

A few areas that we are specifically looking at today include the operation of the Office of Outreach and Advocacy, created by the 2008 Farm Bill, awarding StrikeForce Initiative and Section 2501 grants in 2010, 2011, and the review of the Beginning Farmer Initiative, and the long-delayed development of MIDAS, the FSA computer system upgrade.

Since the Secretary is joining us today, I wouldn't be surprised if Members used this opportunity to address other issues that may be happening in their districts, such as the avian flu situation, which has impacted many of my poultry producers and others across the region. I have appreciated the Department's efforts in this regard. Thus far, they have been doing a good job, and I am looking forward to an update on the future plans within the Department, their response if we have another outbreak that occurs this fall.

So, again, Mr. Chairman, I thank you for holding today's hearing.

USDA is a large department, which can make adequate oversight a difficult task, and we might have different ideas about how to get there, but I think that we all want the Department to be running as effectively and efficiently as possible.

And the Secretary has a big job. We had a discussion yesterday, and he was telling me that they do 7½ billion transactions a year in the Department.

Am I right about that?

That is pretty astounding. So they are bound to have a couple glitches here and there.

So, anyway, thank you, Mr. Chairman, and I yield back.

The CHAIRMAN. I thank the gentleman.

Secretary Vilsack, thank you again for being here. The microphone is yours, sir.



**STATEMENT OF HON. THOMAS “TOM” J. VILSACK, SECRETARY,  
U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Secretary VILSACK. Mr. Chairman, thank you very much for the opportunity to be here, and to the Ranking Member as well.

Given the interest of time and the number of Members who are going to participate in this Committee meeting, Mr. Chairman, I wonder if I could defer my opening remarks and perhaps maybe use a bit of my time that I am saving to extend an answer if that becomes necessary so that everyone gets a chance to ask the questions that they need to ask.

[The prepared statement of Secretary Vilsack follows:]

**PREPARED STATEMENT OF HON. THOMAS “TOM” J. VILSACK, SECRETARY, U.S.  
DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.**

Mr. Chairman and distinguished Members of the Committee, I appreciate the opportunity to appear before you to discuss on-going efforts to strengthen management and oversight activities within the United States Department of Agriculture (USDA).

I would like to start by thanking the dedicated public servants who serve at the Department. They work tirelessly to support the farmers, ranchers and growers who are driving the rural economy forward; carry out record conservation efforts; facilitate groundbreaking research; promote new markets for rural products; and provide a safe, affordable and nutritious food supply for American families.

USDA has over 6,800 offices and laboratories spread across nearly every county in the country. We operate and maintain over 43,000 buildings and structures which amount to nearly 57 million square feet of space and manage a fleet that exceeds 40,000 cars, trucks, and other vehicles. USDA has over 300 programs that in Fiscal Year (FY) 2014 required approximately 7.5 billion transactions totaling \$177 billion to deliver.

USDA employees have carried out a record level of service to the American people in recent years, despite constrained budgets and a reduced workforce. Since 2010, USDA's budget has been reduced by more than ten percent, while the Department has been charged with additional responsibilities and more complex programming. Over that same period, we have also experienced a reduction of more than the equivalent of 10,000 Federal employees from the USDA workforce.

Despite these challenges, USDA employees have successfully implemented two farm bills—the 2008 Farm Bill and the 2014 Farm Bill—and the Healthy Hunger Free Kids Act over the course of this Administration, all of which were successfully crafted thanks to the hard work of the Committee. In the year and a half since passage of the 2014 Farm Bill, with 12 titles and more than 450 provisions, we made implementation a top priority at the Department. Immediately after enactment, USDA established a 2014 Farm Bill implementation team composed of key sub-cabinet officials and experts from every mission area of the Department to put new programs in place and make mandated reforms to existing programs. I am proud of the work USDA employees have undertaken to implement the farm bill.

In addition to implementing complex programming under constrained budgets and resources, USDA employees have also continued to take proactive steps to find efficiencies that cut costs, streamline operations and save taxpayer dollars through the Blueprint for Stronger Service initiative. Through Blueprint-related efforts, our employees have recognized for the Department savings, efficiencies, and cost avoidances of over \$1.4 billion in recent years. Some of these results came from relatively smaller, common-sense initiatives such as the \$1 million saved by streamlining the mail handling at one of the USDA mailrooms or the consolidation of the Department's cell phone contracts, that is saving taxpayers over \$5 million per year. Other results have come from larger-scale activities, such as the focus on reducing non-essential travel that has yielded over \$400 million in efficiencies. Overall, these results have allowed us to do more with less during a time when such stewardship of resources has been critical to meeting the needs of those that we serve. In addition, as a result of improvements to our program management practices, the Department has implemented process improvements that have saved over 100,000 hours of time for our employees and customers, which translates into better service and cost avoidance for our farmers, ranchers, and rural communities.

Our ability to provide the highest levels of service to our customers under these circumstances is a testimony to the diligence of USDA employees. The Obama Ad-

ministration and USDA have made historic investments in America's rural communities, helping create ladders of opportunity for rural people and building thriving rural economies for the long term. In the past 6 years, USDA has assisted more than 900,000 rural families to buy or refinance a home; for many of these individuals, this is the first time they've owned their own home. We have invested \$48.3 billion in new or improved infrastructure in rural areas, which, among other things, has helped 15.7 million rural residents get access to clean drinking water and better waste water disposal and brought new or improved broadband service to 1.49 million rural residents, which expands access to state-of-the-art health care, educational and cultural resources, and gives rural businesses the connectivity they need to create jobs and compete in the global economy.

USDA has helped to open or expand new markets for the incredible bounty of rural America, which has led to the strongest 6 years for agricultural trade in the history of this country. Between 2009 and 2014, more than 6,000 U.S. companies participating in USDA-endorsed trade shows reported total on-site sales of more than \$1.3 billion and more than \$7.2 billion in 12 month projected sales. This participation has assisted in the growth of agricultural exports, which have climbed more than 58 percent in value since 2009, totaling \$771.7 billion over the past 6 years. USDA continues to pursue strong new trade deals that are both free and fair and will help to expand exports, increase wages, and help farm and ranch businesses grow and create jobs not just in rural communities, but across the country.

Each day, the work of USDA scientists and researchers touches the lives of all Americans: from the farm field to the kitchen table and from the air we breathe to the energy that powers our country. USDA science is on the cutting edge, helping to protect, secure, and improve our food, agricultural and natural resources systems. Since 2009, USDA has invested \$4.32 billion in research and development grants. Studies have shown that every dollar invested in agricultural research now returns over \$20 to our economy. USDA leverages its investment in research by making data more widely available to universities, American companies, and others.

In the past 6 years, research by USDA scientists has resulted in 758 patent applications filed, 335 patents issued, and 953 new inventions disclosures covering a wide range of topics and discoveries.

A surge in consumer demand for locally-produced food is creating jobs and opportunity throughout rural America for farms as well as the small businesses that store, process, market and distribute food locally and regionally. Local food sales were valued by the industry at \$11.7 billion in 2014, up from USDA's estimate of \$5 billion in 2008. To support farmers and ranchers that want to take advantage of this market opportunity, over the past 6 years, USDA has strengthened local and regional food systems by investing in more than 500 projects that recruit and train farmers, expand economic opportunities for small businesses and increase access to healthy foods. In addition, USDA has made expanding SNAP recipients' access to fresh fruits and vegetables through farmers markets a priority in recent years. Since 2008, the number of SNAP-authorized farmers, roadside farm stands, and farmers markets grew dramatically, from 753 to in excess of 6,400, more than eight times the number accepting SNAP when the Obama Administration took office. This is just a small snapshot of the successful and critical work USDA is doing across the board to support economic opportunity for farmers, ranchers and rural communities and improve access to healthy foods for all Americans.

But my time as Secretary has also afforded me a true understanding of the challenges that come with managing a Department the size of USDA. The Department is faced with numerous issues, including the need for improved program integration amongst the agencies, enhanced internal controls across programs, and better IT security to protect employee and customer data. A common theme from these challenges is the recognition that due to the Department's multitude of programs, USDA must continue to improve cross-agency coordination.

A key component in the Department's efforts in identifying these challenges and solutions for moving forward is the work of the Office of Inspector General (OIG). At USDA, OIG, while independent, is an important partner in the work to strengthen program integrity and management throughout the Department.

To address USDA management challenges, I have challenged the Department's leaders to proactively seek and implement solutions. I have engaged USDA's OIG to better understand the issues identified through their audits and to assess where additional focus and attention are needed. In certain cases, I have asked that OIG examine particular issues of concern to uncover potential issues so that they can then be addressed. Once identified, we have taken proactive steps to address shortfalls and improve our practices.

Furthermore, I have established a process through which resolution of the management challenges will be a constant focal point for the entire USDA leadership

team. As an example, the reports of OIG and the Government Accountability Office helped to bring some clarity to the challenges facing the implementation of the Farm Service Agency's (FSA) MIDAS investment. As the issues for MIDAS were identified, the Department improved oversight and re-scoped the investment, which allowed USDA to deliver the most value for our customers. The MIDAS platform today is used in nearly 2,200 FSA offices and is used to help manage records for five million farms, 38 million tracts, and 11 million customer records.

In another example, in 2011, I requested that OIG evaluate the management of the Office of Advocacy and Outreach's grant program. As a result of this proactive engagement and the findings from OIG's recent audits of the section 2501 grant program and the StrikeForce Pilot initiative, the Department continues to improve management and oversight of these programs. For example, the Department has restructured the StrikeForce initiative to focus on our coordinating efforts at our field-based agencies. Since 2010, efforts through StrikeForce to target and help agricultural producers and rural communities experiencing chronic poverty gain access to USDA programs have shown results. Applications have increased and that has helped contribute to over \$16.5 billion in USDA investments to create jobs, build homes, feed kids, assist farmers, and conserve the natural resources across 880 counties in 21 states and Puerto Rico.

Finally, USDA has made program integrity a top priority, aggressively working to identify and eliminate fraud, waste, and abuse, because it is critical to ensure that program funds benefit those who need them, and that taxpayer dollars. For example, in FY 2014, SNAP achieved a payment accuracy rate of 96.34 percent, among the lowest in the Federal Government and reduced by more than  $\frac{1}{2}$  since 2000. USDA efforts have also resulted in a significant reduction in trafficking. An FNS study released in 2013 found that the estimated rate of trafficking in SNAP—which was estimated to be as high as four percent 15 years ago—is very low, down to just over one percent according to the most recent data. But more work must be done to maintain and improve the integrity of all USDA programs. That is why the Administration's FY 2016 budget requested over \$20 million in additional resources for targeted program integrity enhancements for the Child Nutrition Programs, SNAP, and the Risk Management Agency.

Thank you again for the opportunity to highlight our efforts to improve management at USDA and for the opportunity to collaboratively discuss items that may require additional attention. An organization the size of USDA—or any organization—will always have management challenges, but we are committed to addressing these challenges as they are identified and have a strong record of success in doing so. The Department has been able to achieve tremendous results in recent years due to the strong partnership with Congress. USDA truly is a great organization and our continued collaboration will strengthen and improve the work of the People's Department.

The CHAIRMAN. Well, thank you, Mr. Secretary. I appreciate that.

Thousands and thousands of great employees at your Department get up every single day, go to work, try to do the very best they can for the taxpayers and beneficiaries they serve, but the actions of a few who violate that trust taint everybody. And so our conversation this morning will be about those few as opposed to being able to brag on all the rest of the folks, who really do a good job. And every organization has those few bad apples that we have to understand what happens to them and the deterrence factor and the fact that things should happen to folks who do breach the public trust.

So let's talk a little bit about Pearlie Reed. I believe he was an Under Secretary in charge of spending a lot of money. The special agents that conducted that investigation discovered, in addition to the \$40 million in grants that appear to have been granted without competition, that Mr. Reed also was able to direct, either by himself or through some other folks, a relatively significant amount of money, \$275,000+, to an individual with which he had a physical relationship.

Mr. Reed resigned, I guess, 2012. Did you ask for his resignation, or did he do that on his own?

Secretary VILSACK. Mr. Chairman, I became aware of concerns about Mr. Reed's handling of the incidents and the accounts that you just addressed by virtue of a hotline tip that we received. Based on that tip, I asked immediately for the OIG to investigate.

The OIG produced what is called a FAST report, which indicated some concerns that they had, not a comprehensive report. I shared that report with Mr. Reed, indicated to him that, obviously, we were disappointed in what we had initially learned about this. And, following that conversation, Mr. Reed left the employment of the USDA.

The CHAIRMAN. Well, thank you.

I believe that the overall investigation led to a recommendation by the agency to refer it to the Justice Department. Can you visit with us about that and why, if you know why, Justice chose not to pursue criminal actions?

Secretary VILSACK. Mr. Chairman, following Mr. Reed leaving the office, then the OIG continued its review of activities involving section 2501 and StrikeForce involving Mr. Reed. And they took a good deal of time, obviously, to complete the report.

When the report was completed, we basically requested the Department of Justice to take a look at this. I believe it was referred down to the Department of Justice in Arkansas, and the U.S. Attorney in Arkansas chose not to prosecute.

I can't share with you today, because I don't know, the specific reasons for why he chose not to prosecute. But that decision makes it difficult, if not impossible, for us to take any further action with reference to Mr. Reed because of the *Code of Federal Regulations*, specifically 180.21 and 417.21 that basically outlines processes that we could take if there is a criminal judgment or a civil judgment. Obviously, there is neither in this case, and so, as a result, we are where we are today.

We have focused our attention, frankly, Mr. Chairman, after we received the FAST report and after we received the full report, on fulfilling the recommendations that OIG outlined in terms of improvements to the programs. And I can tell you that today they are fundamentally different than they were in 2010, 2011.

The CHAIRMAN. All right.

Those processes, could this individual be—what is the phrase—suspension or debarment so that—I understand under the Bush Administration he was a consultant with the government. Can he be prevented from coming back under any kind of a contract?

Secretary VILSACK. Under the *Code of Federal Regulations* that I cited, Mr. Chairman, in order to take that action, that specific action, there has to be a criminal judgment or a civil judgment. In other words, a court of law has to make a determination that something inappropriate occurred. And, based on that judgment and determination, you are then empowered under the *Code of Federal Regulations* to take steps. We don't have that, in this particular circumstance.

The CHAIRMAN. Okay. Well, I—

Secretary VILSACK. And, to be fair to Mr. Reed, he did serve the NRCS in a capacity for a number of years with the Federal Govern-

ment before he came back as the Assistant Secretary of Administration. And the reason I asked him to do that in 2009 was because our Department had a very serious concern and problem with civil rights generally, which we wanted to aggressively address.

The CHAIRMAN. Well, I appreciate that.

I believe you mentioned that this came to your attention on a hotline tip, a whistleblower tip. Can you walk us through, kind of, the attitude at the Department toward whistleblowers and how the function is available to folks who see something going on that they disagree with?

Secretary VILSACK. Well, obviously, we encourage folks who are seeing activity that is inappropriate to notify us, notify their supervisor, notify people in charge of concerns that they may have. That is why we have the hotline process, to be able to do that in a way that doesn't necessarily compromise your ability and your relationship with other coworkers.

