

**THE U.S. DEPARTMENT OF AGRICULTURE
AND THE CURRENT STATE OF THE FARM
ECONOMY**

HEARING
BEFORE THE
**COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY**
UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS
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CONTENTS

	Page
HEARING(S):	
The U.S. Department of Agriculture and the Current State of the Farm Economy	1

Wednesday, September 21, 2016

STATEMENTS PRESENTED BY SENATORS

Roberts, Hon. Pat, U.S. Senator from the State of Kansas, Chairman, Committee on Agriculture, Nutrition, and Forestry	1
Stabenow, Hon. Debbie, U.S. Senator from the State of Michigan	9

Witness

Vilsack, Hon. Tom, Secretary, U.S. Department of Agriculture, Washington, DC	4
--	---

APPENDIX

PREPARED STATEMENTS:	
Stabenow, Hon. Debbie	44
Tillis, Hon. Thom	47
Vilsack, Hon. Tom	48
DOCUMENT(S) SUBMITTED FOR THE RECORD:	
Tillis, Hon. Thom:	
Additional comments submitted for the record	66
QUESTION AND ANSWER:	
Vilsack, Hon. Tom:	
Written response to questions from Hon. Pat Roberts	68
Written response to questions from Hon. Debbie Stabenow	73
Written response to questions from Hon. Michael Bennet	86
Written response to questions from Hon. John Boozman	79
Written response to questions from Hon. Sherrod Brown	85
Written response to questions from Hon. Robert Casey, Jr.	90
Written response to questions from Hon. Kirsten Gillibrand	87
Written response to questions from Hon. Heidi Heitkamp	89
Written response to questions from Hon. Amy Klobuchar	86
Written response to questions from Hon. Ben Sasse	81
Written response to questions from Hon. John Thune	83
Written response to questions from Hon. Thom Tillis	80
ADDITIONAL MATERIAL(S) SUBMITTED FOR THE RECORD:	
Vilsack, Hon. Tom:	
Supplemental USDA Letter, National Organic Standards Board, October 19, 2016, written response	94-118

THE U.S. DEPARTMENT OF AGRICULTURE AND THE CURRENT STATE OF THE FARM ECONOMY

Wednesday, September 21, 2016

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC

The Committee met, pursuant to notice, at 10:01 a.m., in room 328A, Russell Senate Office Building, Hon. Pat Roberts presiding.

Present: Senators Roberts, Boozman, Hoeven, Perdue, Ernst, Tillis, Sasse, Thune, Stabenow, Leahy, Brown, Klobuchar, Bennet, Gillibrand, Donnelly, and Casey.

STATEMENT OF HON. PAT ROBERTS, U.S. SENATOR FROM THE STATE OF KANSAS, CHAIRMAN, U.S. COMMITTEE ON AGRI- CULTURE, NUTRITION, AND FORESTRY

Chairman ROBERTS. Good morning. I call this meeting of the Senate Committee on Agriculture, Nutrition, and Forestry to order. I apologize for interrupting all this very important talk.

Senator BROWN. It is about baseball.

Chairman ROBERTS. Oh, baseball?

Senator DONNELLY. —about the Cubs. A Cubs and Indians World Series. You heard it from me first.

[Laughter.]

Chairman ROBERTS. Well, if you said the Royals, I might be a little more interested.

Today is a special day for this Committee. We have the administration's longest serving cabinet member before us, giving his final testimony in this historic room, Secretary Tom Vilsack. Tom, welcome.

It was January 14, 2009, when you testified before this Committee for the first time. During that hearing, I asked you to be a champion, a spokesperson, and an educator for agriculture. Many times over the last seven-plus years you have done just that and done it well.

Now I may not agree with all of your decisions, but I do believe you work extremely hard to promote rural and small-town America. Thank you for that.

When you were here in February of last year, we focused on the implementation of the 2014 Farm Bill, and producers from across the country offered their testimony, and you responded to their concerns. Today's hearing is essentially an extension of that con-

versation and an opportunity for all of us to address the economic concerns we hear rising from farm country.

Eleven days ago, I and Chairman Conaway, attended the Kansas State Fair, a great opportunity to hear firsthand what folks had on their minds. Plain and simple, farmers and ranchers are worried the downturn in the agriculture economy is taking a toll on their pocketbooks and the health of many family operations.

In Kansas and across the Midwest, we have had a bountiful wheat harvest. I had a farmer call me from northwest Kansas. He had over 100 bushels an acre. Don't anybody tell anybody that biotech is not important.

Now there are expectations for potentially record-setting corn and soybean crops. We have got a lot of wheat on the ground, corn incoming.

Most years, this would be great news. However, these high yields come at a time when we are experiencing large inventories worldwide. At the farm gate, the drop in commodity prices—[cell phone interruption]. At least I did not have to tell you let it go.

[Laughter.]

Chairman ROBERTS. Somehow this is appropriate. I am not sure why, but it is.

At the farm gate, the drop in commodity prices and farm income are felt firsthand, and their magnitude is foremost on everyone's mind around this table. In Kansas, the continued downward trend in wheat prices has triggered loan deficiency payments for hard red winter wheat for the first time in over a decade.

With large global inventories for wheat, corn, dairy, and more, the prices farmers receive and their income levels may stay relatively low for several years. I hope that is not the case, but that is the reasonable prediction. This is not a positive trend for agriculture producers, input suppliers, equipment manufacturers, or our rural communities and small towns.

Farm country has experienced quite the rollercoaster since 2009, as noted in the Secretary's submitted testimony. Our farmers and ranchers have seen historic high prices and now historic lows. They fought droughts, floods, fires, disease, and whatever Mother Nature could throw at them. That is what farmers do. They take on Mother Nature's worst, and they plow forward.

They understand this challenge when they sign up, and they also understand it is part of the way of their life. But they also understand that they have a fighting chance to survive.

However, their chances of survival can quickly go from slim to none when they are not only battling the weather but also the heavy hand of government over-regulation. During these tough economic times, farmers, ranchers, and agribusinesses compete at the thinnest of profit margins. Unfortunately, this administration appears to be moving forward with regulations across all sectors that will knowingly cut these margins, hurting both producers and consumers.

For example, the Department's new organic standards would require intensive capital investments for livestock and poultry producers and ultimately lead to increased disease and death of poultry.

Livestock producers also face uncertainty and dread over proposed GIPSA rules that were originally proposed in 2010. They know very little of the USDA's plans to finalize the rules, and if they cannot exercise their right to make comments on regulations, that would directly impact their marketing abilities. I hope they get that right.

Let us not forget that this administration has proposed cuts to the crop insurance program each and every year. Congress fought hard, we fought hard, I fought hard, everybody on this Committee fought hard, to beat back a proposal that would have stripped \$3 billion out of the program last year following a \$6 billion cut and another \$6 billion cut—the crop insurance program is not a bank—only to have the administration propose more harmful cuts in their budget sent to Congress months later.

Let me say, with regards to those proposed cuts not in this room, not on my watch, not on the watch of many of us here on the Committee.

It is not just the producer who has seen troublesome regulatory proposals. For consumers, the new SNAP retailer proposed rule could force 100,000 stores to leave the program. I am worried about that mother on the SNAP program who would not have access to that convenience store to redeem their benefits. How does this help those in need?

These examples are just within the Agriculture Department. They are a drop in the bucket compared to the flood of regulations we have seen pop up from the EPA, FDA, Department of Labor, OSHA, and other regulatory agencies, that would directly hurt the well-being of the agriculture sector.

Whether it is the Waters of the U.S., delayed approvals of innovative biotechnologies, access to critical inputs, or new reporting requirements, these regulations have reasonable business men and women truly worried, concerned, angry, giving up about whether they can continue as a business, and what might be proposed in the last months of this administration.

My fundamental concern, and the main concern from farm country, is that any administration—any administration, Republican, Democrat, Libertarian—would put an agenda ahead of sound science, and that voices critical of production agriculture will drive government decisions. They fear they are being ruled, not governed. I hope that is not the case.

So today I find myself asking for what I asked for in 2009—a champion, a spokesperson, an educator who will stand up for production agriculture. Mr. Secretary, you have filled that role on many occasions over the last seven-plus years. I am asking you to finish your term with that same mindset; I know you will.

I am glad you are here today. Hopefully, this hearing will shed additional light on the Department's plan for the last few months and calm our producers' fears and worries during these trying times.

My dear friend and colleague and the distinguished Ranking Member, Senator Stabenow, is in the Finance Committee. She will be here very soon. As soon as she gets here, she will be recognized to make her opening comments.

I now turn to you, sir, Secretary Vilsack, to make your opening statement.

**STATEMENT OF HON. TOM VILSACK, SECRETARY, U.S.
DEPARTMENT OF AGRICULTURE**

Secretary VILSACK. Mr. Chairman, thank you very much. To the members of the Committee, thank you for the opportunity to be here this morning.

I am not going to spend the full five minutes of my time because I know that your time is limited. I just simply want to say "thank you" to this Committee for providing an incredible example to the rest of the Congress and the Senate and the rest of the country.

During the course of my time as Secretary, which I have been honored to have this position, this Committee on the Senate side and its companion committee on the House side have worked diligently to pass a solid farm bill, have taken on the difficult task of dealing with labeling, and I think have shown the ability and capacity to work across party lines, out of mutual respect, for the benefit of rural America and all of America.

So my comment today, Mr. Chairman, is just simply to say "thank you" for providing that example. I think this Committee has done what the founding fathers of this country expected it to do, which was to have vigorous debate but at the end of the day to find common ground and common cause.

I look forward to your questions, and hopefully I can provide some insight on some of the issues that you have raised in your opening statement.

[The prepared statement of Secretary Vilsack can be found on page 48 in the appendix.]

Chairman ROBERTS. Mr. Secretary, thank you very much for your brief comments.

We are going to move to questions now in the interest of time, and the Secretary, as always, has a severe time schedule. I have several questions here, and then we will go down the list of those who came, and finish that up, and hope we can have Senator Stabenow as soon as she can.

My first question is related to biotech disclosure. We reviewed the USDA's request for information to implement the study of the potential technology challenges mandated in the recently passed biotech disclosure legislation. That is the bill you mentioned. That is the bill we have been working on for several years.

It appears that the USDA is going well beyond the scope directed in the law. The USDA's draft work statement calls for an additional consumer use study which aims to identify the likelihood consumers will use electronic or digital disclosures when making food purchasing decisions.

Mr. Secretary, you invested a lot of your time to help us get a biotech solution bill across the finish line. I know you understand how delicate these negotiations were, how narrow the path to success was.