And we take these things very seriously, by virtue of the fact that when that hotline tip occurred it came to my attention immediately, and my first action was to ask the Inspector General to look into it.

I have said to my folks, I am not concerned about people making mistakes, but I want to know what they are, and I want to be able to fix them. If there is a problem, I want to know what it is, and I want to know it as soon as I can. Because we are very interested in the job that we have, and I take very seriously what you said at the outset, which is that we have a responsibility to taxpayers to make sure that these resources are being spent appropriately. And it is unfortunate and disappointing when that doesn't occur.

The CHAIRMAN. Thank you, Mr. Secretary.

The Ranking Member, 5 minutes.

Mr. PETERSON. Thank you, Mr. Chairman.

Back when I was the Chairman, I had meetings with some of your computer people. I thought at the time—they brought in a couple new people—that they were on track to get this thing straightened out. But they were having funding challenges. As I understand, I think that there has been an uneven, kind of, deal going on with the funding of that.

How much of that uneven funding and not being able to plan had to do with the problems that happened there in the MIDAS situation?

Secretary VILSACK. Well, Congressman, I was reading the Good Book the other day, and in *Proverbs* there are a couple of suggestions, that a wise man measures his steps, and a wise man has many counselors. With reference to MIDAS, we didn't measure our steps, and we didn't have as many counselors as we needed, frankly.

When this thing was started in 2007, 2008, the vision was pretty grand, but I don't think people fully appreciated the difficulty of basically implementing that in the context of a 1980s system, which is what we basically have at FSA offices.

This is a huge undertaking. It involves 11 million customers, five million farmers, 8.1 million farms, and 38 million tracts of land. So it is a huge undertaking. And, frankly, we didn't have at the outset what we have today, which is a process of review and many, many

hands and many eyes basically watching this and doing this in an incremental way.

So budgeting was an issue, there is no question about that, but also the way in which it was originally structured and the way in which—we failed to recognize that there was a different vision in Kansas City, where some of this work was going to be done, and a different vision in D.C. And, as a result of that conflict, things didn't get set up as they should have.

We have made progress, and we do have some benefit from MIDAS today. A farmer can walk into an FSA office today in any county in the country and facilitate and see all of the records, regardless of where that land might be located. That was not the case before. He had to go to individual offices if he had land in different counties.

We also have installed our business integrity efforts, which will allow us to reduce errors and mistakes. And we are now working collaboratively with NRCS on their Gateway program to take the next step, which is to allow folks to be able to do a lot of the work that they want to do at home without the necessity of even coming into an office.

So progress has been made, but it clearly wasn't implemented in the way that people envisioned at the beginning. And we have addressed those issues by establishing a process within CIO's office for review, a more functioning E-Board, and weekly and now bi-weekly reports to me directly about the status of MIDAS, about the status of the Gateway program, and about the status of ACRSI, which is the next step.

Mr. PETERSON. Have we gotten rid of the AS/400s and System 36s? Are they gone?

Secretary VILSACK. Well, I don't think that they are totally gone, and that is one of the complications. We have sort of meshed and merged systems, which may explain why we are going to have to continue from time to time to patch and to put resources into the system.

This gets back to this different vision and different focus between the folks in Kansas City and the folks in D.C.—

Mr. PETERSON. Right.

Secretary VILSACK.—which we have addressed.

Mr. PETERSON. Thank you.

First of all, I want to thank you and the Department, Dr. Clifford, for the work that you did and have done and continue to do helping us with our avian influenza situation, which hits my district probably harder than anybody.

There are concerns out there, and you have been pretty good in addressing those as they come along. It wasn't a perfect situation, but whenever you get in a crisis, it is not going to be perfect.

But one of the concerns I am hearing now is these inconsistencies in indemnity payments. We appreciate what you are doing. And you have been doing it out of the CCC, and the OMB has been supporting you. And so that seems to be working.

But, apparently, there are different indemnity payments for high-path avian influenza *versus* low-path avian influenza. And this, I guess, goes back to when we did legislation back when we had the low-path in Virginia.

And, under the regulations, apparently, egg layers are compensated for future egg production according to the low-path regulations, but the high-path regulations are silent in that aspect. And so the turkey folks are wondering why they are not compensated for what would be the full cost of the bird, kind of similar to what is happening with the egg production under the low-path.

So are you looking at that? Is there a way to bring consistency, constancy to that situation?

Secretary VILSACK. Well, the quick answer is we are looking at it. We recognize that there is a difference between low-path and high-path, and there ought not to be.

We also are taking a look at whether or not we could create some kind of more uniform system that would be based on the size of the operation, in terms of cleaning and upkeep expense, as well, because there is obviously some confusion about precisely who gets paid to do what relative to disinfection and cleaning.

This is a process that we are looking at, and we are hopeful that we get this thing in a better place, in a more consistent place, before the fall. That is why we have set up a task force, which I instructed be set up, to look at ways in which we could be better prepared if this thing reemerges in the fall.

Mr. PETERSON. Well, thank you. And, again, thank you and the Department for the work that you have done.

I yield back.

The CHAIRMAN. I thank the gentleman.

Mr. Lucas, for 5 minutes.

Mr. LUCAS. Thank you, Mr. Chairman.

And, Mr. Secretary, I have to echo the comments of the Chairman and the Ranking Member about the challenges that you and the Department have faced in implementing a rather dramatic change in policy in the 2014 Agricultural Act. Really, I think in most areas it has been quite fundamentally amazing how successful that has been.

But, like anything, I have a few questions, Mr. Secretary, in a number of areas.

One of the things I am curious about, the \$100 million that was provided for the implementation of title I to be used for filling staff positions due to the increased workload from ARC and PLC, how much of that money was used? And, if you could, perhaps in a follow-up if necessary, but provide the Committee with a written breakdown of how that money was spent?

Can you touch on that, Mr. Secretary?

Secretary VILSACK. I can, Mr.—well, I—

Mr. LUCAS. Because, by the way, your county office folks have worked very diligently to get all this done. They are good people, but they face some challenges out there.

Secretary VILSACK. There are so many chairs and former chairs on this Committee, I am probably going to—

Mr. LUCAS. Exactly.

Secretary VILSACK. Congressman, we are using this resource in a planned and strategic way, the \$100 million. We didn't use it all at once. We have been basically ramping up as work requirements are required and facilitated.

I can't tell you today the exact amount that has been allocated, but I can tell you that staff and temporary staff have been hired in offices and that we are in the process of trying to determine where best to locate additional staff based on workloads.

We will provide you with a breakdown, as you have requested, in terms of where the money has been spent and what we have purchased with it, as soon as this hearing is over.

Mr. LUCAS. I would very much appreciate that, Mr. Secretary, because one of the things that I and a number of Members of this Committee promised those folks out in the field when they were going through the challenges of implementing this was that there would be help. And we attempted in the farm bill, since, normally, staff funding issues are handled by the Appropriations Committee, as you well know, not by the authorizing Committee.

Secretary VILSACK. I would point out that, overall, USDA staff is down by somewhere in excess of 10,000 FTEs since I became Secretary. And FSA has been disproportionately—and Rural Development have been disproportionately hit with those reductions.

Mr. LUCAS. Absolutely. And that just shows how much more effort the folks in the field are shouldering.

That said, Mr. Secretary, I have also visited with you and a number of the other officials about a slightly different area, the way in which it appears that USDA is implementing a program that has a net effect of penalizing growers who plant cover crops, for producers who certified acreage planted to cover crops in generic base, particularly in 2014 and 2015 crop cycles.

The question I keep getting from them is, why haven't you used your discretion to allow those crops to be eligible for ARC and PLC?

Secretary VILSACK. Congressman, I think that the concern we have is the way in which the statute or the bill was crafted in terms of the flexibility that we have or don't have. I would be happy to continue to work with you on this.

We are encouraging cover crop production. We have seen a 350 percent increase in cover crop. We understand the importance of it.

I think there may be a concern about whether or not we actually have the legal authority to do what you are asking us to do. But if you have an interesting way for us to get around that, we would be more than happy to hear it.

Mr. LUCAS. Thank you, Mr. Secretary.

And one last question. I assume probably my colleagues will have some questions about the ACRSI program, A-C-R-S-I.

In the 2014 Farm Bill, the USDA was instructed to inform the Committee when it had reached substantial completion of the ACRSI program. And the report that was submitted to the Committee in July indicates that, so far, the program has a pilot in place in about 30 counties in Illinois and Iowa. That is an interesting substantial completion report.

You see the perspective that I offer up.

Secretary VILSACK. Well, the reason for this, Congressman, is that we learned lessons from the initial implementation of MIDAS, which is that we instituted the whole program, or tried to institute the whole program, and found that we had serious glitches and unintended consequences through the computer process. So what we



have decided to do in the future is to stage implementation so that we work out the bugs in advance before we basically create a lot of havoc and concern and confusion in the countryside.

The states were chosen in part because folks volunteered and were willing to participate. They were also chosen in part because of the bulk of work that is done in corn and soybean production. And no disrespect to the good folks in Oklahoma, but Congressman King does have a lot of power in this Committee.

Mr. LUCAS. He has a lot of influence everywhere.

Again, Mr. Secretary, thank you for the efforts you are implementing. And there are a few things that still need to be done, and I am sure, together, we will get it done.

I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back.

Mr. Walz, for 5 minutes. Tim?

Mr. WALZ. Thank you, Mr. Chairman.

And, Mr. Secretary, thank you for being here.

And I, too, want to echo my thanks to you and your team and the folks at the Minnesota Department of Agriculture on the avian influenza. It has been devastating to my district. It came hard, it came hot, it was big, and to try and get a handle on it—and now some of the lessons learned, maybe. And Mr. Peterson hit on this a little bit.

I am just curious, as we look at this, this turned out to be really labor-intensive. It takes a lot of people to do this. And my two-part question on this is: making sure you have the resources moving forward on this; and some of the suggestions coming out of the industry is that you have kind of a first-responder team that is ready to drop in and start spinning people up quicker so when this comes again—and unfortunately, that will probably be the case—are we ready for it.

So just those two parts.

Secretary VILSACK. APHIS employment is down by 800. About, roughly, 8,000 folks work for APHIS. We have had to hire 3,200 people to supplement the work of APHIS, in terms of this avian influenza. Twenty-one states have been impacted.

What we have learned is we do need a command structure and a communications structure that is organized and in place as quickly as possible, a structure that reflects the need for a regional communication, a structure that involves state communication, and a structure that involves county-by-county communication.

So we are, as part of our planning process for the fall, we are looking at ways in which we can essentially identify assets and increase the number of incident command teams that would be available to go once this thing hits. We are planning for a circumstance where we are simultaneously having to deal with 500 outbreaks. We think that is sort of a worst-case-scenario situation, so we are planning for that.

We have had a meeting, a workshop last week. We have a meeting scheduled in Iowa next week with the industry to continue to listen and to learn.

Mr. WALZ. Great.

Secretary VILSACK. We understand there are issues involving bio-security, there are issues involving depopulation, there are issues

involving disposal, there are issues involving indemnification and the time for repopulation. So these are all issues that we want to learn and try to be in a better position.

We also want to make sure that we preposition and have as much work done as possible in terms of disposal sites. We ran into some issues with local officials on landfills. So we are looking at places where this could potentially crop up where it hasn't, trying to figure out if there are ways in which we can identify landfills, work already with local and state officials to get them prepared for this, if it occurs, so that we streamline the process and don't have quite the delay that we have experienced in some other states.

Mr. WALZ. Well, I am certainly glad to hear that.

And please take back to your folks that, from the folks in the industry and the folks on the ground, they are appreciative of the work you did.

And I would like to extend a thanks to my colleagues Mr. Peterson and Mr. King, who have been leading on making sure we get this right and preparing for the future.

A question on Beginning Farmer and Rancher. Mr. Fortenberry, Mr. Gibson, and I authored that over here, and Senator Harkin on the other side. And much of those ideas came from things that you had done, Mr. Secretary, and told us about the need to build for the capacity for the future.

The OIG came out with a few things on that. I think the one that probably was most troubling to me was—I have never questioned your commitment to this program; you have made it very clear. But the OIG says there were many agency officials that didn't understand that this was a priority. And that troubles me in terms of implementation and some of the things that came out about tracking and how many people are we getting involved. Because I believe in this program; I know you believe in it.

Where are we moving forward to make sure they get it that you have made it a priority?

Secretary VILSACK. As a result of that report and as a result of the concerns that we have about Beginning Farmers and Ranchers, the Deputy Secretary has been tasked with putting together a major effort to do better outreach and better communication within USDA and outside of USDA. She has done I can't tell you how many roundtables and visits with a variety of interest groups. And we are working more collaboratively in a more integrated fashion than we did before.

And we are also calling upon our land-grant universities to help us and assist us. A recent example involves Florida A&M, where we have basically shut down an ARS lab as part of a budget situation. A substantial amount of land became available, and one of the requirements for Florida A&M to get that land was that they would actually use it as a Beginning Farmer and Rancher hub, use the land to basically make it easier for beginning farmers and ranchers.

We are also working with the Defense Department. We noticed that there are a lot of folks leaving the military that are interested in potentially getting into farming. What we did notice was that the military didn't allow information about our USDA programs during the process of—when folks leave the military, they are given

information. We are now going to make sure that all of our information is available at each one of the bases. And we will be making physical presentations to retired military or soon-to-be-retired military personnel, as well.

So I think it is in a much better place and a much different place than it was 6 months ago, a year ago.

Mr. WALZ. Great. Thank you, Mr. Secretary.

I yield back.

The CHAIRMAN. The gentleman yields back.

Austin Scott, 5 minutes.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman.

And, Secretary Vilsack, thank you for being here.

A couple of quick things.

Mr. Peterson mentioned issues with regard to the turkey farmers. Obviously, in Georgia, we have a tremendous amount of poultry farmers. And I guess one of the concerns that has been expressed to us is that, in most cases, those farmers don't actually own the chickens.

And so, with regard to any type of insurance product, would there be a product for the actual growers that they could take advantage of if the flu worked its way into—

Secretary VILSACK. There isn't an insurance program. That was suggested and proposed in the 2014 Farm Bill, but I think because of budget concerns it was not put in the farm bill.

I would strongly urge the Congress, as it begins the process of considering future farm bills, to look for a way in which that issue can be addressed. Because you have pointed to an inequity in the situation. We have paid out nearly \$600,000 in checks to livestock producers for a variety of disasters that they have experienced, and rightfully so. It feels different for these poultry producers because it is.

So there is unfortunately not an insurance program. We are looking at ways in which we can look at this indemnification process through CCC that could potentially be based on a per-square-foot basis for the folks who own the facility but not the chickens. We are looking at a variety of different ways, but there is not an insurance program today.

Mr. AUSTIN SCOTT of Georgia. All right. I would appreciate it if you would keep us informed on that. That is a very big deal for Georgia, as well as the cover crops that the former Chairman mentioned.

I want to talk a little bit about the Natural Resources Conservation Service and the new wetland identification process, if we could.