So with that level of investment and knowledge, I do not know why, with the first shot out of the gate, the Department would go well beyond the law with implementation. I have to wonder if the

USDA would simply stick to the scope of the statute, were that the case I am not sure you would have to come asking us for money.

We cannot go beyond the scope of the law and expect to retain support for this bipartisan agreement. It was a very hard-fought bipartisan agreement, and we got 63 votes, and the President signed it, and you were an integral part of that.

Would you care to comment?

Secretary VILSACK. Mr. Chairman, I respectfully perhaps disagree with the characterization of this as beyond the scope. I think what we are trying to do is to solicit information and comments to make sure that as we begin the process of putting together the implementation that we do so with the full extent of awareness and knowledge of various issues that we think are important and are part of what you all have directed us to do.

I think it is a study that requires resources, and we obviously are challenged with a budget that is less than it was my first full year as Secretary.

We will continue to focus on ways in which we can do this in the right way. We want to lay the foundation. We want to solicit information. We want to take every side and every aspect into consideration as we did during the course of the negotiations.

The reason for this is, number one, to reduce the litigation risk of any implementation. There is always that risk, and we want to make sure that we do not cause further delay. Secondly, we also have international regulations and responsibilities that we have to be cognizant of.

So by doing this, by proposing this study, by looking at various aspects, we will be in a position to be able to respond to any concerns that might arise and lay a strong foundation for a future administration that will obviously, at the end of the day, finalize all of this. This is not going to get done in the next couple of months.

So we think we are working consistently with your direction, and we think we are going to solicit the information that is going to allow us to put together a solid rule that will be able to be defended in any potential litigation, and hopefully avoid it, and be able to respond to any concerns from our international trade partners.

Chairman ROBERTS. There is a pasture that we are operating in with regards to the draft work statement, and it, with regards to the legislation, was passed. As in any pasture, we put up some fences. We are just going to make sure that we stay between the fence posts.

Median farm income. In your testimony, you highlight that median farm household incomes appear to be strong compared to other sectors. But when you look at the USDA's estimates, excluding off farm income, the median farm income was actually negative in 2014 and 2015, and it is forecast to decline even further in 2016.

While we could argue over which is the better measure, it is clear that many producers are struggling to cover their cost of production or make any profits on their farms. For some farm families, off farm income is literally a life support system. Their farm revenues may cover their farm expenses, but it may not be enough to feed, clothe, or even educate their families.

Mr. Secretary, the farmers and ranchers that I talk to remain in distress and worry about whether or not their family farm can stay afloat. Besides household incomes, what other measures are you using to assess the state of the farm economy?

Secretary VILSACK. Well, let's talk about markets first and foremost. The good news is that export markets are up and we are projecting a slight increase on export markets. Obviously, this Congress and Senate will make determinations potentially on possible trade agreements that could substantially expand opportunity.

Secondly, I think we are looking at debt-to-equity. The lowest debt-to-equity level we have ever experienced was 11.3 percent. The debt-to-equity level today is 12.4 percent. In 1985, in the midst of the farm crisis that you and I are certainly aware of, it was 22 percent. So the debt-to-equity ratio still appears to be strong.

Then we look at the farmers and farm operations that are extremely leveraged or highly leveraged. Those are the people that we are most concerned about because those are the folks that are on the edge. We calculate that roughly 10 percent of the operations—I think it is 6 percent on the livestock side, 4 percent on the crop side—are in those 2 categories, which means that 90 percent of the operations are outside of those 2 categories.

Now we are going to continue to work hard to try to promote trade, continue to try to reduce unscientific barriers that exist to trading opportunities. We have had, frankly, the eight best years of agricultural exports in the history of the country, and hopefully, that is going to continue.

But we are faced with a bumper crop, as you indicated, and we are faced with a global surplus, and we are faced with a world economy and global economy that is not as strong as any of us would like. The strong dollar in the past has made it a little bit more competitive for us.

So we are facing some challenges, but I think we are up to it. I think we are going to continue to look for ways in which we can help these folks.

Record amount of credit. First, only the second time in the history of our agency have we lent out more than \$6 billion. We reprogrammed money with your approval to, for the most part, meet the debt requirements.

You mentioned deficiency payments, and we expect and anticipate in October significant ARC and PLC payments far above what was experienced last year. So our hope is that provides some level of help and assistance.

I know I am going to get a question from Senator Leahy about dairy. We will talk about that in just a second.

Chairman ROBERTS. That usually comes at the 11th hour and 59th minute when we are considering the farm bill, with all due respect to my distinguished colleague.

I am going to take the chairman's prerogative of asking one more question; I apologize for this. I have to say this is the first time I have ever gone over time with regards to asking questions, and I apologize to my colleagues.

I have served under many chairpersons and chairmen who have never even bothered to look at the time. Matter of fact, we used

to bet on what time that would be when I would be sitting there where Mr. Perdue would be.

You mentioned trade. Ag trade is growing both in volume and complexity. Building support for a free trade agreement is only part of our trade challenges although that is a heck of a challenge. Trade agreements are always overcriticized and are always oversold, and it takes a heck of a lot of work.

In the 2014 Farm Bill, Congress mandated the Department to generate a plan and to implement a reorganization incorporating a new undersecretary for trade and foreign agricultural affairs.

The first step that the law required was for the Department to report a reorganization plan to Congress within 180 days. I hate to tell you that this report is now over 2 years late—957 days since signed into law.

In June of this year, you responded to a letter I sent back in February, stating you anticipate USDA would finalize a report this year. I understand you have tasked the Office of the Chief Economist with the task of completing this report, and I have great confidence in their work.

As you near the end of this administration, can you assure us that you will provide your strong forward thinking and recommendation for this reorganization, and provide the report for this year? I think this is absolutely essential if we are going to have a breakthrough with the Pacific Rim trade deal and, for that matter, any trade deal that follows.

Secretary VILSACK. Mr. Chairman, I apologize for not being able to respond in the time that you designated for the report. However, Congress requested not one, but two, studies which complicated our timeline. I can assure you that we are on track to get these studies completed.

This is a very, very, very complicated issue that you have presented to us. It does not just simply involve setting up an undersecretary of trade. It really does take—requires a look at all the equities within the USDA and outside the USDA relative to trade, and there are a multitude of equities. I was surprised at the complexity of this in terms of our team talking about this, but we will do what we can to make sure that this is teed up for the next administration.

Chairman ROBERTS. I appreciate that.

I have one more question, and then we will get to the members.

Following up on what I mentioned earlier, Ranking Member Stabenow and I, along with 45 other Senators, more than 160 members on the House side, the Congressional Black Caucus, and the Small Business Administration, have all expressed serious concerns over the proposed rule on SNAP retailer standards. Under this rule, an estimated 100,000 stores could be forced to leave the program. In urban and rural places, these small businesses are vital to everyone in the communities that they serve, especially those that may need a little assistance in making ends meet.

What is USDA doing to ensure that the final rule will not push retailers off the program, hurting both SNAP recipients and the economy in rural communities like western Kansas?

Has anybody considered consumer demand? Has anyone considered that the mother working two jobs cannot get to the grocery store, if there is a grocery store?

You are making, apparently, small businesses under this proposed rule display 168 items. Why not 170 or 142? I mean, I do not understand the reasoning behind the number 168. Maybe that was done with a great deal of study; I do not know.

Would you care to comment? I think this is something that we just do not need to get into.

Secretary VILSACK. Well, Mr. Chairman, I think first of all we have to understand the challenge that we face as a country, with a third of our children at risk of being obese or in fact obese, the health care costs, the loss of productivity associated with obesity, chronic diseases that these kids will take into adult life, and the reality of adults today in America, and the health care costs associated with obesity.

Having said that—

Chairman ROBERTS. Mr. Secretary, let me just interrupt, and I apologize for doing this. I have not done this before, but the obesity crisis is real. Everybody agrees about that. But forcing small retailers to display 168 items in the back or the front, maybe that is part of the answer, but the best part of the answer is to take away the Blackberry or what the distinguished Senator from Vermont is looking at, take that away, have mandatory physical education programs that were present when you and I were in high school, get people off the couch, and shut off the television. A lot of that takes adult leadership, but we can do it within our school systems. I think that would go a long way toward solving the obesity problem rather than trying to shut down 100,000 retailers here.

I fully understand where you are coming from with regards to the administration's goal for kids to eat good food.

I would also point out that we are wasting one-third of the nation's food. That is why I hope we can get this child nutrition bill finally passed.

With those comments—well, I interrupted you. Why don't you finish your statement? Then I am going to recognize Senator Stabenow.

Secretary VILSACK. Well, Mr. Chairman, you are absolutely right. There is no single one answer to the obesity issue.

But one answer is that many of the people do live in food deserts, and they are serviced by not being served by a full-scale grocery store, and the reality is that the selection in many of these convenience stores is very limited.

I think the intent of what we were attempting to do was appropriate, which is to suggest that there needs to be more of the basic food groups represented in these convenience stores, there needs to be a bit more variety and a bit more choice. I think it is hard to be against those concepts and values.

I will be the first to admit, and I think our team would be the first to admit, that the concerns that have been raised about this are legitimate. I would expect and anticipate that we will see some changes in terms of what we ultimately, finally propose relative to the retailer rule because of the concerns that you have expressed.

So they are legitimate, but I think the concept is also legitimate and appropriate.

Chairman ROBERTS. Thank you, Mr. Secretary.

I welcome now and recognize the distinguished Ranking Member from the clutches of the Finance Committee.

**STATEMENT OF HON. DEBBIE STABENOW, U.S. SENATOR
FROM THE STATE OF MICHIGAN**

Senator STABENOW. Well, thank you very much, Mr. Chairman.

As you know, also being a member of the Finance Committee, an important pension markup today and there is a lot of impact on people in Michigan. So I apologize for being late, Mr. Secretary, but it was important for me to be there for a few moments.

Mr. Chairman, I would just ask that my opening statement be put in the record, and I will go—

Chairman ROBERTS. Without objection.

[The prepared statement of Senator Stabenow can be found on page 44 in the appendix.]

Senator STABENOW. Thank you.

I will go to questions, but I, first of all, just want to say, Mr. Secretary, what a pleasure it has been to work with you and thank you for your incredible service. I am sorry I did not hear your comments, but I am very grateful for the breadth and depth of your work. There is not a stronger advocate for rural America and families and businesses and those who earn their living from agriculture and for the food industry, nor a stronger advocate for our consumers who count on us to get it right on food access and food policy. So thank you very much for all of your terrific work.