Last week, they announced a new wetland identification process for the Prairie Pothole Region. Can you explain how that is different from the current process?

Secretary VILSACK. Part of what we are attempting to do is to have a quicker determination than in the past. We have had a serious issue with backlog of activities, particularly in the Dakotas, where this is an issue, and we are trying to find a process to streamline the process so that we can get information to folks quicker and simpler and easier.

I can provide more detail to you and your office on that, Congressman. We will be glad to do that after this hearing.

Mr. AUSTIN SCOTT of Georgia. All right. Well, thank you.

I mean, I guess one of our primary concerns is with the EPA and *waters of the U.S.* and those rules. And when you see that coupled with the potential changes of process, if—

Secretary VILSACK. This is not connected in relationship to *waters of the U.S.* This is basically an understanding that there are a couple of areas in this country that have unique geographic challenges relative to conservation, and we want to be in a position to be able to respond to those challenges appropriately.

Mr. AUSTIN SCOTT of Georgia. But it is a wetland identification process.

Secretary VILSACK. Yes.

Mr. AUSTIN SCOTT of Georgia. Can you discuss the role of the Climate Change Program Office, the CCPO? I mean, how does that interact with the other USDA agencies, and what are their current activities?

Secretary VILSACK. I hope I understand your question.

Within USDA, we have a focus on climate, and we have a series of climate hubs that are regionally placed. Their responsibility is primarily to assess the vulnerabilities from changing climate and weather variability and then provide a series of suggestions—new technologies, new techniques, new strategies—for allowing producers in each region of the country to be able to adapt and mitigate to a changing climate. They are currently in the process of issuing those assessments. The Midwest section and the Northwest section have completed their assessments.

They are also doing additional outreach to producers so that producers have the latest information. We have a series of tools now available, technology tools, that producers can use to allow them to better analyze precisely what they need to do.

It is also designed to allow us to continue to work with producers to reduce greenhouse gases' emissions that are linked to agriculture. We think there are ways in which we can help producers do that and help the bottom line.

And, finally, it is a complement to precision agriculture that is taking over production agriculture. Each acre of land is different, and we want folks to be able to know precisely what to do on each acre relative to inputs.

Mr. AUSTIN SCOTT of Georgia. Thank you for your testimony. The cover crops issue and the issue for the poultry farmers is certainly important to us, and I hope you will continue to work on that.

The CHAIRMAN. The gentleman's time has expired.

Ms. FUDGE, for 5 minutes.

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

And thank you, Mr. Secretary, for being here today.

Mr. Secretary, last week, this Committee heard from 1890 land-grant institutions on a number of issues, including state matching requirements for certain research and extension grants. We heard from a number of them that they are not getting the funding for which they are eligible because their states are failing to meet the one-to-one match requirement.

In fact, according to an APLU report, from 2010 to 2012, 61 percent of 1890 land-grant institutions did not receive 100 percent of the one-on-one matching funds from their respective states for extension and research funding. This lack of state matching funds resulted in a loss of almost \$57 million to 1890s.

What actions, if any, is USDA taking to address this?

Secretary VILSACK. Well, the first thing we are doing, Congresswoman, is trying to make sure that people understand precisely what is and isn't the rule relative to matching and what power the USDA has, potentially, in waiving the matching requirement.

The 50 percent match requirement, the misunderstanding is that it has to come from the state. It doesn't necessarily have to come from the state; it can come from other sources. And that is part of what we need to get information out to the 1890s, to make sure they understand that there are other options relative to those matching requirements and then, on a case-by-case basis, to determine whether or not a waiver is appropriate, which we do from time to time.

If people understood that there are a multitude of ways in which that match can be reached, then that might alleviate some of the concerns. It might open up some of the additional resources.

The other thing we are attempting to do is we asked the 1890s to put together, in light of the 125th anniversary of the Morrill Act creating them, what do they see the future. They came back with a set of recommendations relative to the development of centers which would integrate and allow the 1890s to work collaboratively together. We have been quite supportive. We have put resources together; we have made commitments to help create those centers.

So there is a lot of good, positive activity taking place.

Ms. FUDGE. Well, good, because one of the things that I wanted to say to you is that I have to thank my colleagues Mr. Davis and, just recently, Mr. Scott for wanting to work with us on assisting you in making sure that these inequities are fleshed out. So you will be hearing from us.

My second question is about HFFI. You know that it was authorized as a part of the farm bill to build off existing efforts and allow for communities across the country to improve healthy food access, foster local economies, and enhance public health.

Now, recognizing the uncertainty of appropriations for HFFI in Fiscal Year 2016, please give me some update on how USDA plans to implement it.

Secretary VILSACK. Well, I want to make sure that I understand the question.

There are two efforts underway in terms of providing access and information for local and regional food systems that can meet people that are in need.

One is an ongoing effort under the Healthy Food Financing Initiative, \$100 million, which was allocated. Roughly \$30 million of that has already been directed to a variety of projects around the country. So that is being implemented and will be implemented over the next couple of years.

The second issue is whether or not we can provide funding for the development of grocery stores and things of that nature. That

has been less successful in terms of getting an appropriation, generally, from Congress.

But we continue to work with our local and regional food efforts and our Farmers Market Promotion Program, our Local Food Promotion Programs to try to provide assistance and help.

Ms. FUDGE. Good, yes, because the storage is a big issue, of course, in food deserts, so I appreciate that.

I have no other questions. If there is something else you would like to add, I have about a minute left, you are free to use it.

Secretary VILSACK. Well, I would say that it is appropriate on the 125th anniversary of the 1890s to focus on the fact that they have tremendous opportunity.

And one of the things that we are doing with the 1890s, in collaboration with them, agribusiness is coming to us expressing concerns about the diversity of their workforce. And so the Deputy Secretary this fall will be working with a number of major agribusinesses to create some kind of job fair or work fair which would introduce those businesses to some of the bright students at the 1890s. So there is a lot of activity going on to try to connect folks in the agribusiness world, as well.

Ms. FUDGE. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady yields back.

Mr. Crawford, for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman.

Mr. Secretary, I appreciate you being here today.

I have concerns about the *actively engaged* rules. The Department released draft rules on the implementation of those provisions in the 2014 Farm Bill. Setting limits on the number of managers allowed per farm was at your discretion. And I have some concerns that there are some farmers who will be unnecessarily penalized by this.

How did the USDA arrive at this number of allowed managers? And can you be sure that farms that are genuinely complex or with legitimate business interests held by many individuals are not negatively impacted?

Secretary VILSACK. Congressman, good question.

This was designed to respond to some of the concerns that had been expressed about folks who were not farmers, who weren't connected to the land, receiving assistance and benefits.

So we tasked a team to take a look at—and I would point out that, in crafting the farm bill, Congress basically ensured that we walk down a fairly narrow lane here. Roughly, 90 to 95 percent of the people who farm are not impacted by what we are talking about here. Primarily, this is limited partnerships. It doesn't affect corporations. It doesn't affect family farming operations. So it is a very limited universe of folks who could potentially be impacted, and it is the universe that created the concern to begin with, with folks in Manhattan in high-rises being on a conference call and getting subsidies.

So, I tasked the team to take a look at trying to close that loophole. Then recognizing that closing the loophole would be helped by having a bright line: How many people does it actually take? And how do you determine?

So you start with a proposition that there ought to be one manager, but then you recognize that, particularly in the South, there are operations that are large in size that require, actually, more than one person. So we created an option for those large operations to be able to make the case for additional managers, up to two additional managers. And we basically created some framework, some bright lines that will allow people to understand precisely how they could qualify and how they couldn't qualify for those additional managers.

So there is a process where the default position is one manager, one set of subsidies, but if you can prove that you have a complex and significantly large operation, you can basically go to one or two additional managers, for a total of three.

But, again, it impacts a very, very narrow framework. It does not impact family farming operations, it does not impact corporations because of the law.

Mr. CRAWFORD. Okay. I appreciate the bright line. I think it would be very helpful if that bright line were as bright as possible to help allay any kind of concerns that, particularly, as you mentioned, in the southern region, where we have economies of scale to a larger degree.

You mentioned in your testimony that the MIDAS platform is currently being used to help manage records for about 11 million FSA customers. Can you tell us if other agencies like the NRCS have access to these records to facilitate the work they are doing for producers?

Secretary VILSACK. We are in the process of working with the NRCS. And the quick answer to your question is yes. But, actually, it also works the other way, in which FSA is working with the NRCS to utilize the Gateway technology system and process that NRCS has developed to allow for that producer today to be able to access records and to look at contracts, to look at payment history, *et cetera*, from their home as opposed to going to an office, which was the case before.

We, obviously, want to then piggyback the FSA aspect to provide that same kind of flexibility in the future. So we will be using and trying to figure out how to merge those efforts so that we provide greater convenience to customers, producers.

Mr. CRAWFORD. Okay.

I want to jump into the ACRSI, Acreage Crop Reporting Streamline Initiative. The report received by the Committee on the accomplishments of ACRSI listed a number of key outstanding efforts that haven't been completed yet.

I certainly understand that they are complex systems that involve large amounts of data, but what can you tell us on how those outstanding issues for integrating systems across the FSA, RMA, and AIPs are being addressed? And what is the timeline for completion?

Secretary VILSACK. The next big step in that process is this summer, where we will be basically taking a look at which contractor, which provider can provide us the best opportunity to take the next step, based on the pilots that have been taking place in Illinois and Iowa, which have been extended. We are learning lessons, and we are going to be determining how to best integrate this system on

top of the system, the foundation that was laid with MIDAS investment.

So, this summer, we will be making that determination review. And then, from that point on, we will begin to ramp up the number of people who are involved in the system, to eventually get to a nationwide effort.

I would like to be able to tell you a specific date. The problem is I don't know what problems are going to crop up in that ramp-up process. I think this is a much better way to do it than in the past. So it may take a little bit longer at the front end, but it should have less inconvenience and confusion at the back end. And it should be better for producers at the end of the day.

We are going to work on this in a very thoughtful, systemic way, which is going to be making progress as we go along. We are not delaying this. We want to do it right.

Mr. CRAWFORD. Thank you, Mr. Secretary.

I yield back.

The CHAIRMAN. The gentleman's time has expired.

Mrs. Kirkpatrick, for 5 minutes.

Mrs. KIRKPATRICK. Nice to see you, Mr. Secretary. Thank you.

I am going to ask you about two projects in my district that you are involved with that are very important to our economic development.

The first is 4FRI. Campbell Global has left the project, and I would just like to know what effect that has had on the progress of 4FRI. And where does the progress of 4FRI stand today?

Secretary VILSACK. Well, the Record of Decision for the Forest Service was signed, Congresswoman, in April of this year. This decision basically covers roughly a million acres, and it includes 430,000 acres of mechanically treated area and prescribed burn area.

The stewardship contract, phase one stewardship contract, was issued to Good Earth Power. They have 19 task orders covering roughly 32,400 acres, of which 4,200 acres has already been harvested. So that work is proceeding.

Chief Tidwell recently visited the 4FRI area and certainly understands it is a priority for you, but you need to know it is also a priority for us because it is essentially the way of the future. And we have been using 4FRI as an example of better collaboration in other parts of the country to try to get folks to understand how to streamline this process.

We are going to continue to work with diverse interest groups to make sure that this thing is implemented and implemented in a timely way.

Mrs. KIRKPATRICK. Is there a plan B in case Good Earth can't fulfill the task orders?

Secretary VILSACK. I don't—

Mrs. KIRKPATRICK. In other words, would other contracts be let so that we can actually meet what needs to be cleared?

Secretary VILSACK. There are other forests within 4FRI that are being prepared. And let me have my office check with you in terms of what plan B is.

Mrs. KIRKPATRICK. Okay.



Secretary VILSACK. As I sit here today, I don't know what plan B is, because we are hopeful plan A works. But if it doesn't, we obviously will look for additional contractors who are interested and able to do the work.

Part of the challenge—folks say they want more timber harvested. And, in fact, this Administration has harvested more timber, and we continue every year to ramp up the number of board-feet that we are treating. But that requires resources. And I don't want to get into fire suppression, but that is a problem, in terms of budgeting.

Mrs. KIRKPATRICK. Well, I appreciate your interest in the project. You actually came out to Arizona and looked at our forests. And it is a model for a collaborative effort on forest health and bringing back the timber industry.

My second question is about the Apache Railroad. It is a critical economic asset for Navajo County and the Town of Snowflake. In my district, the railroad itself provides good jobs. It is very important to my pork producers, the timber operations, and potash mining.

Can you tell me what the status is of the Little Colorado Water Conservation District's application for a community facilities loan for the purchase of the Apache Railroad?

Secretary VILSACK. What I can tell you, Congresswoman, is we need your help. We need your—

Mrs. KIRKPATRICK. Okay.

Secretary VILSACK.—help to encourage folks to complete the application and to provide us a full and complete application.

What was submitted was incomplete. We have notified them of that fact, and we are awaiting a response to our request for additional information. So—

Mrs. KIRKPATRICK. Okay.

Secretary VILSACK.—anything you could do to help us get that additional information—

Mrs. KIRKPATRICK. We will do that. Time is of the essence, and it is a really important project, so we will certainly work with your office.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentlelady yields back.

Mr. DesJarlais, for 5 minutes.

Mr. DESJARLAIS. Thank you, Mr. Chairman.

Secretary Vilsack, I know that no trip to the Agriculture Committee would be complete without a lively discussion about black vultures, right?

We are continuing to have problems in Tennessee. Charlie Hord brought this to our attention, from the Tennessee Cattlemen. And we have talked about this now two or three times.

There is a provision in the farm bill Livestock Indemnity Program where producers are eligible for compensation for losses against protected species like black vultures. But what has been happening is that, after they have these losses, the Farm Service Agency representatives are telling farmers that they need someone from Federal agencies to come out and verify the losses; however, APHIS is telling farmers that they are not able to go and verify these losses.

So there appears to be some kind of a miscommunication, and I wanted to make you aware that we are still having problems with that. Do you know of any action that has been taken to address this?

Secretary VILSACK. Congressman, the honest answer is I don't. But you asking the question will prompt me to go back to the office to figure out if there is a third way to get this done. I understand APHIS is strapped, and that may be the reason. But that is not a particularly good reason for your producers, so let me see what we can do.

Mr. DESJARLAIS. One suggestion has been made that the state extension services be able to do that or possibly even veterinarians be able to certify the losses. Is that something we could maybe entertain?

Secretary VILSACK. That is a good point, Congressman. And it is something we try to impress upon our folks at USDA, that if you can't get the job done for whatever good reason, valid reason exists, then the next best thing is to figure out a way in which somebody else potentially could do it. And we obviously haven't done as good a job on that, in this particular circumstance, as we could. We will work on it.

Mr. DESJARLAIS. Okay.

I would just touch on one other thing on that issue, that many of the farmers and ranchers have voiced concerns about the process of submitting the application, that it just takes too long to ultimately deal with the problem. The only method currently for submitting an application is via the mail, snail mail. And some of the claims processes take 4 to 6 weeks, and a lot of times calving season is over. And so maybe we could also look at a more efficient permitting process, perhaps something online and then perhaps something for more than a year.