Let me first ask about a different topic, one of concern to me internationally as it relates to food security. Since 2013, when a Chinese-based company announced their intent to purchase Virginia-based Smithfield Foods, I have strongly supported strengthening the review of foreign purchases of U.S. food and agricultural companies through a process we call CFIUS, and I feel strongly that the USDA and FDA should have a permanent seat at that table. Food security is a national security issue.

The recent purchase of Syngenta by ChemChina and other foreign purchases of U.S. agricultural technologies companies continues to raise serious concerns. We invest in research. We develop technology and innovation. Now we are seeing a very specific strategy by China to rather than invest in their own, to purchase ours.

Mr. Secretary, I know you are prohibited by law from discussing USDA's role in the CFIUS review process. But, can you discuss why food security plays an important role in national security, and any of your thoughts as it relates to this issue?

Secretary VILSACK. Well, first of all, Senator, I apologize for saying this, but I want to make sure that you hear the same thing that I directed to the Chairman, which is my thanks to you for the leadership that you have shown and the example that you have provided in working across party lines to get substantive legislation through this process. You all have provided a great example to the rest of the Congress and the Senate. So thank you.

I was in Jordan not long ago, talking to the King of Jordan, and we were talking about the Syrian situation. His solution, which I

think is correct, is he essentially said to me, Mr. Secretary, is there any way in which we could reestablish agriculture in Syria? Because if we did we would have employment opportunities, we would have a chance to create an environment and an economy that would potentially reduce the anxiety that is leading to the refugee crisis, in part.

If you look at every hot spot in the world today, I think most of them, if not all of them, do not have a functioning agricultural economy and have a lot of hungry people.

So if we are serious about protecting our own people, if we are serious about making sure the world is a safer and better place for our kids and grandkids, then we have to understand the role that agriculture in this country and agriculture around the world will play in providing that level of security.

I think, frankly, there is a lack of appreciation at times, not certainly on this Committee but in other parts of this town, on the significant role that agriculture plays and the complexity of agriculture in every country and every aspect of the economy.

We have a robust, complex, multistaged economy in this country in part because we established, first and foremost, an agricultural economy. I think in any way in which the agricultural issues can be inserted in the conversation and discussion, both as an understanding of the significance and also as part of the solution, I think would be helpful.

I think it is not just what you mentioned. It is also the National Security Council, the White House. I think there needs to be an agriculture representative in that concept because I think these issues are really important, and I think they are fundamental to making a more secure and safe world.

Senator STABENOW. Thank you very much. I could not agree more.

Let me turn back now around food security here at home. You know the farm bill, among many, many, many things, is about providing safety, and that is both for farmers, whether it is livestock disaster assistance—and we have seen that was the first program triggered after we passed the farm bill—or whether it is what is happening now with prices, or whether it is families and food security. There is a reason why we have the safety nets in place.

While we are seeing the costs on the farmers' side go up—and I hope our programs—we worked hard to put things in place—would work. Mr. Chairman, I hope, we are all hoping, that they are doing the job for people. Crop insurance certainly has been doing that.

The good news is that we are at the lowest point in terms of poverty rate since 1968, I think, and the costs on the food security side for families has gone down as a result of that because the economy is doing better. So that is really how it works.

But I wonder if you might speak to a provision that we had in the bill that relates to education and training around the Supplemental Nutrition Assistance Program.

We know the number of Americans receiving SNAP has been declining for several years as the economy gets better. Families no longer need a temporary food assistance. That is good news.

I am also concerned that the three-month time limit on SNAP may be reinstated in states that do not offer a job training option. We know some individuals experience barriers to employment that have little to do with the labor market. To address this, we made significant investments in the farm bill to test innovative, new ways to help SNAP recipients get and keep good-paying jobs.

So I wonder if you might tell us about the types of projects and support services being offered through the farm bill pilots, and why reinstating time limits without offering job training would be less effective.

Secretary VILSACK. Well, I appreciate the question and appreciate the leadership of this Committee in addressing this issue of employment opportunities.

Ten states were selected in this process. It is a three-year process with a very significant evaluation component to our efforts. What we are seeing are programs designed to reduce the barriers that people currently have in terms of employment—it may be a transportation barrier. It may be a childcare barrier—providing resources and flexibility to be able to remove that barrier, so people can actually go to work and become gainfully employed.

In some cases, it is a specific focus on returning veterans. There is a program that is addressing returning veterans and trying to make sure that they are employed as quickly as possible.

In some cases, it is understanding that folks living in rural areas maybe have employable skills but where the jobs are, are significantly farther away from where they live, and providing appropriate transportation systems to be able to ensure that they can get to work. So there is a multitude of programs in that space.

There has also been an effort to sort of leverage the work that you all did by establishing a Center of Excellence in the State of Washington that does this particularly well. Nine states are now working with the State of Washington in terms of best practices.

What we have also seen, Senator, as a result of your work and this Committee's work, is that more states are now taking better advantage of the 100 percent training money than they did before and even some states have begun to be better utilizers of the 50-50 money that is available.

The last thing I would say is that we are working with states on this issue of able-bodied worker adults without dependents and the waiver that you mentioned, and we are making sure that states understand the 15 percent threshold or exemption that provides some protection. We want to make sure that people are surveying their workforce because there may be folks who do qualify for an exemption for one reason or another, maybe a substance abuse, mental illness type of issue, or health care issue.

So we are working to try to minimize the impact of states that make the decision to remove the waiver either in whole or in part, but there are still a significant number of states that have that in place in part of their states.

Senator STABENOW. Thank you.

Chairman ROBERTS. Senator Perdue.

Senator PERDUE. Sorry, Mr. Chairman.

Mr. Secretary, thank you for being here and for all you do for the ag business.

Georgia, agriculture, obviously, is very important. It is over half of our GDP. The ag and timber industry employs over half a million. They are our best conservationists in the state. We are the number one state for peanuts, broilers, pecans, and blueberries; number two in cotton.

I am concerned about regulation. Everywhere I go and talk to our farmers, regulation is the number one topic, and then comes labor.

In your role of coordinating the interest of the ag industry, you have done a great job, and I would like to ask you a question today regarding traits like dicamba and 2,4-D that the USDA has approved that would alleviate effects of these weeds and so forth, and pests, that are damaging.

We lost a billion dollars over the last decade in our cotton industry alone to pests and weeds, but the EPA has not approved the herbicide that works in conjunction with these approved traits. Clearly, the process can be improved.

My question is: With you being the voice of agriculture, how do we improve the communication and collaboration with other regulatory bodies to ensure that we are getting producers the tools they need as quickly as possible? The farmers want to comply. The problem is right now it is taking so long to get direction out of cross-departmental regulation.

Secretary VILSACK. Senator, I agree, and we have been communicating with EPA specifically on that issue, asking them to take quicker action so that producers would have some certainty in terms of what they will have available to them. It is an interesting relationship. Obviously, I frankly do not want the EPA telling me how to run my Department, and I suspect the administrator of EPA does not want me to tell her how to run her department.

What we can do, and what we do, and we do it frequently and often and forcefully, is to explain what we think the real-life consequences will be of something that they may be considering, or the real-life consequences of inaction or a delay in action. We have done that on the issues that you have raised.

Senator PERDUE. The timber industry is obviously very important. We actually have the largest privately owned commercially available timberland in the country, and over 55 percent of our timberland in Georgia is privately owned.

Your Department oversees and maintains the world's most comprehensive national database on forest—the Forest Inventory and Analysis Program. Can the FIA Program help us with something?

Right now, biomass—you have mentioned it in your testimony—is very important to the country. It is important to the forestry industry. Yet, we are having trouble getting the regulators to tell us what sustainability really means. What is a sustainable practice in the forestry industry? You have been very active in that.

Can the FIA help us in that area, with the utilization of biomass, and make it sustainable and make sure that we are all trying to achieve the same goal?

Secretary VILSACK. Well, we have provided comments to our friends at EPA on this issue to explain to them what we think needs to happen and the certainty that needs to happen.

In the meantime, we are also focused on trying to find ways in which we can use biomass within USDA programs. We have funded 230 wood energy programs, over a billion dollars invested in that initiative. We have worked with WoodWorks to try to create new opportunities for building. We have a green building initiative within USDA. We have the BioPreferred Program in which we are encouraging Federal agencies to use wood. Then most recently we have the Tall Wood Building Contest, looking at ways in which we can encourage multistory buildings and construction from cross-laminated timber. All of that is being done and will continue to be done.

I think as we deal with issues involving climate and climate change, as we deal with issues involving reduced emissions, I think we are going to see a greater need and reliance on biomass, and I think that will be a hopeful sign and opportunity for rural areas.

We obviously need to have some degree of certainty about precisely what it does mean to be sustainable, and we have certainly provided what we think is a very common-sense, science-based response to EPA, and hope that they will listen, and hope that they act quickly.

Senator PERDUE. Are you hopeful that we can get a resolution on that, though? I mean, we have the data, but there is this open question about what that really means. It bothers me that EPA has an open card now to determine that on the fly, if you will.

Secretary VILSACK. Well, I always want to remain hopeful, Senator. I do not want to be hopeless.

I think we need to continue to press the case, and we will. I give you that assurance.

Secretary PERDUE. Thank you.

Thank you, Mr. Chairman.

Chairman ROBERTS. The always distinguished Senator representing the dairy interests in Vermont continually.

Senator LEAHY. Well, thank you, Mr. Chairman. One of the reasons we get along so well is we are two of the people who know how to comb our hair around here. On days when—

Chairman ROBERTS. You did not have to go there.

[Laughter]

Senator LEAHY. I just want you to know that even if I leave the room, I am watching you from up there. I admire what you and Senator Stabenow have done in chairing this Committee because I know it is not an easy thing.

Secretary Vilsack, I appreciate what you have done. We have talked many times. You have come to Vermont a number of times. From our economic development to our rural towns, our critical water quality work on Lake Champlain, to our Vermont children are now eating healthier school lunches with more locally produced Vermont foods, you have helped us on all of these things.

But the one thing that worries me right now is the difficult time we are having with struggling dairy farmers. As I discussed with you yesterday, I hear from them every day. Let me just tell you a couple.

One farmer in Craftsbury Common, a small town. I used to ride there on my bicycle, when I was a youngster, from my home town in Montpelier. "Dear Senator Leahy, we need help. We cannot pay

our grain bill. Many area farmers have been shut off from the grain companies. This is serious and needs immediate attention.”

Another Vermont farmer. Even the large megafarms are feeling the pain. A longtime farmer in Craftsbury said he is losing a thousand dollars per day.

A young dairy farmer in Addison County my staff met with just a couple weeks ago said, “Quite frankly, I do not know what to tell my wife when I go home at night. She asked me about the unpaid bills that are piling up.”

A very small farm in Orleans County: “The hammer hit in January this past year. My income from farming was cut right in half. We are losing 10,000 a month. How much longer can we do this?”

I do not know what to tell them.

We have been through a massive policy shift. We moved to the new insurance-like tool with the Margin Protection Program and its hefty premiums.

I appreciate the cheese purchases you made in August, but it is not enough. I am talking to the Appropriations Committee about the CCC and the Section 32 provision, but we are not going to get them into the CR.

Is there anything you can do to help, and what is the holdup? Do OMB and the White House understand the financial crises these dairy farmers are facing?

Secretary VILSACK. Well, first of all, Senator, I want you to know and I want the Committee to know that we are very, very, very cognizant of the challenges that the dairy industry is currently facing. It is one of the reasons why we made the cheese purchase that you mentioned.

We would have had more capacity with section 32 in the CCC program, but each year that has been reduced; our capacity has been limited by Congress. We have also had the flexibility for direct price support that we once had eliminated despite the fact that we would be in a position to notify Congress of any utilization of CCC.

We have, as you mentioned, just recently announced \$11 million in payments under the Margin Protection Program. What is interesting to note there is if farmers in 2016 had purchased the same level of coverage as they purchased in 2015 those payments would have been \$40 million. But for whatever reason farmers made the decision in 2016 to reduce the level of coverage by buying catastrophic coverage and not buying the level of coverage they had purchased in 2015. I think that suggests to me that we need to continue to do a better job of educating folks about this shift that has taken place from a payment system to an insurance system.

We are going to continue to look for ways.

At the end of the fiscal year, we are very, very limited. Everything I can do, Senator, I have done. I have spent every dime of credit that the Congress has given me the permission to loan out. I have spent every dime of CCC money that I have that Congress has provided for section 32 purchases. I have provided as much under the Dairy Margin Protection Program as Congress has authorized us to do and as farmers have purchased.

After the first of the year, assuming that you all do your work and give us additional resources after October 1, we will obviously

be in a position to take a look at whether or not there are additional steps we can take, and we will certainly do that.

But at the end of the day, everything I can do I have done. Every penny that I have that I could spend, I have spent.

Senator LEAHY. Thank you.

I also think about the great work NRCS is doing in Vermont. I know it is a problem across the country, but we need more personnel, we need more engineers. I realize this gets in the weeds, but we have Vermont's TMDL with EPA. Can we just work together on this to make sure there is enough personnel with NRCS to get this done right?

Secretary VILSACK. Senator, we certainly can work together on it. This is another circumstance and opportunity to remind this Committee that the budget that I am working under is less than the budget it was in fiscal year 2010, which was the first full budget that this administration submitted. I do not know if there are other departments that are in that same circumstance, but we have had a 5 to 10 percent reduction in our budgets.

At the same time, some of our budgets, within this capped environment that we live in, have had to increase. I do not want to get into a touchy subject, but the forest situation and the fire suppression budget, which is eating up a substantial amount of our Forest Service budget, has not been fully addressed in my view. So we are challenged.

What we have attempted to do is improve process. We have attempted to use technology to extend the ability of people to be in the field and provide more technical assistance. We have looked for partnerships through the Regional Conservation Partnership Program and others to engage more outside assistance and help, to try to do as much as we possibly can.

I am proud of the fact that despite all of the challenges we face we have a record number of acres enrolled in conservation today than at any other time in the history of the country.

Senator LEAHY. No. I applaud you, what you have done with what you have, and I will also try to carry your message to the Appropriations Committee, and that you also had the opportunity to serve. We ask a lot, but we have to do our job and pay the bills, too.

Thank you, Mr. Chairman.

Chairman ROBERTS. I would simply make the statement that this Committee passed the first forestry bill in 13 years that gets into management reform. There are other committees that have jurisdiction, and we do have a funding challenge, but we will address that. Every member of this Committee understands the ramifications for our budget.

Senator TILLIS.

Senator TILLIS. Thank you, Mr. Chairman. Mr. Chairman, I would like to submit an opening statement for the record.

Chairman ROBERTS. Without objection.

Senator TILLIS. Thank you. In the interest of time.

[The prepared statement of Senator Tillis can be found on page 47 in the appendix.]

Senator TILLIS. I want to follow up on where Senator Perdue was headed, but I want to begin, Secretary Vilsack, by thanking you.

Our office has had a number of very productive interactions with many of your staff, and we appreciate your willingness to come meet with us and collaborate.

I do have to say I have got some questions today, that maybe I am not 100 percent behind some of the things that I see or maybe I need more information to feel comfortable. I am going to get to those, but I want to start by saying that I travel across the State a lot. I spend a lot of time with farmers, whether it is apple growers or tree growers out in western North Carolina or sweet potato and tobacco growers in eastern North Carolina.

The issue of price really has not come up. The issue that comes up every single time I meet with these farmers is the uncertainty created by regulations, either the burden by existing regulations or the threat of additional regulations that could be very harmful to an industry. I want to cover two.

If I do not have enough time, I know that my colleague here, who reminds me frequently that North Carolina is the second largest pork producer in the United States—but 50 percent of our agriculture output comes from livestock, either hogs or poultry.

We have got a concern with the GIPSA rule. It looks like—at least because we do not have a lot of clarity on it, it looks like it is a replay of the 2010 proposed rule. I would like to find out what is broken because we seem to have a pretty fast, efficient process today.

I think some of the restrictors that would restrict producers to sell, and packers to buy, livestock.

I am trying to find out if that is actually about to happen, and if it is going to happen to what extent have the stakeholders been involved, and when can we get more clarity on exactly what this proposed rule would look like.

Secretary VILSACK. Well, Senator, this conversation with GIPSA actually began as a result of circumstances in North Carolina, where producers, particularly in the poultry industry, were unfairly dealt with, with Pilgrim's Pride's bankruptcy. These were producers that were asked to invest a substantial amount of money in expanded operations only to find that their contracts were pulled out from under them without much notice and the ability to try to secure additional purchasers of the poultry they were producing.

So it did start, and continues to start, with the fact that there are circumstances where producers are not being dealt with fairly in our view and certainly in the view of the producers that came to us asking for help.

Senator TILLIS. Yes, you know, oftentimes around here, regulations exist for a reason, and I understand why you have to have some regulations in place, to provide certainty and consistency, but a lot of times we may overreact. So I appreciate taking a look at the situation with Pilgrim's Pride, but what I am hearing from reputable operations in my State is this could actually cause problems for people who are doing it right.

So I think it is rightsizing and having an open discussion about it. I think one of the concerns is that we are not really sure exactly what would be proposed and how quickly it would be proposed. So it is that uncertainty that I am trying to communicate on behalf of my farmers.

Secretary VILSACK. Well, I understand that, and what I can say since we are still in the process of formulating, it is difficult for me to respond with any specificity because I do not want to presuppose the outcome and I do not want to presuppose a system or process that is not consistent with the administrative rules process.

What I can tell you is this: There is no intent or desire on the part of the USDA, under the time as long as I am Secretary, to sort of foist something on folks without the opportunity for them to understand what it is and without the opportunity for them to say whether we have it right or wrong.

We will follow the administrative process, and I can assure you that we are not going to play a situation where we, at the last minute, do something and folks have no recourse. So that I can assure you.

Senator TILLIS. Well, I hope so.

I think that I will leave the question about the organic livestock rule. I think Senator Ernst has a similar concern. That is an area where we think things are moving fairly quickly, either the interaction with OMB or the process. So hopefully Senator Ernst will get into that.

Mr. Chairman, I also would like to submit for the record something that we put together that relates to Smithfield that was brought up. I want to mention that the only thing that I have seen as a result of the Smithfield acquisition is the creation of 1,000 additional American jobs. So I know there is some concern around the sale, but I think it is important, because of their presence in North Carolina, for me to bring that up.

There was also a comment made about Syngenta, which also has operations in North Carolina. If we are wondering why some of these mergers are happening—I serve on the Judiciary Committee—then all we need to do is put a mirror at the end of this dais and point it in our direction.

A lot of the regulatory and tax burdens that these companies are dealing with are the reason why they are having to merge. If we want to get serious about preventing it, you cannot have a Syngenta whose net income has been negative for the last three years. They are just reacting to market situations that are critically important for the future of our agriculture here in this country. I think that we need to—if we want to really solve this problem with mergers, the tsunami of mergers as it was described in the committee yesterday, then the earthquake of regulations and tax policies here have to stop.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Mr. Secretary, thank you for your service. You have done an extraordinary job for our country, and we are very grateful for it.

I wanted to ask you about opioids and the USDA recently announced an initiative to use some rural development housing resources to help provide transitional housing for people recovering from substance abuse. In my State, as in many states, this is a huge, huge issue, and one of the challenges I hear about repeatedly is lack of available housing for people in treatment and recovery

programs. I know you have had this initial step. Is there anything else that you are looking at in the pipeline?

Secretary VILSACK. Senator, we used our community facility resources to expand access to mental health services and substance use disorder clinics. We have also used our rural utility service resources to expand telemedicine to provide access to specialists.

On the housing front, this was a result of a conversation we have had with folks in drug courts, where they are anxious to redirect people out of the criminal justice system into treatment, but the challenge is that there is no place to put these folks. So we are looking in a handful of states to see how this could operate because this would be a new approach.

Senator DONNELLY. Right. Is that the pilot program that you have going?

Secretary VILSACK. Yes. Yes, in an effort to try to see if we can perfect it. Assuming it will work, and I think it will, we will look for ways to expand it.

Senator DONNELLY. I also wanted to ask you as a governor, as a Secretary of Agriculture, as someone who is steeped in understanding our rural communities. So much of our opioid and heroin problems are in our rural communities as well. If there were a couple of things you were looking at as pushes on this, as things we can do, what would you say?

Secretary VILSACK. Well, there is a lack of treatment facilities, which requires resources. The President's budget has proposed additional resources for treatment facilities.

Here is why it is important in rural areas, to your point, Senator: There are, I think, a little over a thousand behavioral service centers located in the United States. These are centers that provide assistance to people who are dealing with addiction. I believe only 25 of them are located in rural areas. Twenty-five.

The suicide rate among rural men is twice the rate in rural areas that it is in urban centers, and the same thing is also true for women.

The substance abuse issue is more difficult and complex in rural areas because of a lack of treatment and because, frankly, in those small towns sometimes it is hard for people to acknowledge that they have got a problem and many times folks do not want people to know that they have a problem. There are not the recovery services that are available.

So, first of foremost, treatment.