Secretary VILSACK. We have a process improvement effort at USDA where I have tasked each mission area to identify two major process improvement projects that they work on in order to reduce time inconvenience to producers. We have had pretty good success. We have saved over 100,000 hours of time as a result of this.

But this sounds like a good opportunity for us to maybe suggest to APHIS that this could be a process improvement initiative.

Mr. DESJARLAIS. Sure. And, certainly, my office is willing to do a lot of the legwork on this, so if you can have someone follow up with our office on this issue, we would be happy to work with you and help get it resolved. And thank you for indulging me for the third time on this issue.

Secretary VILSACK. Well, I apologize you had to bring it up a third time.

Mr. DESJARLAIS. I yield back.

The CHAIRMAN. The gentleman yields back.

Ms. Graham, for 5 minutes.

Ms. GRAHAM. Thank you.

Thank you, Mr. Secretary. It is good to see you.

Secretary VILSACK. Nice to see you.

Ms. GRAHAM. I appreciate you being in my district for Florida A&M's commencement last May. Wonderfully received and much appreciated.

Secretary VILSACK. Thank you.

Ms. GRAHAM. While you were there, you had an opportunity to go to Gadsden County, and I know that you met with farmers and local area leaders. During that time there, you spoke about the ways that the Department of Agriculture can assist in low-income, high-poverty, rural communities.

You mentioned the 1890s agribusiness partnerships. I am curious if that is what you were referring to during that or if you could elaborate more on that.

Thank you.

Secretary VILSACK. Congresswoman, I appreciate the question. It is part, but not by any means all, of what we are trying to do. And, with your permission and the chair's permission, I am going to elaborate on this just a bit.

When I came into office, one of the first suggestions that was made to me was that there were literally tens of thousands of claims against the Department for discrimination in the past, and there was an effort to try to make sure that that didn't reoccur.

And one of the things that we noticed was that we weren't getting information, we weren't getting programs instituted and implemented in high-poverty areas. And part of the reason for that is because sometimes those areas don't have the sophistication and the technical assistance that would allow them to basically compete successfully for competitive grant programs. So that was the genesis and reason for putting StrikeForce together.

Now, there were obviously some issues concerning the implementation early in the process of StrikeForce, but we have essentially significantly changed that program, so now it is an integrated effort between NRCS, FSA, RD, and our nutrition programs, going down into a county area like the one you mentioned and asking the question, what can we do, what do you need, and then trying to figure out, collaboratively, a way to make sure that it happens.

To date, we are now in 21 states, over 880 counties, I believe. We have 1,000 partners that are local partners that are helping to drive this effort. And, as a result, we have invested nearly \$16 billion in 129,000 different projects. It could be a home loan, it could be a business loan, it could be a conservation project, it could be a nutrition effort.

What we were talking about there was to try to figure out ways in which we could use the agricultural base in a more creative and more value-added way in that county, as part of an effort to try to address child poverty. Because you are not going to be able to address child poverty, unless you have decent jobs; you are not going to have decent jobs unless you use your natural resources in the most effective way.

So part of what we are trying to do is to try to figure out how to do that, and we have a great partner in Florida A&M. We have given them a substantial amount of land that could potentially be used in a Beginning Farmer effort. And you could link that Beginning Farmer effort and especially crop production that could occur on that land with a Wal-Mart.

And, frankly, that is what has happened in Georgia. We have 80 African American farmers who are selling collard greens to Wal-Mart in Georgia that have now developed a successful co-op. That

is the kind of thing that we would like to be able to do more of. But it takes time, and it takes commitment and focused effort.

Ms. GRAHAM. Well, you will find that people in Gadsden County are ready to work hand in hand with you. And anything you can do, anything my team can do to help in this partnership, we stand ready to do.

Secretary VILSACK. Well and we have taken the additional step of asking other Federal agencies to work with us. And that is why the President developed the child poverty initiative, in which we will be looking at a variety of factors involving child poverty, and we will be selecting 20 areas within the country to sort of focus on a two-generation approach to child poverty, not just programs for kids, not just programs for mom and dad, but programs that will work for the family collaboratively and in concert and in an integrative way.

We think that there is an opportunity there to maybe make a dent in the child poverty rate in rural areas, which is unfortunately too, too high.

Ms. GRAHAM. Well, thank you. Thank you very much. And again, I look forward to working hand in hand with the Department of Agriculture in this project. And thank you for your commitment to helping work on child poverty. It is certainly a significant issue not only in Gadsden County, but across our district and our country. So I really appreciate that. And Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentlelady yields back. Mr. Yoho, for 5 minutes.

Mr. YOH0. Thank you, Mr. Chairman. Mr. Vilsack, good seeing you again.

Secretary VILSACK. Nice to see you.

Mr. YOH0. I want to go back to the MIDAS issue. When that first started, I saw that it was initiated under President Bush, and then in 2009 is kind of when it came together. When that was bid out, was that a competitive bid on that IT program?

Secretary VILSACK. I don't want to mislead you. I am not sure. I would be surprised if that weren't a competitive bid, but I can check on that.

Mr. YOH0. Well, I only ask that because when I looked at the StrikeForce, the language in here says that it looked like those were given out without a competitive bid. And so that raised the question on MIDAS. And then when I read through this, it just talks about the inefficiencies and the oversight of the FSA office watching this, and it says FSA has obligated over \$444 million on the project as of 2015, but it has not modernized the farm programs.

And we heard that you only have two applications working. Is that program even worth continuing, or is that something that needs to be ended and not put good money on top of bad and go to something else?

Secretary VILSACK. Well, first of all, I am not going to suggest that this was done in an effective way, because obviously it wasn't. But it started off with a very grand vision and an implementation plan that didn't understand and appreciate how difficult it was going to be to overlay all of this on top of a 1980 system.

There was this disconnect between the folks in Kansas City who do a lot of our IT stuff and the folks in D.C. who do a lot of our IT stuff. They weren't communicating particularly effectively, and we didn't have enough oversight. All that has been changed. That has been fundamentally changed.

Mr. YOHO. For the future, I hope it is, because if it was a 1980 system that they started with, and then it was 2009 when things were starting to be implemented, you would have thought they would have been projecting ahead on the new technology that is going to come out.

Secretary VILSACK. That relates to the fact that there are 2,100 offices and people in those offices that are pretty comfortable with one system. And none of that was really particularly well thought out. So what I did, once I became fully aware of the problems, I said we are going to stop MIDAS, we are going to start looking at this thing incrementally. So we did the first effort, which was to make sure that folks could access their records regardless of where they were. That is a big convenience opportunity and a tremendous savings of staff. That is implemented. Then the business integrity stuff to reduce errors. Now we are working on the questions that have been posed, working collaboratively with NRCS to allow producers to work from their homes.

That process is in play, and hopefully over the course of the next few months or so that will see progress on that. So there is work being done. So I don't think we want to say we should stop the program. We don't want to stop the program. We want to make it more convenient.

Mr. YOHO. Well it was saying here that it is only an effective or useful life span of 2021. And I have two other questions, so I am going to move on.

And it is said that the FSA continued to pay the contractor, as of April 2015, \$213 million in taxpayers' dollars were obligated, and the OIG reported that during the timeframe of questionable performance, FSA paid the contractor over \$108 million. I mean isn't there a way to stop that? If you have an inefficient contractor, or one that is inept, is there a way that you can stop a program in the future? And then I have something I have to ask you about citrus.

Secretary VILSACK. The answer is yes. And that is why we are on the ACRSI effort, we are looking at a more intensive process to determine whether or not contractors who worked on this in the past should continue or whether we should bring new people in. And of course that has caused some interesting concern.

Mr. YOHO. Well I would like to work with you on that. And then just talking about the citrus in Florida. As you know, the citrus greening, and I appreciate the help you have given us. Florida, we had a high of over 300 million boxes of oranges that accounted for \$4.5 billion in revenue. And we have seen that drop steadily and rapidly due specifically to citrus greening.

Is there anything that is being held up in that program or that needs to be expedited, we just talked with our ag commissioner yesterday, in Florida, we have gone from 300 million boxes, then it went down to 200, this year's crop looks like it is going to be under a hundred million boxes. And it is at a point where it won't

sustain the infrastructure for that whole industry. And you are looking at millions of jobs that will be lost. What is your comments in 14 seconds?

Secretary VILSACK. Well, the challenge, obviously, is to find a solution. And that is why it was important to continue to put research money behind that solution. And that is exactly what the Congress did in the farm bill and providing additional resources directed to citrus greening research. That is precisely what we are doing getting that money out the door as quickly as possible and in the hands of folks who are doing the research.

There is some promising research on vectors. There is some promising research on heat therapy. There is some promising research on phosphorous utilization that we think potentially could over the long haul solve this. But that is basically where the focus is, on essentially containing it to the extent we can, and trying to figure out through research how to solve it.

Mr. YOHO. I appreciate your efforts. And Mr. Chairman thank you for letting him go over. Thank you.

The CHAIRMAN. The gentleman yields back. Mr. Scott, 5 minutes.

Mr. DAVID SCOTT of Georgia. Thank you, Mr. Chairman. Welcome, Mr. Secretary. First of all, Mr. Secretary, it was great being with you in Georgia back in March when you came. And we had a wonderful time.

Mr. Secretary, my State of Georgia produces more poultry than any other state in the United States. On an average day, the Georgia poultry industry produces 29 million pounds of chicken, 6.3 million pounds of eggs, and 5.5 million pounds of hatching age. And so you can see we have a very profound economic and business agriculture impact with our poultry.

And I wanted to ask you, with the migratory season coming, and birds coming south, can you tell us exactly what your Department is doing to help thwart this avian bird flu in getting down into the South?

Secretary VILSACK. Congressman, we are taking a number of steps. Let me start with something that Congressman Peterson has been involved in and helpful with, and that is the development of a vaccine that could potentially be of assistance. We are making progress. We have a seed strain that appears to be fairly successful with reference to chickens. It is now in the process of being tested for turkey. Once those tests are completed, it will go to the company that basically is capable of producing the vaccine. And they in turn will work with other companies that are working on vaccines to begin the process of developing it commercially. We have requested resources to be able to allow for stockpiling, which I know Congressman Peterson is interested in us doing. So that is first and foremost one thing we are doing to try to focus.

The second thing we are doing is if we are able to obtain a vaccine that is a hundred percent effective, we want to work with our trading partners so that we don't discourage trade as a result of the utilization of vaccine in very targeted ways.

Mr. DAVID SCOTT of Georgia. Well let me ask you, what is being done specifically to help the growers? I mean particularly—

Secretary VILSACK. The vaccine. One thing is the vaccine. The second thing is to focus on biosecurity provisions that would allow

them to tighten up their operations so that they could reduce the risk of this occurring. There is not a lot you can do about changing the flight of birds in terms of the migratory patterns.

Mr. DAVID SCOTT of Georgia. Well let me ask you, Mr. Secretary, what about funding? What about helping with funding on this? There are certain funds that the APHIS is responsible for. I want to know are any of these funds going to help the growers on the ground?

Secretary VILSACK. Yes. We have already committed well over \$500 million for assistance to growers in two primary categories, one, indemnifying for loss, and two, helping to pay for the reasonable expenses of cleanup and disinfection.

We are also working closely with the industry to try to create as tight a set of biosecurity protocols as possible so that we do the best job we can to mitigate the consequences and spread of this if it occurs again.

Mr. DAVID SCOTT of Georgia. And so you are saying there are funds that can be directed to help the growers on the ground—and they have that?

Secretary VILSACK. And they actually have been. They actually have been. We have actually gotten resources out to farmers.

Mr. DAVID SCOTT of Georgia. All right. The other thing is I want to compliment you working with my alma mater, Florida A&M University for that tremendous land in Florida will be the largest acquirement of land to help beginning farmers for any of the colleges. And I just want to thank you for that.

And while I am on the subject of 1890s, Mr. Secretary, your Assistant Secretary for Civil Rights, Mr. Joe Leonard, joined with many of us in the concern for getting more African American students going into the business of agriculture and agriculture business. And we are very, very, very much onboard with that. I want you to also tell him how much we appreciate him providing that leadership to help us with getting funds to be able to help these students to be able to go into careers in agribusiness.

And one of the things we hope we are able to do is be able to tweak language in the farm bill that will allow these 1890s to be able to add the area of student scholarships and loan forgiveness, much as we did for our veterinarians. As you remember, we sponsored legislation, got that passed, we saw a shortage of veterinarians, and we actually did, and helped them with loan forgiveness. So I wanted to make you aware of that and certainly ask for your support and help as we move forward on that initiative to help the African American students as well. Thank you, sir.

Secretary VILSACK. Mr. Chairman, 5 seconds? Just Congressman, there are I believe 550 scholars currently working at USDA from these 1890 universities that are getting scholarship help and assistance and the commitment of a job at USDA. So we are going to continue to work to make sure that bright young people have opportunities at USDA as well as agribusiness.

The CHAIRMAN. I thank the gentlemen. The gentleman's time has expired. Mr. Kelly is recognized for 5 minutes.

Mr. KELLY. Thank you, Mr. Chairman. And thank you, Mr. Secretary, for being here.

First, just going back to the MIDAS, I thank you first for your vigilance, once you found out there was something going wrong and the money was being appropriated, for jumping on that and taking immediate action. However, to me as a former prosecutor, there is no greater crime than the violation of the public trust and just basically corruption. And so I thank you, but I am very disappointed that our justice system did not either civilly or criminally punish someone for abusing that much of the public's money.

What policies and procedures have you taken now to ensure that we don't take as long to discover fraud and abuse by your Department? Have you done anything? And what steps have you taken to ensure that we get to that a little quicker?

Secretary VILSACK. Well, one thing we have done with reference to the StrikeForce in OAO is to basically take a look at the recommendations that OIG has recommended. And basically we are following through on each one of those recommendations.

We have a completely different system for competitive review and competitive grants in terms of the section 2501 grants that were a concern. There are actually two sets of eyes that look on this. There is a panel that is not connected to USDA specifically that reviews the applications. There is also a second panel that reviews the mathematical computations for determination of competitiveness. And so that process is much, much better than it was.

In terms of MIDAS, we have fundamentally changed the way in which we deal with IT. One of the problems we have confronted when I became Secretary is that each mission area of USDA had its own CIO operating relatively independently of one another. That has changed. We now have a process in which everyone is sort of working in a collaborative and integrated way so we kind of know what the right hand is always doing and the left hand.

We have also created an E-Board that basically reviews projects, that requires updates, and is willing and able to ask the difficult questions. We have solved the issue, to a certain extent, of the different vision between Kansas City and D.C. And we have put a project manager in charge of each of these major projects so that I know that there is someone personally responsible for oversight. And those people are meeting with me on a regular basis.

I have monthly meetings on MIDAS, I have monthly meetings on the ACRSI. And I am going to continue to have those meetings. And I have monthly meetings on our efforts at Blueprint, which is designed to create savings within and more efficient government. So there is a lot going on in that space that didn't go on in 2009 and 2010.

Mr. KELLY. Thank you, Mr. Secretary. On the Supplemental Nutrition Assistance Program, how are you working with states to ensure or to bolster our anti-fraud efforts? Because I understand both you and the states have a process to work. So how are we working with states to bolster that process?