Secondly is an acceleration of an understanding of when and under what circumstances, as limited as they need to be, opioids are appropriate. I think we have got new CDC guidelines. We have new FDA rules. Working with the American Medical Association, we are trying to get physicians to understand when and under what circumstances to use opioids. We are working with over 100 medical schools, pharmacy schools, and nursing schools to incorporate a better understanding of pain management and the options that are available before opioids are used. So there is aggressive work there, but I think we could accelerate the pace of that significantly.

Senator DONNELLY. I want to ask you about the foot-and-mouth disease vaccine. A number of our livestock producers in Indiana

have been talking and telling us that they would prefer to respond to a foot-and-mouth disease outbreak through vaccination to control a potential spread, but the current vaccine bank is inadequate right now to provide the quantity necessary. I was wondering what the plans are and what the Department will be doing to improve the quantity of vaccine available and expanding the number of strains.

Secretary VILSACK. Well, the challenge with this is that current capacity is limited because of where the research is being done, on Plum Island. It is being done offshore. There have been concerns expressed about transferring that research to a facility within the U.S., and there are concerns about the impact that that has because you would be introducing, in essence, FMD into the internal workings of the U.S.

We have been waiting for the industry at large to come to us with a consensus opinion about whether or not that is appropriate. There is still some division, some uncertainty about that.

I think when a facility in Kansas is ultimately completed—I like to refer to it as the Roberts Facility.

Senator DONNELLY. That is not what the people on Long Island call it.

Secretary VILSACK. Yes, well. We would then be in a position to provide the level of certainty and guarantees of safety that people are concerned about. But right now that is the impediment, is where the research done, because in Plum Island there is a limited capacity to experiment with different variations. If you had a larger facility with biocontainment, you would be able to do a lot more research more quickly and you would be able to create more vaccine more quickly.

Senator DONNELLY. Well, I just—on behalf of the people of Indiana, I want to thank you for everything you have done for our State and our rural communities for a number of years now. Thank you.

Secretary VILSACK. Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Donnelly, we are going to invite you out to “The Little Apple,” Manhattan, Kansas, where NBAF is.

Senator DONNELLY. I would like that. I hear the bagels are amazing there.

[Laughter.]

Chairman ROBERTS. We may whip you down to Dodge City and make you an honorary marshal, too.

Senator DONNELLY. Thank you.

Chairman ROBERTS. You bet.

Let’s see. We have Senator Ernst.

Senator ERNST. Thank you, Mr. Chairman, and thank you, Secretary Vilsack, for being with us today.

There has been a lot of discussion, not only in this Committee but as I am traveling around the State back home, about the depressed state of our farm economy and what we can do to really help turn that around.

I am always of the thought that less Federal Government involvement is better for our folks back home, not more. What I am hearing mostly from our Iowans, especially the farmers, the ranchers, and our landowners, is that it really feels like the Federal Gov-

ernment is out to get them, and I see that a lot with a number of the rules and regulations that are coming forward. They feel that government actions are really unfairly targeted at them, and what I would like to do is just give a few examples of that.

This past June, the EPA released its 520-page draft Ecological Risk Assessment report of the herbicide atrazine, and much like their nearly 300-page WOTUS rule, it threatens to increase costs for those farmers who really are the backbone—we know this very well—the backbone of our affordable and safe food system. This EPA risk assessment with the herbicide atrazine, they really see that, the farmers and ranchers see that, as taking away a key weed management tool that has been proven safe in over 7,000 scientific studies.

This could cost the average corn grower 30 to 60 dollars per acre at a time when producers are faced with 3 dollar corn or lower. I know in Red Oak at the “Merc”, corn has been lower than \$3, and that is well below the cost of production.

Additionally, the Department of Labor issued a memo in July of 2015 that would reclassify the majority of traditional farmer co-operatives in the U.S., making it even more costly for them to supply a basic crop nutrient, nitrogen, in the form of anhydrous ammonia to their farmer-owners, while having a very negligible impact on safety.

So there are a number of issues right there, and while those issues are sowing uncertainty for row crop farmers, the USDA is planning to move forward with the GIPSA rule, which is something that my colleague just mentioned, which could further harm some of our livestock producers.

This Committee in May heard testimony from those stakeholders, and they told us then that the cost of this rule, the GIPSA Rule, could be \$350 million per year to the pork industry alone.

Again, all of these rules and regulations are really just overwhelming our farmers and ranchers, and it is a hallmark of the administration failing to take into consideration the input of stakeholders, and it goes well beyond the congressional intent that we have set forward and really cherry-picking studies that support a political agenda.

You did mention to my colleague from North Carolina that you thought it was important that the stakeholders have a voice in this. For the GIPSA rule, will you be taking public comment for that particular rule?

Secretary VILSACK. Senator, we will make sure that we follow the administrative process in terms of what we propose. Since we have not completed the work, I do not know what the final product is going to look like, but I can assure you that we are not going to put out something that does not allow people to review it, understand it, and to give us feedback on it.

Senator ERNST. I appreciate that very much. I will take that as a yes because we have seen a number of agencies in the Federal Government—EPA is a great example—where they have proposed rules and regulations, and they are pushed out in the form of memos and other guidelines, where they can circumvent public input.

Secretary VILSACK. That is not going to be the case here.

Senator ERNST. Thank you very much. I appreciate that. We have a lot of stakeholders that would like to speak up on this.

Just a little bit more about the GIPSA rule and a story that was shared with me from a young man. He is 22 years old. He and his fiancée own and operate a 3,600-head wean-to-finish hog barn in southeastern Iowa, not too far from your hometown of Mt. Pleasant. His father was killed in a very tragic accident, but this young man was able to return back to the farm, and he secured financing for the construction of a \$1.2 million facility, which is great for him. He entered into a 12-year contract with one of the large pork integrators, and he was able to finance 100 percent of the project because there was strength behind that contract.

The proposed GIPSA rule could make it very hard for young farmers starting out to be able to take on this size project, and so we want to make sure that we are still giving access to credit and for these young folks to get into farming. So I just want to make sure that you are aware of situations like that and that the GIPSA rule does not make it more difficult for our young people to gain these types of contracts and to get into farming.

Secretary VILSACK. Senator, the only thing I can say is that we stand ready to provide assistance and help to producers. You know, I think there is a bit of fairness, if I can respond back to some of the concerns that you raised, and I certainly understand the concerns that you have raised with reference to the EPA.

But there is another side to government that often does not get discussed in the context of this part of our economy. It is the credit extension that we do—over \$6 billion. Thirty-seven thousand producers have received credit from the government that might not be able to have gotten credit from a bank without the government assistance and help.

There are the trade missions and the incredible work that our folks are doing to expand trading opportunities around the world to sell more of our products that we are engaged in.

The investments that this government has made in the bio-based economy and extending opportunities for higher blends of ethanol, for example.

You know, those are examples of government that I think oftentimes do not get recognized and balanced against some of the concerns that you have raised. I think it is appropriate for me to make sure that everyone understands I see the balance sheet perhaps slightly differently than some of the folks in this Committee do.

Senator ERNST. Certainly. We appreciate the opportunities that are extended to those that are entering into renewables and investing in those ventures, as well as those younger farmers and ranchers that are just trying to make ends meet as well, and I appreciate that assistance that you provide. We just want to make sure that government is not hindering those opportunities.

So thank you very much, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Bennet.

Senator BENNET. Thank you, Mr. Chairman.

Mr. Secretary, I also want to thank you for your principled and effective leadership and your public service, Mr. Secretary, and the long public service before that. I think you are kind to say the

Committee has set an example. I think you have set an example, as I have said before, for what principled leadership should look like in a time in our political system when there is almost none.

I should also say “thank you” on behalf of Colorado’s farmers and ranchers for your constant presence in our State over the last seven years. It has been much appreciated at a time when people have nothing good to say about anybody here and wonder whether—and cannot name anybody here. People in Colorado know the name Tom Vilsack, and they appreciate the work that you have done. So thank you.

In that spirit and the work that you have done as governor of Iowa, now the work as secretary of agriculture the last seven years, I wonder as we think about the next farm bill reauthorization process. What do you think this Committee should do, thinking as broadly as you can, to help keep farmers on the land and rural communities strong in this country, not just at this moment of low commodity prices, although that presents enormous challenges, but in a normalized economy as well?

Secretary VILSACK. Well, I would make two comments, Senator, and thank you for your kind words although I think probably the last name Vilsack is probably more a function of my son and daughter-in-law than—

Senator BENNET. It is probably true.

Secretary VILSACK. Who are constituents of Senator Bennet.

I think, first and foremost, starting the conversation about the farm bill a little differently than we started the last conversation, which is that we—I think this Committee was confronted with a challenge placed on it by others to save money. The \$23 billion number sticks in my mind as sort of the starting point for conversation. How could we save \$23 billion? When you start the farm bill conversation that way, you essentially begin the process of pitting the interests that are represented in this farm bill, which are broad, against one another.

I think it would be much more helpful and much more profitable for us to start the conversation with: What is the need?

There is no question that dairy, for example, to use that—you have got a strong dairy industry in your State. The Margin Protection Program I think, conceptually, is a solid idea. The reality is it is a national program that does not appreciate the regional differences that exist within the dairy industry, and so there is a tweak there that could be done.

I know the folks in the South are concerned about the lack of assistance for cotton and the need for perhaps a rethinking of STAX. There is obviously a tremendous demand for rural development resources. There is a tremendous opportunity for trade.

So basically starting the process by saying what is the need out there, defining what the need is, figuring out how much that costs to meet the need, and then beginning the creative thought process to try to figure out how you meet as much of that need as possible with current resources, and then make the case.

The case has to be made, and it is made by members of this Committee, but it needs to be made by members outside of this Committee, that rural America plays an incredibly important role in the future of this country and the security of this country.

Every single person in this room, every single person in this room who is not a farmer, had the privilege, the opportunity, the luxury of not being a farmer because we have delegated the responsibility of feeding our families to a relatively small number of Americans, and they do it in a way that provides us the capacity to have a heck of a lot more in our pocketbooks when we leave the grocery store than just about anybody else in the world. So we have a much more diverse economy and much more flexible economy in large part because we have a functioning agricultural economy.

I think if people really understood that, then it might be easier for this Committee to start the conversation with "What is the need" as opposed to "This is how much money you have to save" because when you start it that way you put all of you in a heck of a box.

I think you did a remarkable job working within that box, but you had to work within it, and I think you probably could have done a lot more had you not had that be the starting point.

Senator BENNET. I appreciate the answer to that question.

I am running out of time, but I wanted to mention an issue that you raised, which is the fire borrowing issue and, more broadly, the budget at the Forest Service, which is now literally engulfed by firefighting rather than doing the forest mitigation that needs to be done, and in a senseless way because this is all being done in the name of fiscal responsibility. It is terribly irresponsible not to spend money on the front end.