Secretary VILSACK. Two different responses to that, Congressman. First of all, the fraud rate in SNAP is a little bit over one percent. It is historically at low rates, significantly lower than it was 5 years ago, 10 years ago, 15 years ago. Two reasons: One, we are working more collaboratively with states. We are providing states with better training. We are data mining information. There



are seven million transactions in SNAP a day. We are using computer technology to sort of identify where there may be potential problems. For example, we saw a problem with lost cards, people coming in every other month saying I lost my card, I lost my card. We now have a process that we piloted in North Carolina that was very successful, basically advising folks when they have had multiple cards lost that, hey, this is a problem and you may be violating the law. We have seen a significant decrease in the number.

We did over 700,000 investigations and interviews on a personal basis. Over 40,000 people were disqualified from SNAP as a result of those investigations. And we are constantly looking at the 260,000 businesses that are SNAP-eligible. And about 1,400 of those were basically stopped from doing business because they were involved in activities that they shouldn't be involved in. So there is an ongoing effort. We obviously still have work to do. We have teams that are now in place, additional staff dedicated to this. We are going to continue to work on it. But when you are dealing with as many transactions and as many people, there is still work to be done.

Mr. KELLY. Thank you, Mr. Secretary. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back. Thank you. Ms. Lujan Grisham, 5 minutes.

Ms. LUJAN GRISHAM. Thank you, Mr. Chairman. I share the sentiments of my colleagues. It is nice to have you, Mr. Secretary. And thank you also for participating in program review and program support and visiting my home State of New Mexico.

I actually have a similar line of questioning. And I appreciate that you spent so much time with my colleagues Mr. Kelly and Mr. Yoho on figuring out what is the balance? You don't want to throw out a program, the outreach programs and the StrikeForce initiative and Beginning Ranchers and Farmers. These are the kinds of initiatives that in a state like New Mexico are not only incredibly meaningful if they are implemented correctly, and we don't have waste or abuse in those programs, but are critical. We have the average age of our farmers now is 60 and over.

And I appreciate that you have had another internal review looking at discriminatory practices and really looking at making sure that you move the Department forward in being clear about your relationship with these communities. And I am grateful for that. I think there is a lot of work to be done in those programs. So looking, being forward thinking and proactive so that it is not a hotline tip that we are thinking maybe about random reviews of certain programs. And even in doing that so that it is not particularly focused on waste and abuse, because the intent isn't to try to find programs that don't work, although we want that information, we want accountability, we want staff to be held accountable every time there is a purposeful or there is conduct that creates accountability issues in taxpayer-funded programs.

But in addition, and as important, is making sure that these programs work in the way that they are designed to, and if they are not, to readdress that so that they can. Because those initiatives, both coming from the Department as identified strategies and methods that will make a difference for future farmers, and grow-

ing food for this country, but also responding to ideas that come from our constituents directly in this Committee.

Is there anything we have missed in this dialogue that helps you have a relationship, particularly with this Committee, but everyone, to really address both the accountability so we are holding folks accountable, including in the private sector, and thinking about those clawbacks and making sure that they are not involved in mismanaging these programs, and also doing everything we can to highlight that USDA is leading the Federal example for best practices and making these programs work for their intended beneficiaries?

Secretary VILSACK. Well a couple of things. I think we are in a much different place than we were in 2008 when OAO was created. We have a receipt for service system now in place so people can actually prove that they went into an office, they didn't get help, they don't have a problem as they did in the past of saying we don't remember him coming in. Well, he has a receipt for service or a receipt for request for service.

We also put minority members on county boards and county committees, which has helped. And we have seen the election of a lot of those minority members occur after their selection. So that is a good thing. The StrikeForce is in a much better place and much more effective. I would say the one thing that you could potentially look at is something that the Chairman raised in his questions, or in my answer, and that is at what level will you require before action can be taken? In other words, is that standard of a criminal judgment and a civil judgment, is that the proper standard or the proper bar that has to be crossed before you can take action? I don't know. I think that is something that you all may want to talk about. It may be that that is a bright enough line that makes it easy for people to know when to and when not to hold people accountable.

But it makes it pretty hard, right, other than removing somebody from office or asking them to leave the Department, it makes it a little difficult if that is the bar. So that may be something you may want to look at.

Ms. LUJAN GRISHAM. Mr. Secretary, I appreciate that. And we have these conversations about some of the differences between Federal employment and Federal contracting systems and other government systems, local level and state. And I inherited an agency in the 1990s that couldn't account for a million dollars, which at the time was ten percent of our total budget. And we dismissed almost half the workforce. And it was difficult in a civil service environment, but it was warranted.

And you need to have the flexibility to have a hard line when you need a hard line, and the opportunity to retool, redirect, and retrain employees who are working hard sometimes when a program is not flexible enough to meet the needs of its constituents. So I applaud the Chairman and look forward to more conversations of that nature to get it right.

The CHAIRMAN. The gentlelady yields back. Mr. Davis, for 5 minutes.

Mr. DAVIS. Hi, Mr. Secretary. First off, I want to thank you again for coming in here. You have always been open and some-

times brutally honest with your answers. I appreciate your participation in this oversight hearing today. It has been great to work with you and many of your staff at the USDA on a wide variety of issues, where we don't agree on every single issue. One thing that I found out about you personally, and also the USDA, is that you are willing to listen to all sides. So thank you for that.

And you know it wouldn't be a hearing without you coming here without me bringing up the school nutrition program. I do just actually want to thank you. I want to thank the Department for actually bringing about some flexibility. I think we can do a little bit more. I look forward to working with you on that. Again, I would like to invite you to come out to one of our schools and talk to some of the folks on the ground in Illinois about the program. Your folks have done that. They have done a great job. And I know we are working together to make it even better.

But before I get into the oversight question, I do want to bring up one issue not related to school nutrition, but the summer meal program. I visit as many summer meal sites as I can. And I know we have a concern with the lack of participation because of some transportation issues both in rural areas that I serve and some of the smaller urban areas that I serve, too, and then other urban areas that I don't serve. Can you give me any suggestions on how we might be able to increase participation in the summer meal program that you and I can work together to make that happen?

Secretary VILSACK. Well I would say two things in response. And I appreciate your acknowledgment of our team at FNS working with you through some of the difficult issues involving the school lunch program. Two things. One, the E&T Program that we have in a pilot we believe does effectively deal with the issue of transportation in remote areas because it basically provides an alternative to a concrete specific site that a youngster has to go to. It gives that family a little more flexibility to get the food that basically provides summer meals. So an extension of that program might be in order.

The second thing would be to work with us and to direct us to be a bit more flexible in terms of the actual physical site. Right now we have a fairly narrow view of where these kids need to congregate. And I have been encouraging our team to look at creative ways to be more flexible so that instead of forcing kids to come to us, we figure out where the kids are to begin with and provide mobile opportunities. And some of that has happened, but we probably could do more.

Mr. DAVIS. Well, anything I can do to be helpful in offering suggestions for that flexibility based upon my visits in my district, I am happy to help. And I appreciate your willingness to do so, sir.

Secretary VILSACK. Thank you.

Mr. DAVIS. I do want to ask you one quick oversight question. My colleague, Mr. Yoho, alluded to some IT issues in the past. I just want to know what has the USDA done, what steps have you taken to implement some IT solutions to correct some of the problems that have been discussed here today? And what have you learned maybe in best practices from the private-sector? And are there any issues that you see on the horizon that we might be able to assist with?

Secretary VILSACK. Well, when I came into this Department I asked to send an e-mail to the employees to introduce myself. And I was told that I couldn't do that. And I thought, well, now that can't be. Clearly, I can send an e-mail to the employees. They said, well, sir, you can send an e-mail, but you can't send a single e-mail, you have to do 17 separate e-mails. I said what do you mean 17 separate e-mails? Well, we have 17 separate e-mail systems. Well, we can go into a long detailed conversation about how many problems there are with that model. But we spent a considerable period of time, and we now have a single e-mail system, which obviously provides greater security and allows us to save money at the same time.

So one thing we learned from the private-sector is an effort to try to strategically source our technology. Again, I mentioned the fact that we had silos, we had individual CIOs. They were off buying different systems and different hardware and different software that weren't necessarily compatible. We now have a strategic sourcing initiative, where basically before you do something you better find out who else in your mission area is doing the same thing, and maybe you can purchase in bulk. And by the way, before you even do that how about checking with other mission areas to determine whether or not they are buying the same thing at the same time. In which case you could save substantial money. So there is a focus on that.

And there is a focus on consistency. And we have spent a good deal of time recently, obviously, in terms of cyber issues reviewing our systems, identifying and creating authentication systems that are much, much tighter than they were 6 months ago.

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

The CHAIRMAN. The gentleman yields back. Ms. Plaskett, for 5 minutes.

Ms. PLASKETT. Yes. Thank you, Mr. Chairman, Mr. Ranking Member, for this hearing. I think it is very timely and much needed. And I appreciate so much the Secretary's having not just being forthcoming, but really having a depth of information that he is able to provide the Committee with.

Mr. Secretary, there has been a quite a bit of discussion about the Office of Advocacy and Outreach, created in part to avoid the wholesale disenfranchisement of rural farmers not being able to receive services. But I wanted to know if you could speak a little bit about, and if you had information as to, the penetration of minority farmers in the growth of agricultural exports.

I know that under your leadership the agency has really grown tremendously the amount of exports that our farmers have been able to be a part of in being able to send their goods off outside of the United States. And I didn't know if there had been any data correlated, compiled, or any information that lets us know how much of that is really being able to go to businesses that are owned by minorities and minority farmers?

Secretary VILSACK. As you were asking the question, Congresswoman, it occurred to me that most of the activity and the progress that we have made with minority producers recently has been in the local and regional market, in other words within the U.S., creating co-ops and doing business with local restaurants and local

grocery stores and so forth. You ask a very interesting question. I don't have the answer specifically.

We do have a breakdown of the number of small businesses that we do business with, the minority-owned businesses that we generally do business with at USDA. But I don't know that we necessarily have a breakdown of how frequently African American producers, for example, would benefit from an export. I would say my guess is that there is not a great deal for the following reasons. One, most of our exports are bulk, a substantial amount of them are bulk commodities, which played to the strengths of large scale ag producers.

Number two, if there is an opportunity it may be in the organic space. I think a lot of the minority producers are getting in this space with the equivalency agreements we have been able to negotiate recently with Europe, Japan, Korea, Mexico, Canada. There are now new opportunities potentially for exports that might be a little bit easier to participate in. We have been working with the Commerce Department to try to create a streamlined process for companies to export. There are so few companies in this country actually export—it is actually less than five percent of the overall companies. And most of them only export to one country.

So we are trying to figure out ways in which we can help small businesses get in the export game more effectively. So, I am happy to go back to our team to ask specifically your question, but my sense is that you are probably not going to be—

Ms. PLASKETT. I know that in the Virgin Islands the issue of organic as well as the fancy foods is an area that our farmers would be most interested in. The types of products that we would produce that would be outside of our local markets would be in the fancy foods, the tamarinds, the guavas, mangos, and those types of products. But the one thing that you mentioned that was really important as well in our area is when you talk about local and regional marketing and local and regional produce.

Because I find that one other thing that I hear quite frequently from our local farmers is not having the resources to assist them with processing, having cooperatives but not being able to do the value-added to those products. What resources have you seen being sent out to those areas in that respect?

Secretary VILSACK. Two programs come to mind, maybe three programs come to mind. The Value-Added Producer Grant Program, the Local and Regional Foods Promotion Program, and to a certain extent the Specialty Crop Block Grant Program, which is administered through the states and territories, are three areas where you could potentially get resources.

What we will do, Congresswoman, is I will have my team get in touch with you and would encourage you to do what a number of folks have done recently, which is to come down, have your team come down to USDA, we put together a half day presentation of all the programs. I think you will be quite surprised how many opportunities there are that you may not be aware of.

Ms. PLASKETT. That would be great.

Secretary VILSACK. And we would be happy to do that.

Ms. PLASKETT. I would be remiss to not mention of course we would very much appreciate you and your staff and others coming

down to the territory. One of the things that you talked about is something that is very dear to us, which is your child poverty initiative. Presently, about 31 percent of the children in the Virgin Islands live in poverty. And so we are very interested in our farmers, as well as our local government, on how do we have our farmers be able to participate in feeding those children through the school lunch program, as my colleague discussed, and other areas to be able to serve those children.

Secretary VILSACK. Thank you.

The CHAIRMAN. The gentlelady's time has expired.

Ms. PLASKETT. Thank you so much, Mr. Chairman.

The CHAIRMAN. Mr. Allen, 5 minutes.

Mr. ALLEN. Yes, thank you, Mr. Chairman. I just came from a markup, Mr. Chairman, so my mind is not all there. But anyway, we are back.

Mr. Secretary, thank you for being here this morning. You have a lot going on here today. I just wanted to ask a couple questions on the OAO StrikeForce pilot program. USDA officials awarded the cooperative agreements non-competitively, and they awarded them to unqualified community organizations hand picked by political appointee Pearlie S. Reed. According to the IG, some of these community organizations were created just months before the award was made. These organizations allowed approximately \$300,000 to expire or be wasted. The OIG recommended recovering this sum. Can you tell me what the status of that recommendation is?

Secretary VILSACK. Yes. Two hundred thirty-three thousand dollars has been recovered. We are currently in the process of establishing proof—there is an issue involving \$67,000 we believe that still is owed. The entity that we are dealing with believes they have already paid it. So we are in the process of trying to convince them that they still owe us \$67,000. Two hundred thirty-three thousand has been recovered.

Mr. ALLEN. Okay, sir. Another question. I was in the district, and of course our folks are worried about the avian flu. Of course we haven't had that problem down South yet in Georgia. But they are concerned with the migration of wild birds to the South over the winter. Anything we are doing to try to stop that?

Secretary VILSACK. Well, there are a few things that can be done. First, is to develop a vaccine and make sure that if we are able to develop an effective vaccine that our trading partners don't hold it against us for using it. That is still an open question. And we have been working with a number of countries today to get them convinced to do this, to ban regionally as opposed to the entire country.

And second, working with the industry to identify additional bio-security initiatives and steps that could potentially be taken to mitigate the risk of spread of this. And then third, I suppose, is to continue to focus on the most efficient way of dealing with it if it does hit in terms of disposal, in terms of depopulation so that we minimize the risk that can occur if we don't do that properly or in a timely way.

Mr. ALLEN. Where are we with the development of a vaccine?

Secretary VILSACK. There is a seed strain that has been developed that is 100 percent effective on chickens. It is now in the proc-

ess of being tested by our ARS folks on turkeys. Cross your fingers, hope it is 100 percent effective for them. Once that occurs, the seed strain will be provided to the vaccine company that has basically the license agreement. They in turn will then begin the process of manufacturing and working with other vaccine companies that would want to purchase the license to be able to produce it.