So I would ask you, Mr. Secretary, if at the end of this year we can find a way to come together around this, not just on fire borrowing but also restoring the budget, I hope that you and the President will make this a priority at the end of the year, to see if we cannot finally get this done.

Secretary VILSACK. It is definitely a priority of the President's, and it is definitely a priority for our Department and for me.

It is just a simple statistic. In 1996, 16 percent of the Forest Service budget was based on fire suppression. Today, it is—last year, it was 52. We expect this year it will be 56 and it will be rapidly 66 percent of the budget. So you do not have a Forest Service; you have a fire department.

Senator BENNET. It is a fire department, and we are not maintaining the forest in this country.

Thank you, Mr. Chairman. Thank you.

Chairman ROBERTS. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here, and also thank you for visiting our State on several occasions and all the help that you have provided in the past.

As you know, in August, we went through the same flooding process in northeast Arkansas as in Louisiana. The University of Arkansas's Division of Agriculture released a preliminary estimate of it costing Arkansas crops 45 to 50 million dollars, again hitting right before they were harvested.

As you know, crop insurance works better in some parts of the country than others. Is there anything; do you have any tools; is there anything that can be done on you all's end, to help those that is in regard to non-insurance losses?

Secretary VILSACK. Senator, what we do have is a disaster loan program, and essentially that is available. It would certainly be helpful if the local and state FSA team were to communicate to me that there is a need for a disaster declaration.

We just turned around the Louisiana disaster declaration in 10 days. It came to our office on September 9th, and I signed it on the 19th.

Senator BOOZMAN. Sure.

Secretary VILSACK. I do not know that Arkansas has done that yet, but if they have not, that would be one thing that I would encourage you to encourage them to do and encourage them to take a look at the disaster loan program.

Now I will tell you that the disaster loan program is not as attractive as the normal loan program because the interest rate is a little higher because of the budget constraints that we have. So one thing you could look long-term is looking at whether or not the interest rate on those disaster loans could be reduced. Now that would increase the cost of the program, obviously.

Senator BOOZMAN. Sure.

Secretary VILSACK. But it would make it a much more feasible alternative than exists today.

There are also conservation resources that can be helpful in dealing with the aftermath of a flooding, whether it is emergency conservation assistance or just our regular conservation program. So that is another avenue that I suggest you take a look at.

Senator BOOZMAN. Very good. Thank you.

USDA has taken over the catfish inspection, and I think you had a good summer in the sense that several shipments were rejected by the USDA that contained dangerous cancer-causing carcinogens such as crystal violet and malachite green. One ship from China, actually once they found out that the USDA was doing the inspection, actually turned around and went back to where it came from.

Can you tell us a little bit about your thoughts on the good work that the USDA inspectors are doing and how you think the program is working at the time?

Secretary VILSACK. Well, Senator, I think you made a very good case. The inspection process that we are undertaking is significantly more thorough than the traditional approach to inspections of catfish.

I think it is interesting. I have heard here today the necessity of the government providing certainty, and I just would ask you all to provide certainty on this issue because we keep flipping back and forth. Just tell us. Do you want us to do the inspection, or don't you?

Senator BOOZMAN. We want you to do it.

Secretary VILSACK. Well, I know you do——

[Laughter.]

Secretary VILSACK. —but some of your colleagues do not, and you just need to make up your mind.

Senator BOOZMAN. But I do think the fact that once you started doing it——

Secretary VILSACK. There is no question. There is no question.

Senator BOOZMAN. —you have done a great job and for the American consumers's sake.

Secretary VILSACK. Right. There is no question that it is a more thorough inspection. Also, it will, I think, avoid mislabeling because oftentimes people are paying catfish rates for fish that are not catfish.

Senator BOOZMAN. Right.

Secretary VILSACK. So.

Senator BOOZMAN. Mr. Secretary, again, I want to thank you for your work on the cotton gin cost-share program this year. I know we disagree about cotton seed, but I want to thank you for your hard on this particular area. It really has been very, very helpful.

I do want to note the importance of maintaining the infrastructure of cotton gins, cotton warehouses, cotton seed crushers, et cetera. If cotton production continues to decline, the infrastructure of the cotton industry will be lost as well, and when we lose that infrastructure cotton production is likely not to return.

This all goes back again with your theme, which you so eloquently talked about, in regard to rural America and the importance of these things. In your testimony you really, like I say, very eloquently talked about that. More needs to be done. I guess I do not really have a question. I just appreciate you looking at that area and again trying to address it. It is a difficult question, but we do appreciate your hard work in that area.

Secretary VILSACK. You know, I think the key here is for us to continue to look for market opportunities—

Senator BOOZMAN. Right.

Secretary VILSACK. —and continue to look for creative ways to use what we grow and what we raise, every aspect of it. That is why I am a big proponent of the bio-based economy because I think there are lots of ways in which we can utilize our crops in a multitude of ways that we may not even be thinking about today, but with research we create new opportunities internally to the U.S.

Then obviously the export market is important for us to continue to push, and that is why I think it is helpful to have trade agreements that will open up new markets, particularly in the Asia area.

Senator BOOZMAN. Thank you, Mr. Secretary.

Secretary VILSACK. Thank you.

Senator BOOZMAN. Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Klobuchar.

Senator KLOBUCHAR. Thank you very much, Mr. Chairman.

Thank you, Mr. Secretary. Looking over all the work you have done since you became ag secretary, you have been absolutely phenomenal and, I know my colleagues would agree, available. Your leadership on everything from public-private partnerships to opioids to biofuels to conservation has really been unparalleled, and I want to thank you for that.

In fact, I do not even know where to start with my questions, but I will let you know because of your great leadership on avian flu I got to be the keynote speaker at the Worthington King Turkey Days right on the border with Senator Thune's State, which meant that I found out an hour before that after giving the keynote I had to kiss the Minnesota turkey on the stage. I want to thank you for your work on avian flu and that great honor that I had this weekend.

But my first question really is about——

Secretary VILSACK. Is there a photo of that, Senator?

Senator KLOBUCHAR. Yes, sadly, there is one. Congressman Walz had it. I asked him not to retweet it.

First of all, the Improving Access to Farm Conservation Act. Senator Boozman and I have introduced that bill that would improve access to voluntary farm conservation programs administered through NRCS. It tries to reduce some of the paperwork for our medium and small producers. I will let you know about that. Do not have to have a question.

But I will say in general on conservation, on the CRP program, we have a lot of people with interest as you can imagine. I think 1,367 offers for CRP, only 149 accepted in Minnesota. How is USDA working to make sure that the acres with the highest level of environmental benefit are being prioritized during the general sign-up? What can we do to improve it?

Secretary VILSACK. Well, Senator, we start with the fact that the number of acres to be enrolled in CRP has declined, and that gets back to my earlier comments about starting with the conversation with need rather than saving money. I think there is obviously—given the current state of the ag economy, I think there is the need for a conversation about how many acres in CRP is appropriate, generally, above and beyond the limit that we are now faced with.

Because of that limit, the Environmental Benefits Index that we used for this round was the highest and toughest and most competitive we have seen. So you can be assured that we are investing in the most highly sensitive environmental lands.

We also obviously have continuous programs that are popular, and those will continue to provide assistance. In Minnesota, we are looking at more SAFE acres. We are also, I think, on the cusp of a new CREP that could be very helpful in terms of the water quality initiative in Minnesota.

Senator KLOBUCHAR. Good. Well, thank you. I also just hope that is something we can keep working on for the next farm bill.

Our renewable fuels, you have been helpful on that. Obviously, we have got some changes to the standard. We would like to see more.

Given the additional uncertainty as a result of record supplies and lower commodity prices, do you anticipate offering additional grant funding under the Biofuels Infrastructure Partnership, something that you have been so helpful with?

Secretary VILSACK. Senator, given the fact that we have only got a couple of months left in this administration, our focus has been on making sure we implement the BIP program and utilize the resources that we have allocated. We are working with 21 states. Many states have been aggressive, Minnesota being one of them, to expand the number of pumping systems. I think we have roughly 1,500 that are either in operation or under construction.

Some of the challenges are some states have been a little bit slow to get this process going. So I am spending a lot of my time calling governors and writing to governors, saying, hey, let's pick up the pace. We want to be able to get this resource.

But I am confident. We are seeing a very great interest in this. I hope that we invest this money wisely. It has been leveraged

more than \$100 additional dollars of support and help from the industry itself. So we are talking about an over \$200 million initiative. My hope is that we will continue to see progress and future administrations will see the need for an expansion.

Senator KLOBUCHAR. Exactly. I will ask you a question about biomass on the record, but one of my colleagues was talking about forestry. I worked on the Good Neighbor Authority that gives the Forest Service additional flexibility to work with willing state and private landowners to implement forest management practices. Now that the final agreement has been signed between the Forest Service and the Minnesota DNR, how quickly can the Forest Service move to begin implementing the project?

We just had—we have been much slower than some of the other states. We have a new head of the Superior National Forest in Minnesota. It has really become a problem for us.

Secretary VILSACK. Well, we are going to move as expeditiously as possible. I would point out that all of these efforts require staff.

Getting back to the fire suppression issue, we have increased the fire budget. We have increased the fire personnel significantly. I think it has been like a 100 percent increase in fire personnel.

We have had to reduce the personnel that do the work consistent with the Good Neighbor policy and the stewardship contracting by 38 percent because of the reductions in resources. So it is a resource issue, but we will do everything we possibly can. We are a very strong believer in the Good Neighbor policy and the stewardship contracting.

Senator KLOBUCHAR. Thank you.

Secretary VILSACK. We are actually treating more wood than in the previous decade.

Senator KLOBUCHAR. Okay. I will ask two other questions on the record, Mr. Chairman. One is about the wolves. You are well aware of my efforts to delist the wolves, and again, that has been slowed down because of litigation, but I would have some questions about that.

Then the second thing is on rural housing. Collin Peterson and I were just out in Minnesota and some really big efforts are begin made, which we appreciate. I still see it as a drag on our economy that we do not have enough housing. I know you are a leader on that. I will ask that on the record as well.

Thank you.

Secretary VILSACK. Thank you.

Chairman ROBERTS. Without objection, the questions will be submitted. I am sure the Secretary will respond.

[The following information can be found on page 86 in the appendix.]

Chairman ROBERTS. Senator Hoeven.

Senator HOEVEN. Mr. Secretary, thanks for being here and for your work on behalf of agriculture. Our farmers are facing a very tough time with low commodity prices and so very important that we give them all the help that we can. I know you understand that.