We have asked OMB for additional resources to make sure that we have a sufficient resource to begin stockpiling that vaccine. We are also working with, as I said earlier, our foreign friends. We had a meeting in Baltimore where over 30 countries came with representatives to talk to them about the appropriate way of banning poultry if we have this. That it is not fair to your poultry producers because there is an incident in Oregon or Iowa to ban production from you. And so we are continuing to work on that as well.

The last thing we are trying to do is convince Congress—this is a long term issue, because I am pretty sure this isn't the only time we are ever going to have to deal with something like this—is to see if we can complete the funding for the poultry lab improvements that are absolutely necessary, and modernization of that lab.

Mr. ALLEN. That would be good. And would this vaccine be available fairly soon? Or what is the timetable?

Secretary VILSACK. I would hope it would be, but I don't want to speak for the company in terms of how quickly they can turn it around. I am pretty impressed with the fact that in a relatively short period of time we have come a long way. The previous vaccine was 60 percent effective, which meant that if you treated 100 birds, 60 would be okay but 40 wouldn't. Well, that is not good enough. You have to get it to 100 percent or very close to 100 percent for it to be effective.

Mr. ALLEN. I am about out of time, so I won't get to ask this question, but I still am hearing a real problem with H-2A, as far as legal services in suing our vegetable growers and costing them hundreds of thousands of dollars on really frivolous lawsuits. So that needs to be addressed. And we need to come up with a solution. And I yield back the remainder of my time. Thank you.

Mr. ROGERS [presiding.] I thank the gentleman. The chair now recognizes himself for 5 minutes. Mr. Secretary, earlier when you were answering Trent Kelly's questions about the CIOs, you indicated that there were stovepiped CIOs in the various agencies in your Department. Did I understand you have hired a chief CIO now to oversee those agencies?

Secretary VILSACK. There has always been a chief CIO. But that chief CIO wasn't empowered, if you will, to have sufficient oversight, and sufficient responsibility, in my view, to basically be able to know and to be able to channel all other CIOs from each mission area in the proper direction—

Mr. ROGERS. Do they now have to report to that one individual?

Secretary VILSACK. Yes. And there is now a process based on a directive that I signed some time ago that says, look, you are all in this together here, you are not going to be operating separate and distinctly from each other.

Mr. ROGERS. I am glad to hear that. We had the exact same problem in the Department of Homeland Security, and it is just a real mess if you don't empower one individual to have direct au-

thority over those individuals because they want to do their own thing.

Secretary VILSACK. And they do. And that creates a lot of problems.

Mr. ROGERS. Glad to hear it. Many people, including myself, believe that the EPA's *waters of the United States* rule is expanding the EPA's jurisdiction beyond what they are statutorily authorized. If the EPA determines that there is a jurisdictional water in a producer's field, but the Natural Resources Conservation Service has not identified it as a wetland, how will that work? How do you reconcile that?

Secretary VILSACK. The correct answer is I don't know. And the hope would be that that doesn't occur. There is still an awful lot of work yet to be done in terms of this issue. I don't think we have resolved it. I think there is going to be a lot of litigation and concern about this.

My focus, and frankly what I have told our NRCS people, is, we are in the business of trying to help farmers do whatever they have to do to comply with whatever the law or regulation might be. So that is why we are trying to figure out ways in which we can be better at what we do at NRCS, more efficient, more effective, more timely, to be able to use resources more effectively. That is why we are excited about the RCCP program, because we think it is a way of dealing with large watershed-scale projects that could potentially make a big difference in terms of water quality. So that is our focus.

Mr. ROGERS. Let me ask you the alternative to that. What if USDA identifies wetlands that the Corps and EPA have not identified? What will that mean for the farmers and ranchers? Will these wetlands be Clean Water Act wetlands?

Secretary VILSACK. I don't know the answer to that question, Mr. Chairman. And I would be happy to have our team try to respond to both of those questions. Those are technical questions, and frankly I just don't know the answer.

Mr. ROGERS. I fear that they are going to end up in litigation. And that is just so unfair to our farmers and ranchers.

Secretary VILSACK. I think that is a pretty safe bet today.

Mr. ROGERS. Thank you very much. That is all I have. The chair now recognizes the gentlelady whose name I can't see from here.

Mr. KUSTER. No problem, Ms. Kuster from New Hampshire.

Mr. ROGERS. Ms. Kuster, for 5 minutes.

Mr. KUSTER. Thank you very much. Thank you, Mr. Secretary. I apologize for my delay, but your contemporary and colleague, Mr. McDonald, was at the Veterans' Affairs Committee. And we had a very informative hearing there.

I wanted to say first off thank you very much. I am very excited in New Hampshire that we have growth in farming, I think one of the few states, five percent increase in new farmers, and typically small. A lot of emphasis on farm-to-table and buying local and farmers' markets really taking off in our region.

I wanted to talk to you about the program of beginning farmers and ranchers. And an Inspector General report issued in May of 2015 about the generation of farmers that are retiring from the industry and how we can encourage—and I don't want to say young



people, because sometimes it is young people, sometimes it is not so young people, it may be people seeking a second career. The quote was, "Despite considerable resources and effort provided by USDA agency, the Department lacks sufficient performance goals, direction, coordination, and monitoring to ensure success that funds were being used effectively by farmers." And I just wanted to see if you could comment on that. How can we implement effective performance goals to ensure that taxpayer dollars are being well spent in this regard?

Secretary VILSACK. Well, I have asked the Deputy Secretary to lead this effort. And she is traveling around the country visiting with a number of organizations and groups of folks who are interested in getting into farming or folks who are encouraging folks to get into farming.

One of the issues that has cropped up that we have asked specifically the beginning farmer advisory group to look at is this issue of land tenure. Candidly, you mentioned the fact that there are going to be a lot of people retiring and leaving the farming business. And that is probably true. The question is what happens to the land? And the question then is, whoever owns that land, what is their ultimate goal here? Or their relatives' ultimate goal? Is it to maximize return or is it to create opportunity for the next generation? Or is it a combination of both? And frankly, I have asked this task force to come with recommendations on this issue of land tenure.

What can we do, should we do, ought we do at USDA with reference to our programs to ensure that there is that proper balance so that it is not a focus simply on bottom line, but it is also a focus on next generation, number one.

Number two, you all asked us to create a military liaison position, which we have done with Karis Gutter, who is a Marine who works at FSA. Karis is actively pursuing efforts to try to get into military bases with information about farming opportunities, and basically providing opportunities for us to actually go on base to talk to folks who may be retiring or thinking about retiring about the opportunities that exist in farming.

I think it is also helpful, the recent effort by the Farmer and Rancher Alliance, which is predominantly production agriculture, to create a more positive image about farming and a more supportive image, to push back a little bit on some of the folks who are constantly critical of farmers. And I have seen recently some very, very positive, good ads. I saw one yesterday from the corn growers that was fabulous about the opportunities in farming.

And the more we focus on the positive aspect of farming, the more we focus on all kinds of diversity within farming and diversity of size of operations, methods of production, crops being produced and people, the better it is going to be in terms of our ability to attract more young people, younger people, or more folks into this business. We are seeing an uptick in beginning farmers. We still have more to do.

Mr. KUSTER. Well, and I appreciate you bringing up the military. And I would encourage you as well with veterans. I know our Veterans Administration in White River Junction, Vermont, on the border with New Hampshire, has a program for veterans in farm-

ing because of the connection to working with their hands, working outdoors. There is good mental health aspects to farming that are very conducive to a better transition back into civilian life. I also wanted to commend your deputy for coming to New Hampshire to have an event with women farmers. And I really appreciate that. I think that is something that we need to look into.

And I look forward to working with you on all of these programs to bring in different constituencies to farming.

Secretary VILSACK. If I can, Mr. Chairman, the issue of veterans is one that I care very deeply about. It is obviously personal to me because of a nephew who served in Afghanistan who is now potentially hopefully thinking about a career after he graduates from college, in the Forest Service. These folks are good problem solvers.

One of the challenges that we have seen at USDA, and I have actually asked Secretary McDonald about this, is we are trying to get more veterans to actually work at USDA. And we are trying to get more veterans to work in Federal Government generally. We have had some success. We have seen increased numbers. But the attrition rate, folks coming and then leaving, is disproportionately high. And so we are asking our team to look at this. Why is that? What aren't we doing? What do we need to do to make sure that these folks are acclimated and get back into a system?

The Forest Service is nice because it has sort of a more of a military mind-set. But the other mission areas that we need to continue to do a little more work so that we make it a welcoming place for veterans. And that in turn should increase the more people getting into the business of farming from veterans.

Mr. KUSTER. Terrific. Thank you.

The CHAIRMAN [presiding.] The gentlelady's time has expired. Mr. King, for 5 minutes.

Mr. KING. Thank you, Mr. Chairman. Mr. Secretary, you mentioned a vaccine that is 100 percent effective for AI. And I am wondering if that might be in reference to a company out of Iowa?

Secretary VILSACK. It is not. It is a different company. The seed strain actually, Congressman, has been done I believe by our researchers in concert with another company. But there is nothing to prevent Harris Vaccine from participating in this once we get it figured out.

Mr. KING. And I am hopeful there will be an open competition to that and we can bring all the technology to the table. And I appreciate your words on that.

Secretary VILSACK. The key here is for whatever entity gets to it first being willing to provide the licensing arrangements. And we will absolutely facilitate that. Because no one company—this is my belief, I don't know if this is right or not—but no one company is going to be able to produce as much as we need as quickly as we need it. Hopefully, we will be able to get a lot of folks working collaboratively together. We stockpile enough so that if this thing does hit and hits us hard, we are in a position to respond quickly.

Mr. KING. There is much to be said about a vaccine. And I appreciate your comments on this. Also you referenced phosphorous, which caught my interest, in your discussion with Mr. Yoho. And I happen to have gone to watch a demonstration project in Storm Lake, Iowa, right before the 4th of July that was taking out, by

that demonstration, more than 99 percent of the soluble phosphorous that was suspended in the effluent that was at the discharge end of the plant.

And I just wanted to bring that to your attention, that there is new technology that is emerging here that looks like it could effectively solve the phosphorous problem that we have. So this opportunity, I mention that, and I didn't know if that was something that you were aware of.

Secretary VILSACK. I wasn't aware of that. What I was referring to was the use of phosphorous at the base of a tree that has been hit by the citrus greening that somehow has an impact on minimizing the consequences of citrus greening.

Mr. KING. I will get that information to you and ask you to pass that along to your people that will want to be focused on it.

Secretary VILSACK. Sure.

Mr. KING. And then another piece of this, there is so much to be said about bird flu. And I wanted to make sure that the Committee is aware and the public is aware of how big this is. I will say I know of no livestock disease problem that has ever in the history of this country that has met the magnitude of this avian influenza that we have. And I am open to any rebuttal to that.

However, into that, if we are looking at nationwide 48 million birds that have been affected by this, all dead. Seventy-five percent of the layers in the country, Iowa. Ninety-two percent of the layers in Iowa in the Fourth Congressional District. That is my district. And so this is devastating to a very localized region in the country.

And it began in the turkey region in Minnesota as far as the Midwestern component of this is concerned. And I know that USDA deployed people up there quickly. By the time it hit in Iowa my numbers are about 47 turkey locations were positive before it spilled over into two turkey locations in Iowa. And then from there it hit the large laying operation near Harris, Iowa in Osceola County. That is when it became such a large epidemic that it was for a time out of control.

And so I wanted to speak with you about the things that need to be prepared for another event that may happen. And the focus on the East Coast, I am glad to see that here. I think it is very appropriate that they do that. But the resources that you have had, you testified here that they are at least adequate to this moment. And I am happy to be supportive if you need more resources.

I would want to bring to your attention some of the things like the emergency response component of this, the level of urgency that I thought I should have seen, more in line with a flood or a natural disaster or a hurricane, perhaps tornado is too small a magnitude for this. I thought that level of urgency should have been higher. The chain of command so that we know what that order of command is and who we can communicate with. I would ask you to take a look at that. Maybe look at the Corps of Engineers approach on how they bring a lot of resources to play under a military-style chain of command so there can be a quicker response.

You mentioned the disposal issue. That is a big problem. It was the biggest problem from the beginning. I am very troubled by what we had to do. And some of that is composting birds outside

in wind rows, yes, mixed with compost material, yes, an attempt to cover them with saw dust or corn stover. But still exposed to birds that can carry that disease elsewhere.

The epidemiological study that is at this point not completely complete is going to be a key to how we bring the biosecurity to bear, which might well be the key as to whether we can set up something maybe under RMA for an income interruption type of insurance for our producers, not only the turkey people, but especially the layers. So there are a lot of components of this that I would like to weigh in on.

And I will say this, is it your counsel I should write a series of op-eds on this and have that talk, or is there a better method that we can convey some of these things so that the next disaster, if it hits, pray it doesn't, these things that I have been in a position to see also can be implemented for solutions?

Secretary VILSACK. Mr. Chairman, can I respond? Well, the first step in the process, Congressman, would be for any ideas and thoughts you have, to be willing to share them at the meeting that is going to take place next week in Iowa, which is designed to basically get people to discuss this openly and fully, number one.

Number two, I agree with you in terms of the incident command process. That is why we are setting up a much different system. I agree with you that disposal is an issue. But of course as you know, it is not just dictated by the Federal folks. The state folks are involved, and the local folks are involved, and the landfill people are involved. That is why I have instructed our team to begin thinking about where could this potentially happen in states that have not yet been hit? Where are the landfills? Can we begin having conversations with landfill operators now to acquaint them with what this is all about, why it is not a risk for them to participate in disposal.

Disposal issues, absolutely no question that is an issue. And that is why we are looking at ways in which we can do a better job of that. The epidemiological study is going to be supplemented next week. We may learn additional steps in terms of biosecurity. And long term, the issue of an insurance product or disaster program certainly makes a lot of sense. So there is an awful lot of work that has been done, going to be done. If you have input, I am more than happy to receive it beginning of next week.

Mr. KING. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman's time has expired. Mr. LaMalfa, for 5 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman. And thank you, Secretary Vilsack, for being so available to this Committee and faithfully coming as often as you do. It is appreciated.

So, I just wanted to follow up on previous that we have talked in the past about on California's drought situation and emergency relief funding that was made available which was announced February of 2014. It was intended for emergency assistance in the drought period. So actually it was in response to 2013 drought.

And so we still have additional years on top of that. And we just need some more help with the state FSA offices on getting that out there. Because we have had only a handful that have actually been issued of drought relief funds that have been processed. And I have

the e-mail from one of the state staff here too that shows that there is still outstanding 180 applications of an initial \$5.4 million that was approved in an account. There is at least \$3.9 million still remaining in that same reserve that needs to be disbursed in response to the 2013. So we are here in 2015. And for those that really need that, it must be really having a lot of answers they are having to provide their bankers, *et cetera*.

So could you help us with whatever it is going to take to expedite at least in 2015 like ASAP to get those additional—those 180 applicants, get those out and the remainder of those funds, get those disbursed, please?

Secretary VILSACK. Congressman, I appreciate you bringing this to our attention, and as a result of your efforts, our prioritizing—I am not going to be able to pronounce this.

Mr. LAMALFA. Siskiyou.