First thing I want to bring up is the WTO challenge that USTR is making to China on wheat, corn, and rice. Very important. I trust you support that effort in terms of China's unfair practices and trying to help our exports.

Secretary VILSACK. It was a joint announcement, Senator Hoeven. I was right next to Ambassador Froman when we announced it jointly the other day.

Under the WTO, China basically has some de minimis that they could—which gives them flexibility. It is like 8.5 percent. They are substantially above the de minimis in terms of their subsidy. We think it is about probably \$100 billion above, conservatively. So this is a real effort to get them to play fair.

It is also a message, frankly, not just to China but to every one of our trading partners, that if we—if you enter into agreements then we have to enforce them. These administration has been very aggressive in that effort and with some degree of success. We have not lost a case yet.

Senator HOEVEN. Right. I know you support it and appreciate the fact that it was a joint announcement. Just wanted you to talk about how important it is and your support for it, and I want to thank you for that very much.

Secretary VILSACK. Well, at the end of the day, a \$100 billion is a significant amount of opportunity that is being lost because of the subsidy.

Senator HOEVEN. Absolutely. With the strong dollar, it is a real challenge for our exporters right now.

Secretary VILSACK. Yes, it is.

Senator HOEVEN. So we have got to do all we can, and so I thank you for that effort, and I strongly support it.

Also, access to credit. Senator Klobuchar and I are supporting an effort to double the FSA loan limits, both the direct loan limits and the guarantee, up to 2.5 million. I would like you to comment on your thoughts in that regard.

Secretary VILSACK. Well, I understand the intent. I would just point out that when you double the loan limits you potentially could limit the number of loans provided. So you want to make sure that you do not just double the limit but you also take a look at the funding.

As I indicated earlier, for just the second time in history, we have exceeded \$6 billion in credit. We have used every dime that you all have provided to us in terms of credit. So, if you are going to change the level of loans, then you have got to make sure you adequately fund the loan portfolio.

Senator HOEVEN. Very good point. Both on the ag side—farmers, ranchers, our producers—and on the banking side, the finance side, both sides support this. So we have got strong support and want to work with you and everybody on this Committee to get it put into place and appreciate your point about the aggregate.

Crop insurance, very important that we support crop insurance. Right now, obviously, a risk management tool for our producers. There has been some talk or some rumor that RMA may be looking at changing the 1-in-4 rule under Prevented Plant. Are you aware of any effort to change the 1-in-4 rule under Prevented Plant?

Secretary VILSACK. I know that there has been some discussion about Prevented Planting, and I know that the RMA has been working with the industry. To be honest, Senator, I do not know whether it relates specifically to the 1-in-4 or a more general concern. I would be happy to get back to you on that. But there is con-

versation about that, and there has been conversation within the industry, working with them on this issue of Prevented Planting.

Senator HOEVEN. I want to emphasize the importance of Prevented Plant and the 1-in-4 rule and particularly now with low commodity prices. So I would ask for your support for crop insurance and for that 1-in-4.

Secretary VILSACK. Yes. I think the issue that they are dealing with in Prevented Planting has to do with California, I think. So it may be something different than what you are talking about.

Senator HOEVEN. Okay. Flexibility under the farm program, making sure it is farmer-friendly, particularly in these challenging times. Under the ARC program, we are trying to get more flexibility for the state FSA councils so when you have a county that is an anomaly. Maybe they do not have enough NASS data or some other issue.

So like a contiguous county may qualify for an ARC payment. The county right next to it does not. Yet, they have the almost identical circumstance. Needs to be some flexibility for your state FSA councils. So I am advocating giving you more flexibility, more authority there. Could you comment on that?

Secretary VILSACK. Well, clearly, you have to have—when the decision was made to make a countywide system as opposed to an individual farm system, which was also driven by the need to save money, going back to the issue of what the need is, you have got to have a system. You have to have some basis for making that decision.

So, as you point out, we do the NASS surveys. If farmers choose not to provide that information for whatever reason, that makes it hard for us to have that as the criteria. Then we look at RMA. If we do not have sufficient RMA data, there has to be plan C, and so the state committee's flexibility would be appropriate.

Senator HOEVEN. That is what I am talking about; that flexibility is vitally important. Imagine you are a farmer in that county and you are farming next to John Thune and Thune will not send in his NASS data. You should not be penalized for that, right?

Secretary VILSACK. Well, I agree, but I would hope, knowing Senator Thune as I do—

Senator HOEVEN. I know you would walk over to the Thune farm and you would get—

Secretary VILSACK. —I am sure he did fill out his survey. But your point is well taken, I mean.

But my point is also well taken, which is we should encourage our producers to provide us the information.

Senator HOEVEN. Agreed, we are.

Then the last point, I see my time has run out, Mr. Chairman, but I would just like to—on the Brazilian beef imports, same thing for our ranchers. You know, they are fighting this. To try to export with a strong dollar, they are immediately at a 30 percent disadvantage. But also, just on the public safety in regard to foot-and-mouth disease, concerns on the part of our industry about Brazilian beef imports, could you touch on that?

Secretary VILSACK. Sure. We have done an assessment. We understand and appreciate that there is additional work that the Con-

gress has requested us to do. We will do it. FSIS has to also do an equivalency determination. That has not yet been done.

I will say this, however: It is very difficult to go to China or any other country that we go to, to try to open up a market, because of the BSE incident in 2003. It is now 2016. The market is still closed.

We say: Science needs to rule. Science has to dictate. You have to follow the rules.

It is very hard to do that if on the other hand we are not willing to do the same thing for other countries.

So the question is: Do we do an assessment? Yes, we do. Is it a solid assessment? I believe it is. I have confidence and faith in our folks at APHIS. We are cognizant of the concerns. It is often limited. There are inspections.

We cannot be for science on the one hand and not for it on the other hand. So just consistency, I think, is important.

Senator HOEVEN. Right. Again, it is just such a tough export situation for our producers, and not just in ag but any commodity, with the strength of our dollar. We start out so far behind. We really have to be tough in working on behalf of our farmers——

Secretary VILSACK. We do.

Senator HOEVEN. —in international markets.

Secretary VILSACK. Senator, we have got the eight best years of ag exports in the history of the country.

Senator HOEVEN. Again, thanks for your work on behalf of our producers. I appreciate it.

Chairman ROBERTS. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Mr. Gillibrand.

I just want to associate myself with the questions that were asked by Senator Bennet as well as Senator Leahy. We have a lot of concerns in upstate New York with small dairies and that the Margin Insurance Program really did not work well for them this year. There were problems with feed costs going down, with milk prices going down. So that margin did not cover the cost of production. So they did not get as much money as they would have thought, and so they really found the program to be unhelpful.

I am grateful that you mentioned to Senator Bennet that you would look at regionalizing the cost of feed to make it relative to your region because, obviously, in the Northeast we have to ship a lot of feed, you have the additional cost of transportation, and so it is really more accurate to do it regionally. So I am grateful that you will at least study that issue.

But I do think the program needs to be adjusted because it has not worked well. If you do adjust it to work better, do you have strategies to do outreach so that our farmers can get that information so that they can appropriately cover their risk?

Secretary VILSACK. Senator, first of all, we can only implement the program based on the instructions and directions that you all have provided. So I think as you start the next farm bill conversation the regional differences needs to be a topic of conversation within the farm bill. I cannot do that on my own. USDA has to have instructions from the Congress to do that, number one.

Number two, I do not know if you were here earlier. So I am going to repeat something, and I apologize if you were. But that is

that if farmers in 2016 had purchased the same coverage as they purchased in 2015 there would have been 4 times the payments. Four times. Instead of at \$11 million, it would have been close to \$44 million.

So part of it is basically getting people to understand this is an insurance product. We probably have done outreach. We will continue to do outreach, and we will continue to encourage folks not just to look at the catastrophic coverage but higher levels of coverage, which they had in 2015 but for some reason chose not to do in 2016.

I do not know if that has happened in upstate New York, but it has——

Senator GILLIBRAND. Yes. They did not get paid out. So they thought it was a waste of money.

Secretary VILSACK. Well——

Senator GILLIBRAND. Because the feed cost problem. So it was not representative of their cost of production.

Secretary VILSACK. Well, that is true, but if they had the coverage that they had the previous year then they would have received resources.

So it is sort of a couple of things, I think. One is the regional differences, and one is also making sure that farmers use the tool that we now have that will allow them to make certain calculations in terms of what is best for their operation based on what we are projecting the dairy costs to be.

Now the good news is we are seeing a slight uptick. So, hopefully, we are headed in the right direction instead of the wrong direction.

Senator GILLIBRAND. Thank you.

I would also like to look at the issue of rural poverty. Your commitment to addressing rural poverty, particularly the persistent poverty that robs too many children in rural areas of their future, has really been important and remarkable.

Recently, a series of stories ran in one of our local upstate New York newspapers in the North Country about intergenerational challenges of poverty in that community, and this is an area that has undergone economic upheaval with the loss of traditional manufacturing and family farms facing low commodity and dairy prices.

As Secretary, you have implemented innovative programs, like the StrikeForce Initiative and Promise Zones, to bring Federal resources to communities most in need. How are these programs working to help communities like the North Country reinvent themselves and establish long-term solutions to the economic challenges faced by a lot of our rural communities?

Secretary VILSACK. Well, StrikeForce has been, I think, incredibly successful because it has provided for an integrated response on the part of all mission areas at USDA. So FSA works with NRCS, works with RD, works with our nutrition programs, to make sure that we are holistically dealing with the 970 counties that are now in the StrikeForce program. Over 200,000 investments have been made. Roughly \$25 billion has been invested in those persistently poor areas.

We have also challenged ourselves to make sure that we are allocating and investing a certain percentage of our resources in the most persistently poor areas of this country.

Representative Clyburn talks about his “10–20–30” program. We sort of adopted a model of that. We had a “20 by 20” program which was 20 percent of our rural development resources in the 20—in census districts that have had poverty rates in excess of 20 percent.

We have exceeded that. We had a goal to do it by 2016. We exceeded it in 2014, and we are building on that.

So there has been a targeted and integrated approach, and we are going to continue to use our rural development resources. We have helped over 112,000 businesses. Four hundred and fifty thousand jobs have been supported through this effort. Infrastructure investments. I mean, I could go on, but it is significant.

Senator GILLIBRAND. Thank you.

I have no time remaining, but I am going to submit for the record a question about rural broadband. Senator Capito and I have a bill that I would like your thoughts on, as well as ideas and guidance from you about other ways to amplify rural broadband.

I have a specific question about the droughts in upstate New York and western New York, that I will submit for the record.

Thank you so much, Mr. Secretary.

Chairman ROBERTS. Without objection.