Secretary VILSACK. Siskiyou County because of your concerns. I would say that part of the challenge we have is that it is not just our office, we work and have to work through the State of California's rules and regulations. There is a cultural resource review; there is an historic preservation officer, and a tribal preservation officer that are involved in reviewing these projects. And it depends on—

Mr. LAMALFA. For even something as simple as the disbursement of funds?

Secretary VILSACK. Yes. Yes.

Mr. LAMALFA. It is California.

Secretary VILSACK. The producer has to basically submit their receipts and then is essentially reimbursed for 75 percent of the work. So we will do what we can. We understand how important this is, that is why we allocated additional resources in 2014. That is why we just recently announced additional resources in 2015. We understand it is a problem.

Mr. LAMALFA. Thank you. All right, can we work with you on finding ways where you run into road blocks to be able to move those hurdles out?

Secretary VILSACK. Sure.

Mr. LAMALFA. It will be waivers for things that don't have an effect on—

Secretary VILSACK. Sure.

Mr. LAMALFA. This should not have any kind of cultural effect or other things. There shouldn't be a reason to have this hold it up. I am not pointing at you, sir, just the other end of the process. If you could help us find that, and get to the specifics, maybe we can work to get a waiver process or something that really doesn't have any negative effect and doesn't need all that review. Is that reasonable?

Secretary VILSACK. Yes. Yes, it is.

Mr. LAMALFA. Okay. Thank you. And then just one follow-up on one of my colleague's previous questions talked about the *waters of the United States* rule from EPA. Let's go to the other side of that. If the USDA were to identify a wetland that the Corps or EPA or others had not necessarily identified, what would that mean for farmers and ranchers if USDA classified it? Would that make those

wetlands, if it was identified as CWA, a Clean Water Act wetland, too do you think?

Secretary VILSACK. Congressman, I apologize. I just don't have the information and knowledge to be able to answer your question accurately or adequately. But I have, obviously, been asked this question by you and variations of it by other Members of the Committee. I am certainly happy to go back and ask our team to brief me on this and get me up to speed on precisely how best to answer that.

Mr. LAMALFA. I appreciate it. Because *waters of the United States* is a bit of a moving target, I understand, too. Maybe if we can anticipate this, some of these things won't happen. Go ahead, sir.

Secretary VILSACK. I agree with you. It is a moving target, and it may very well take the political process and a judge at some point in time to figure it out. But I apologize that I am not able to answer your question.

Mr. LAMALFA. It is okay. All right. So, thank you, sir.

And Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back.

Mike Bost, 5 minutes.

Mr. BOST. Thank you, Mr. Chairman. Thank you, Mr. Secretary. And my questions are pretty short. First off, let me apologize for not being present at the start. It was between you and the Secretary of the VA, who got first. I am sorry, but I am here now.

The question that I have, and it is because my district right now, sometimes you hear around this nation where people lack water. Well, we would like to send some to them. And I am just kind of wondering, because I know our governor from the State of Illinois is applying for a declaration, disaster declaration.

How are you prepared, and how does that process work for our farms that have just been devastated through the flooding that we are experiencing right through the Corn Belt?

Secretary VILSACK. Well, if the governor is asking for secretarial designation—

Mr. BOST. Exactly.

Secretary VILSACK.—it comes through our process, and we try to respond to it as quickly as we can, because we know that that then gives us the capacity to make emergency loans more readily available, those kinds of things. I would be happy to take a look at. I don't know if we received it yet, but if we do, it has been my instruction to our team to try to turn these things around as quickly as possible.

We did streamline the process for drought declarations making it more automatic, but I will be happy to take a look at it.

Mr. BOST. Okay. My staff has been working with them. So it is our hope that we can move fairly quickly, because of the situation.

Also, the other question I have is: I know that you are talking about implementing the new information technology and that type of programs out there. Would any of that reduce and/or shut down any of our service centers, does it centralize it? Do we still have our service centers in the field, or is there any—

Secretary VILSACK. Well, it should reduce the amount of busy work and paperwork and is already actually doing that in terms of

reducing the amount of staff time. In the past what would happen is if you came into an FSA office and you needed information, literally paper records would have to be pulled. That obviously takes time.

Now that is no longer the situation. You can call it up on the screen pretty quickly. Over a longer period of time, as we continue this, you will eventually, if you have access to broadband and so forth, you will eventually be able to access a lot of this information. Your conservation stuff is already accessible at home. So clearly, that is going to reduce the amount of time that has been spent in the past on those kinds of issues.

Now, what we have attempted to do is to try to plan for that by creating a process in which FSA offices will become more than what they had been in the past without minimizing what they do, which is important in terms of their relationship with farmers. We would like to see them also be a provider of information about other USDA programs that might assist the farmer that may not be an NRCS program or may not be a farm loan program, but they could be a marketing program.

So we are in the process of creating pilots around the country to see whether or not FSA offices would be amenable to this, whether they could learn enough about our rural development programs to be able to say to a farmer coming in, "Hey, have you ever thought about this value-added opportunity, have you ever thought about this cooperative opportunity as a way of creating additional responsibilities, additional information that will allow them to maintain their legitimacy and their relevance."

There are issues relative to the structure that we have today. In my view, there are 31 offices today in FSA that have no full-time employee in them, but I cannot close those offices because Congress has directed me not to close any office. So when you basically say to me, operate it like a business, I say, fine. Then tell me that I can't close 31 offices that have no full-time people in them, you have to ask the question, is that really operating it like a business?

Mr. BOST. Thank you. I yield back.

The CHAIRMAN. The gentleman yields back.

Mr. Thompson, 5 minutes.

Mr. THOMPSON. Mr. Chairman, thank you so much.

Mr. Secretary, good to see you.

Secretary VILSACK. Good to see you.

Mr. THOMPSON. I wanted to touch base, basically, on the issue of the AD-1026s and the new conservation compliance requirements that we have in the farm bill. We had the Director of NRCS in, the chief, and we had a conversation on that. So I wanted to follow up on that. I have some continued concerns. I know that, actually, the Department and the agency has tried its best to reach out to inform folks about the need to file that form, but I do have concerns that the fall is going to come, and the bill is going to come due, and there may be some farmers or ranchers kind of surprised because they missed it, whether it was livestock or perhaps specialty crops. Some folks that just this may be somewhat new to.

Any idea how many of those, overall, how many did or did not complete the AD-1026 form in time?

Secretary VILSACK. The statistics that I can cite to you, are 98.1 percent of producers that we thought potentially might think about this actually signed up and got their form on file.

We estimated it is roughly 10,000 folks who potentially, from prior records may be impacted, but of that number, many of them are no longer farming. Some of them are no longer around. So that number is going to be significantly reduced by the time it is all said and done.

Congressman, we really made an effort, every press release that went out about this 6 months in advance made reference to that June 1 date. We actually worked with the companies to make phone calls, to send e-mails. There was an aggressive, comprehensive effort, and that is why you saw as many people sign up. At the end of the day, there may very well be a handful of folks who just didn't get it done. But, on balance, we did the best we could with a very firm date that was set in law.

Mr. THOMPSON. Do you have any flexibility at this point? And I am glad to hear, that was the number I heard, too, 10,000. As you said, some of those may not be farming today, maybe choosing not to just go down that route in terms of crop insurance.

I am just curious, any tools that you may have as we get closer to that and we see that people start to discover that they are just not going to be in compliance, therefore, their premiums are not going to get that subsidy and, therefore, may take it out of a range of what is affordable in terms of managing their risk. I don't know if we have provided you with any flexibility in the final hour.

Secretary VILSACK. Yes. I have been told that we don't.

Mr. THOMPSON. Okay.

Secretary VILSACK. We are sending out letters now to that handful of folks who may, as you say, be surprised when they find out. Those letters started going out July 22nd. I guess it is today. They go out today. So we will, obviously, begin hearing soon, I suspect, from folks.

I have been told we don't have any flexibility. I am happy to go back and ask that question one more time, but I don't think we have much of—that is why I was so insistent on a massive effort to make sure that everybody knew the June 1 date was coming up. I can't tell you how many interviews I gave about that, how many times I mentioned it. We did everything we could to try to get that information as personal as possible to people.

Mr. THOMPSON. And you have done a good job. I think the Department, quite frankly, and NRCS has done a good job pushing that information out. So I look forward to keeping in contact with you just as we get closer to that date just to see how we did in the end.

Secretary VILSACK. Fair enough.

Mr. THOMPSON. Thank you.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back.

Mr. Abraham, for 5 minutes.

Mr. ABRAHAM. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here. I represent northeast Louisiana, central Louisiana, and the problem that I have had



come up is it goes back to how generic base acres or former cotton acres are divided among farmers on a farm.

For some reason, the FSA has decided to divide up generic-base acres differently than how the agency divides up the regular base acres. And I know this is a problem throughout the South, the Chairman of the great State of Texas has run into the same obstacle. In the division of the regular base acres, it makes perfect sense to me and my farmers, and I still farm actively too. It simply follows the rental agreement on the farm.

But for a generic-base acres, instead of simply dividing up generic base in the same way in accordance with the rental agreement, FSA ignores the rental agreement and instead, divides the generic base upon the total planted acres of covered commodities on the farm as recorded in the FSA's 578 form. And I have looked at that and ran into this on my farm.

So the issue gets confusing, but the upshot is the FSA's new way of dividing up generic base among producers on the farm results in a lot of inequities where farm bill payments are going to be paid to actually the wrong farmers. So some farmers will be seriously shortchanged while other farmers will receive more than they should, actually windfalls in some cases in my district. So this is especially problematic because rental agreements and loans have been made based upon the way regular acres have been allocated.

So, again, the best way to resolve the problem personally is to simply have the generic base divided like the regular base is divided. My question, will you work with me and my rice farmers especially that want to convert these old cotton base, generic acres into rice farms as we move forward to try to fix this problem? We need some help in the South on that.

Secretary VILSACK. Congressman, I need some help myself. At one point in time I could answer that question, because it was in my head, but it is not in my head. Can I ask—

Mr. ABRAHAM. Sure you can. You can get back to me. I need to ensure or tell my farmers that this is a fixable problem. Because right now these base acres, these generic base acres, they are not being allocated very productively for my rice farmers especially.

Secretary VILSACK. Congressman, I will absolutely commit to you that our team will get in touch with your folks and work with your folks.

Mr. ABRAHAM. Very well. That is all I ask.

Secretary VILSACK. I don't want to mislead you in terms of whether or not it is a solvable problem. It may or may not be. Right now I am having a hard time calling it up.

Mr. ABRAHAM. As long as we can have conversation, then I am good.

Secretary VILSACK. Always.

Mr. ABRAHAM. All right. One other question, then I will yield back. On the Inspector General's recommendation, it included having a third-party non-government entity review of the MIDAS program to determine whether it is the most effective IT fix or not. Where is the status of that recommendation from the Attorney General—I mean the Inspector General as far as you guys are concerned? Are you all taking that to heart? Are you utilizing it? What stage is it in?

Secretary VILSACK. We are attempting to follow all of the recommendations that the OIG has provided on many of the subjects that we have talked about today, including MIDAS.

Mr. ABRAHAM. Do you actually think a third party needs to come in, in light of the GAO and the MIDAS program problems?

Secretary VILSACK. Honestly, I am not sure that that would necessarily be helpful. It is certainly at the time that this was reviewed and the time that these problems occurred, essentially, that is what we did by bringing in somebody from the outside. I brought in Jonathan, who is now our CIO. I brought him in from the outside and said, take a look at this. He came back and basically said, here are the problems that you have. You have a disconnect between some of your career folks in Kansas City and some of your folks in D.C.

You have an old system that some people are trying to cobble together, and you have actually, you know this has been a fairly aggressive effort. We need to break this down into incremental parts, and we need to do this in a more thoughtful way in terms of bringing this stuff online. And as a result of bringing him in from the outside looking at this, he became the project manager. He began meeting with me on a weekly basis, and we are in a much better place today.

So in that sense we did bring somebody in from the outside. Now, I don't know if it was an outside entity, but it certainly is somebody who knew what he was talking about. And I think he has—

Mr. ABRAHAM. As long as progress is made. Okay. Thank you.

I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. Before we adjourn, I ask the Ranking Member for any closing remarks he has?

Mr. PETERSON. Thank you, Mr. Chairman. And I want to just thank the Secretary, again, for his forthright answers today and doing a good job, as he normally does. And also thank him and Dr. Clifford and others at the Department for their response to the avian flu crisis.

We went through, probably, one of the toughest times that I have ever seen with this avian influenza situation, and people were pretty down in the mouth at one point. But I met with a number of people on Saturday, and their attitude has changed, and part of that is because of your efforts and Dr. Clifford's and others in terms of listening and responding. And that has helped restore confidence in the industry as well.

And in your response today to the questions, you hit on the things that my producers were concerned about, and what that means is that you have been listening and we don't have all the answers, any of us, but we are going to try to boil down and out of 100 different ideas out there about how to improve things, we are going to try to boil that down to a few, bring it to this meeting you are having next week. I think it is next week.

Secretary VILSACK. Yes, it is.

Mr. PETERSON. And again, just thank you for what you have done and what you are doing. We look forward to continuing to work with you and appreciate you.

Secretary VILSACK. Thank you, Congressman. And the meeting is on Tuesday, next week, in Des Moines.

Mr. PETERSON. Okay.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. The gentleman yields back.

Mr. Secretary, I had one real quick follow-up on the debarment and suspension. Can you bring the civil suit, I guess, to someone or does it have to be Justice who do that?

Secretary VILSACK. Everything that we do in terms of a legal action gets—

The CHAIRMAN. Okay.

Secretary VILSACK. It is Justice.

The CHAIRMAN. Well, I appreciate your comments earlier about wanting to expand, perhaps, that issue about what can and when is it subject to debarment, because my crack legal staff showed me under the *Code of Federal Regulations*, that there are some steps beyond just civil and criminal things that can allow you to propose somebody for debarment and suspension.

Secretary VILSACK. There are. However, as it relates to the situation we are talking about here, those don't necessarily apply. They are very specific. So there is a process where you could amplify on that list that would create more flexibility.

And the idea, Mr. Chairman, is, frankly, is to create some kind of due process mechanism by which there is a determination that there was wrongdoing so you don't get in a situation where I make a judgment about somebody and they come in and they go, well that was a poor judgment or you did it because you didn't like the guy.

The CHAIRMAN. You didn't like the guy—well, Mr. Secretary, you and I are violently in agreement with each other on what needs to be done with respect to that, so I appreciate that.

Oversight is not all that pleasant from time to time. In many instances, these investigations take a long time to get done. Some of the things we are talking about are several years old. That doesn't lessen the impact it has on the American people's trust and confidence in all of us that Congress is doing its job, that you are doing the job you need to do to protect those scarce resources for all of us.

But I hope we can have your commitment to continue to work with us on all of these oversight issues.

Secretary VILSACK. [Nods heads.]

The CHAIRMAN. Your team has been working really well. I was hoping that we wouldn't make you so mad this morning that you decided to bail out on us on that deal, because we do have some legitimate things that we want to understand and know. And I know you have certain equities, we have certain equities. But having your team work with us, I appreciate that. We don't want to devolve into something like a mud fight, that it is unnecessary. And I really appreciate what you guys have done to date.

One other thing, there was another thing you talked about where in these grants are made to NGOs or other organizations making sure that you have the proper internal controls in place, that they then spend the money the way they are supposed to, and that they don't overpay themselves. There are a variety of ways to control

the \$177 billion that you guys oversee every year in expenditures. I mean, out of your testimony, that is a pretty sizable number, number of transactions are pretty daunting. We are only talking about a few of those, but those few as I mentioned earlier taint the water.

So I appreciate you being here this morning. And we are getting you out of here right on time. Under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional materials, supplemental written responses from the witness to any questions posed by a Member.

This hearing on the Committee on Agriculture is adjourned. Thank you, Tom.

[Whereupon, at 12:14 p.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

## SUBMITTED QUESTIONS

**Response from Hon. Thomas “Tom” J. Vilsack, Secretary, U.S. Department of Agriculture**

*Questions Submitted by Hon. K. Michael Conaway, a Representative in Congress from Texas*

*Question 1.* Sec. Vilsack, you stated in a hearing before this Committee on Feb. 11 of this year on the *State of the Rural Economy* that “The public-private partnerships found in the guaranteed lending programs administered by RD and FSA are robust and growing”. How do you reconcile this statement with the fact that for FY15 and again for FY16 you have proposed through the President’s Budget request a complete zeroing out of the Community Facilities Guaranteed Loan Program which would result with the private-sector being completely excluded from participation in the Community Facilities Loan program? Would this not put the government in direct competition with the private sector for these loans?

*Answer.* Although the Community Facilities (CF) Guaranteed loan program has been a successful program over the years, it does require budget authority for it to be funded. For FY16, this program has a subsidy rate of 2.36%, which means that it would take \$2.36 million of taxpayer funds to support a program level of \$100 million. On the other hand, the CF Direct loan program has a negative subsidy rate and does not require any taxpayer funds to support the President’s proposed funding level of \$2.2 billion. Although the CF Direct loan program serves those communities whose rural and economic conditions do not afford them access to private lending, this program has been able to leverage its funds with those from private investments. In FY15, CF Direct loan funds were leveraged with over \$142 million of non-guaranteed private investments. Hence, we consider the CF Direct loan program to complement, rather than compete, with the private-sector.

*Question 2.* Sec. Vilsack, in testimony you provided this Committee on Feb. 11 of this year in a hearing on the *State of the Rural Economy*, you stated that there has been an increase in the Community Facilities Loan program staffing by 44% since the first quarter of FY15 and that all of the new hires are underwriters. However, it has also been stated that the previous staff reductions were some of your most senior and experienced personnel. It is unknown what level of experience and expertise comes with the 44% increased staff levels, yet with any large staff turnover, time is needed for new personnel to become acclimated to new policies and procedures. Since, as you stated, all new hires are underwriters would this not seem to strongly indicate a focus by your Department on the pipeline of new Direct loans rather than ensuring proper management and servicing of the direct loans already approved? Who will be minding the store on the loans booked over the recent years as they travel through the risk cycle (construction, seasoning, etc.)? What assurance can you provide this Committee that the annual \$1.2B in taxpayer money used in loan authority through the CF Direct Loan Program is being properly managed and serviced once the loans are approved?

*Answer.* The additional Community Facilities (CF) staffing relieves some of the work overload across the entire CF program, which allows the agency to increase its emphasis in multiple areas, including CF portfolio management. We continue to make the soundness of all of our portfolios a top priority. For the CF program, we recently developed and have been utilizing a credit risk assessment tool that helps staff identify and assess risk through a series of financial and operational analyses; then, develop a strategy to address risk concerns. We also established four CF Asset Risk Management (ARM) specialist positions that provide regional coordination and oversight of CF operations within their respective region of the country. One of the primary responsibilities of these positions is to oversee and monitor the CF portfolio for their region. These ARM specialists also work directly with the Rural Development State Offices in their region on all complex servicing issues. At the National Office level, CF program managers have implemented monthly servicing meetings and monthly delinquency reporting by RD region to ensure early servicing intervention. Also, the National Office has strengthened a wide variety of internal controls to manage the risk associated with our programs. Due to the sound management of the CF Direct loan portfolio, the delinquency rate continues to remain low. The average monthly delinquency during the past 3 fiscal years was only 2.10%. The average monthly delinquency during FY15 was only 2.07%. And, the delinquency at the end of FY15 for the CF Direct loan program was only 2.05%. The Committee can be assured that the agency will continue to properly manage and service the CF Direct loans after they are approved.

*Question Submitted by Hon. Marcia L. Fudge, a Representative in Congress from Ohio*

*Question.* Secretary Vilsack, a primary advantage of a flourishing Historically Black College and University system is the incredible talent pipeline these schools can provide for employers who value diversity and inclusion—and the skills, strengths and perspectives that brings—in their workforce. For example, The Boeing company has developed a rich partnership with 25 Historically Black Colleges and Universities and Minority Institutions in 14 states and the District of Columbia. This has resulted in:

- Boeing has hired 500 full time employees from these institutions between 2012 and 2014.
- 6,352 Boeing employees are alumni (as of May 2015).
- 120 Boeing Executives are alumni (as of May 2015).

Further, these institutions themselves have been directly supported by The Boeing Company and its' employees with \$11.75 million in charitable investments, research and development spending, and continuing education for the period of 2012–2014.

Can you please identify plans the Department of Agriculture might have to highlight, promote, or encourage partnerships such as these with the public, students, Congress, or other employers?

*Answer.* USDA has a number of initiatives and programs to promote diversity and inclusion and deepen our partnerships, including with the 1890s institutions and the private sector. Our Cultural Transformation Initiative is now in its sixth year, with a strong emphasis on recruitment and retention, as well as diversity and inclusion, across the Department. For the 125th anniversary of the 1890s, USDA was pleased to support the newly created Centers of Excellence, including one on workforce development. APHIS and FAS provided an initial investment in that Center, and RD, FSA, NRCS and FS provided investments in other Centers. We have an ongoing presence at all 1890 campuses through our Office of Advocacy and Outreach liaisons who, among other things, promote our USDA 1890s National Scholar program that provides financial assistance for students who then intern and work at USDA.

The Office of Advocacy and Outreach (OAO) coordinates the delivery of USDA services to underserved groups. This includes USDA's Higher Education Institutions Program. This program partners the USDA with 1890's Land-Grant Colleges and Universities, the 1994 Tribal Land-Grant Colleges and Universities, Hispanic Serving Institutions (HSI's), Historically Black Colleges and Universities (HBCU's), and Predominantly Black Institutions (PBI's). The mission of these partnerships is to increase minority participation in programs and services available across the government agencies, as well as in private industry. The USDA/1890 National Scholars Program is a major effort between the USDA and the nineteen 1890 Historically Black Land-Grant Universities. The program awards scholarships to students attending one of the 1890 Historically Black Land-Grant Universities, pursuing a bachelor's degree in agriculture, food, natural resource sciences, or related academic disciplines.

The USDA's partnership with the Thurgood Marshall College Fund (TMCf) provides internship and post-graduate fellowship opportunities to students from Historically Black Colleges and Universities who have displayed exemplary academic ability and professionalism. These internship opportunities serve as a channel for potential endeavors in government as well as in the private-sector by providing scholars with invaluable first-hand experience in governmental agencies. TMCf has partnered with major entities such as Wells Fargo, Apple Inc., and GlaxoSmithKline, whom have tasked them with providing a pool of exemplary ready talent for internal positions upon graduation. The USDA/TMCf partnership program assists HBCU students in garnering the experience necessary to compete for these positions.

Also, USDA partners with the National Association for Equal Opportunity in Higher Education (NAFEO). NAFEO's Higher Education Internship Program recruits students across all 155 HBCU's and PBI's for the USDA internship opportunities. The goal of the USDA's partnership with NAFEO is to increase the number of students studying agriculture, food, natural resources, science, engineering, health, and other related disciplines and offer internship opportunities to NAFEO Scholars within the USDA by providing qualified students with paid internship opportunities in the USDA offices nationwide.

NIFA and ARS have several on-going programs that enable students from 1890s to gain purposeful working experience and knowledge at Agri-Businesses across the country.

Through NIFA, twenty students from University of Maryland Eastern Shore have recently completed training at Dow Agro-Sciences. As a result, many of these students are interested in applying for extended internships and jobs at Dow. Delaware State University sent six students for similar trainings at Dow. The next to go for these experiential learning opportunities are students from North Carolina A&T and Tuskegee. NIFA is actively pursuing additional Agribusinesses to engage 1890s students.

Also this year, as a part of its Agriculture and Food Research Initiative competitive program, NIFA is offering an “experiential learning” component within its Education and Literacy Initiative that will enable students including from 1890s to find internship opportunities at various U.S. Agribusinesses and even study abroad. This program is designed for students to gain hands-on experience and working knowledge of Agribusinesses so that upon graduation these students will more likely be able to find jobs in these agribusinesses. NIFA expects to fund 300 such internships this year. More information on these programs can be found at <http://nifa.usda.gov/program/afri-education-and-literacy-initiative>.

ARS also provides support to Historically Black Colleges and Universities (HBCUs) including 1890 Land-Grant Institutions, in the areas of Research and Development; Facilities and Equipment; Student Tuition Assistance, Scholarships, and Other Aid; and Third Party Awards. This includes, but not limited to, Alcorn State University, Alabama A&M University, Delaware State University, Tennessee State University, Florida A&M University, and the University of Maryland, Eastern Shore. This support is in excess of \$2.77 million. In addition, ARS supports a number of Pathways Interns, including USDA/1890 National Scholars, many of whom go on to complete degrees in agriculture and related sciences and pursue careers with USDA upon graduation. Currently, the Agency is sponsoring ten scholars and providing support over several years to each. ARS has provided assistance for six additional scholars over the last 5 years. More information pertaining to ARS’ Diversity Outreach Program can be found at <http://www.ars.usda.gov/AboutUs/docs.htm?docid=23072>. Here you will find USDA Internship Programs, Recent Graduate Programs, and USDA Pathways Program.

These programs support our partners:

- USDA/1890 Capacity Building Grants.
- USDA/1890 Centers of Excellence.
- USDA Liaison Programs.
- White House Initiatives.
- Historically Black Colleges and Universities (HBCU).
- Hispanic Serving Institutions (HSI).
- Hispanic Association of Colleges and Universities (HACU).
- Tribal Colleges and Universities (TCU).

I would also like to mention USDA’s Agricultural Outlook Forum Student Diversity Program. In an effort to increase the present and future diversity participation in the Forum, the Student Diversity Program, created in 2007 when ten students were selected to attend the annual meeting held in the Washington, D.C. area, provides sponsorship opportunities for junior-senior baccalaureate and graduate students. The program has grown and now targets 30 students (20 undergraduate and ten graduate) studying agriculture related disciplines come from Land-Grant Colleges and Universities including the 1890s institutions, Hispanic-Serving Institutions, and American Association of State Colleges of Agriculture and Renewable Resources institutions. USDA’s Office of the Chief Economist provides leadership for The Student Diversity Program, and with program partner the University of Maryland Eastern Shore, an 1890s institution, and support from sponsors, including CHS, Inc., Farm Credit, and USDA’s Economic Research Service, Agricultural Research Service, and Natural Resources Conservation Service, 145 students have participated. More than a dozen participants have gone on to become USDA employees.

Last, USDA has recently been engaged with the agricultural business sector on the need to develop effective strategies to recruit diverse candidates for the increasing number of career opportunities that exist within the industry. Over the next five years, 35,400 new U.S. graduates with expertise in food, agriculture, renewable natural resources, or the environment will fill only 61% of forecasted openings (USDA funded report here). As demand will outpace supply, USDA is encouraging private sector employers to explore non-traditional sources—such as community colleges,

land-grant institutions, Hispanic Serving Institutions, Tribal Colleges, and HBCUs—to fill talent needs. While the private sector understands that innovation and market success rest on a workforce that is diverse, in its broadest sense, they have not yet had the opportunity to partner across the industry to establish a strong framework for how to grow the pipeline of talented, diverse individuals.

USDA understands that overall success in achieving diversity cannot only come from individual company efforts. As such, the Department has encouraged Archer Daniels Midland (ADM)—a leader in diversity recruitment efforts—to organize an industry-wide roundtable on diversity in agriculture. ADM has planned the event for later this fall, and has invited Secretary Vilsack, Deputy Secretary Harden, and USDA senior leaders to speak to industry leaders about the importance of this open dialogue and to share best practices. This discussion will bring together representatives from the food, agribusiness and workforce-recruitment industries with experts from the academic, not-for-profit and public sectors. USDA will use the forum to encourage business leaders to work with educational institutions, among other groups, and with each other to develop creative initiatives to expand diversity within the entire agricultural sector.

*Questions Submitted by Hon. Alma S. Adams, a Representative in Congress from North Carolina*

*Question 1.* Thank you, Mr. Chairman, and thank you Secretary Vilsack for being here. It was nice to see you last week when we both spoke at the 1890 Convocation in the Library of Congress.

In the 12th District of North Carolina, the No. 1 Agriculture issue is food insecurity. Mr. Secretary, we have discussed in previous Education hearings about the summer meals program.

Twenty-two percent of children in the 12th district who qualify for free and reduced lunch do not qualify for the summer meals program because their community is not considered poor enough to offer a summer meals site.

Mr. Secretary, what authority would USDA need to waive some of the current requirements for the Summer Food Service Program that keep eligible children who live in currently ineligible communities from accessing the program?

*Answer.* I appreciate the opportunity to clarify this issue. There are no communities in the country that are “ineligible” to operate a Summer Food Service Program (SFSP) site. Open SFSP sites, where any child under 18 years old can receive a free meal, must be located in areas where at least 50 percent of the children residing in the area are eligible for free and reduced price school meals. Communities under the 50 percent threshold can operate closed enrolled sites or camps, where children need to enroll and can receive free meals if more than ½ of them are from low-income families. FNS has been doing extensive outreach to States, including extra technical assistance for 13 targeted States this summer, to help them increase access to summer meal sites. I would be happy to work with you to make sure communities in your district that may not be eligible for an open site are aware of the other options to help them serve more children. Summer Electronic Benefit Transfer (EBT) is a very promising model to increase access to food during the summer and could be targeted to low-income children living in areas that are ineligible for open summer sites. The President’s fiscal year 2016 Budget requests about \$67 million to expand Summer EBT. Providing flexibility in SFSP’s congregate feeding requirement and expanding eligibility criteria for open sites are two other strategies to potentially reach more children, which would require authorization from Congress.

*Question 2.* The Healthy Food Financing Initiative (HFFI) is very important to many communities in the 12th District that have food deserts.

The President, the First Lady and you have constantly made the Healthy Food Financing Initiative a USDA priority.

Can you share when are you going to start the program? The Senate Agricultural Appropriations bill included funds of \$1 million to support USDA’s portion of the Healthy Food Financing Initiative. What is the minimum amount that USDA would need to have appropriated to the program to begin supporting food access projects?

*Answer.*