Mr. Secretary, did you ever watch the movie “High Noon?”

Secretary VILSACK. Yes, sir. Gary Cooper.

Chairman ROBERTS. Do you notice any resemblance between Gary Cooper and Senator Thune?

[Laughter.]

Secretary VILSACK. Senator Thune, do you want me to recognize that?

Senator THUNE. Just play along with him.

Secretary VILSACK. Whatever you say, Mr. Chairman.

Chairman ROBERTS. His wife looks like Grace Kelly, too.

Coop, you have been riding fence. You are a little late. What are you doing?

Senator THUNE. Thank you, Mr. Chairman. It is almost high noon. So we want to wrap this up, but I appreciate the hearing.

Mr. Secretary, as you know, over the past several years and a couple of farm bills, we have had an ongoing conversation about conservation programs, in particular the CRP program, which I continue to believe is the cornerstone of all USDA-administered conservation programs.

One of the concerns that I hear from constituents in South Dakota about CRP is there is a lack of common sense when it comes to guides and policy coming out of Washington.

As you know, one of the biggest problems in the CRP program lies in the mid-contract management policies that for years have required CRP participants in South Dakota to dispose of vegetative cover by burning or other means but would not allow the vegetative residue to be donated to livestock operators who need hay because of drought. You agreed to allow this.

I would like to get your commitment today that this policy of donating vegetative cover from any CRP practice removed under a

mid-contract management can be donated to livestock producers who need it, that will continue into the future years as part of FSA policy.

Secretary VILSACK. Well, Senator, first of all, I appreciate your bringing this issue up, and I think you are absolutely right. We need to have a more common-sense approach, and oftentimes we need to make sure that we understand the impact of these approaches in various regions of the country.

I am happy to commit to you that up to, and including, noon January 20th that the policy that I have articulated is going to continue to be the policy. I cannot promise you that future administrations will see it the same way. I would hope that they would and would certainly encourage them to see as a common-sense, appropriate measure.

We are learning more about farm management. We are learning more about land management. I think the more we learn perhaps the greater the flexibilities we can find within CRP.

Senator THUNE. One of the other issues that we have talked about, and that has to do with mid-contract management, is also—and this is something that I think would benefit not only South Dakota but a lot of other states. In 2012, most of the United States suffered from a severe drought, and I personally visited with the Wildlife Federation, Ducks Unlimited, Pheasants Forever, who agreed in a request that there be emergency haying and grazing allowed on several CRP practices that FSA determined were environmentally sensitive and on which FSA had previously prohibited emergency haying and grazing, which you ended up allowing.

Well, a NEPA analysis was done in 2012 specifically to address that issue on these practices, and this is the—I am going to quote from their statement: “A recent NEPA analysis for a one-time approval for emergency haying and grazing on these additional practices during 2012 found that as long as the haying or grazing was conducted in accordance with a modified conservation plan and under the guidance and approval of the STC and NRCS conservationist, among other stipulations, there would be no lasting significant impacts to wetlands.”

Yet, we had the same situation this year in 2016 in South Dakota, same counties and other states that were approved for emergency haying and grazing, but once again FSA headquarters would not allow haying and grazing on these environmentally sensitive, continuous CRP contracts that an earlier NEPA analysis provided that haying and grazing, would not be harmful.

So my question is: It was allowed in 2012. How does USDA not justify it given the circumstances that we face this year, it was a proven success, and particularly given the fact that a lot of these vegetation harvested from these acres could help those that need it, drought-stricken ranchers?

Secretary VILSACK. Senator, it is a good question, and I will be happy to go back and try to find a more definitive answer if there is one or encourage them to rethink the decision they made.

Senator THUNE. I would appreciate if you would do that. This is an issue that we kind of deal with on an ongoing, seems like almost annual basis in certain areas of our State. Given that NEPA

research based on the 2012 experience, it seemed to me at least this ought to be something we could fix.

Finally, I would like to appreciate the fact that there are State Acres for Wildlife Enhancement, or SAFE acres, that have been targeted for South Dakota in the past, but I would like to call your attention to the fact that in the last CRP general sign-up South Dakota landowners applied to enroll more than 40,000 acres; yet, only 2 contracts totaling 101 acres were accepted. Three states—Colorado, Kansas, and Washington—were able to enroll more than 208,000 acres, more than half of the total accepted.

As you know, South Dakota depends heavily on CRP and currently has a backlog of more than 20,000 acres requested for East and West River SAFE and Duck Nesting Habitat CRP acres. But can you tell me if there will be additional acres allocated to South Dakota for any of these practices in the near future?

I point that out because, as I said, out of 400,000 acres that were allocated for the general sign-up South Dakota applied for 40,000 or 10 percent of that total, and only got approved for 101 acres or 25 10,000ths of the total amount allocated. To me that just seems completely unacceptable and unjustified, and I cannot explain to any farmer in South Dakota how with 40,000 acres requested, in an area of the country where a CRP program is so important, we got 101 acres approved.

Secretary VILSACK. Well, I think the answer is that we—because of the limitation that Congress has placed on the number of acres in the program, we have a higher threshold for acres to get enrolled in the general sign-up. We did 400,000 acres, or 410,000 acres I think, in the general sign-up.

I suspect that there are probably still acres left in terms of the SAFE program or upland game programs that we could potentially utilize.

But it is a matter of economics, Senator. If you want more acres, then you have got to provide us the resource and the capacity to have more acres. You have limited that. You have reduced it from 32 million down to 24 million.

Senator THUNE. That is an issue we are going to have to address in the next farm bill, for sure.

Having said that, the question I asked earlier about SAFE acres and Duck Nesting Habitat CRP acres, on which we have, as I said, a backlog of about 20,000 acres, does USDA have more of those?

Secretary VILSACK. Here is the challenge with that. I mean, you certainly have a justifiable question. The concern I think that our folks have is that they rushed determinations in the past and they ended up getting adjoined in court from the actions that they took. So I think they are trying to be thoughtful of that and trying to make sure that they do not have additional injunctions imposed on them that would further delay the implementation.

But I am happy to take a look at that, as I indicated to you. We will be happy to take a look at it.

Senator THUNE. But those programs, SAFE acres and Duck Nesting Habitat, those CRP programs, you have authority and capacity, I believe. Our State does have requests in a 20,000-acre backlog, and so that is the question.

Secretary VILSACK. We will take a look at that in terms of whether or not there are acres that are being not used in some states that could be. We will just take a look. I want to make sure I do not over-promise to you, but I will take a look at it.

Senator THUNE. Well, I would appreciate that. Twenty-five, ten-thousandths of the amount in the general sign-up seems like proportionately a real bust.

Secretary VILSACK. But it is not proportional, though, Senator. That is the problem. I mean, it has to be based on the Environmental Benefit Index. I think frankly the higher the index, obviously, the fewer acres are going to meet the threshold.

Senator THUNE. Mr. Chairman, thank you.

Chairman ROBERTS. Senator Casey.

Senator CASEY. Mr. Chairman, thank you. I am sorry I am late. I was at another hearing trying to get a miners' protection—or, a miners' pension protection bill done today. So we are late.

Mr. Secretary, I was with you last night at a dinner where I thanked you for your service, and I reiterate that today. I have seen not only in Pennsylvania but across the country a lot of great public servants—presidents, governors, mayors, all kinds of folks. We would be hard pressed to find a better Secretary of Agriculture, and we are grateful for that service.

I do not have a lot of time, but I will try to raise two issues, neither of which will surprise you. The first is dairy, and the second is the Chesapeake Bay. I know we are very limited. I will submit more for the record.

First, on dairy, I know you have spent a lot of your not just time as Secretary but a lot of your life working on issues like this, and we have talked about it a lot. You know of the acute problem we have had in Pennsylvania and a lot of states on the loss of dairy farms, hundreds a year going back many years, long before you were Secretary.

We know that we made the change to the Margin Protection Program, and I know you talked about this earlier. Enrollment is low in Pennsylvania, and that is obviously an issue.

Our staff tells us they were talking to a farmer the other day who is losing 8,000 bucks a month and will likely be losing his farm. That is, not just recently but over years, a typical story.

If you look at 15 years, Pennsylvania dairy production showed a negative growth of around minus 3.1 percent over those 15 years. We have a particularly difficult challenge because of the cost of production.

So I guess if you could just assess based upon all the work that you have done and all the efforts you have put forth, are there other options we should be considering, including new authority, new legislation, new approaches? I guess the bottom line is: What do you think would be most effective to help our dairy farms and farmers?

Secretary VILSACK. Let me offer a couple of suggestions, Senator, that will be repetitive. I apologize, but I think it is worth repeating.

We would have been able to do more in Section 32 potentially if we had more capacity within Section 32 in the CCC program, but each year that has been reduced; our capacity has been reduced by the Congress. So that is one area.

Secondly, we used to have some significant flexibility to sort of craft creative solutions in situations like this. That authority has been taken away through the appropriations process. So that should be restored.

The Margin Protection Program. As I indicated to Senator Gillibrand, part of the issue I think is that people made the decision early in the process not to believe in the program in the sense that they did not sign up for the same level of coverage in 2016 that they did in 2015. Had they signed up for the same level of coverage, we would have paid out \$40 million instead of \$11 million. So there is that issue.

There is the regional feed differential issue that I think will need to be addressed in the next farm bill, as to whether or not you can distinguish between regions of the country where feed costs are up or down, and whether or not that could impact and affect the level of payment.

I think also in terms of these small dairies I have been encouraging them to think about not necessarily working in the commodity-based market that they are currently in but creating their own individual market. This Committee, in this Farm Bill, I think made an historic investment in local and regional food systems, and the ability to afford for these small producers to produce their own ice cream, to produce a value-added product, to create a market where they sell directly to the local school district instead of selling to a major processor, that they work to create their own contracts where they can negotiate their own price for their product.

Oftentimes, at the local level, people are willing to pay a penny or two more for something because they know the farmer; they know the money is going to stay in the community; they know it is helping the general community.

So those would be suggestions that I would make.

Frankly, we also have to look at our credit programs. You know, we have run out of money on the credit side, and that again is related to budget. The budget we are dealing with is less than it was in 2010, and there are consequences to that.

Senator CASEY. I know that you just announced, and we appreciate this, a purchase of 20 million dollars of cheese to help those dairy producers. We are grateful for that.

Is there any way to assess or measure the impact of that? I guess secondarily whether you can—if there are other kind of emergency measures that can be taken.

Secretary VILSACK. Well, we have run out of resources within Section 32, which is the first point I made.

You know, I do not think—it is probably not going to be accurate to suggest that the slight increase that we have seen recently in prices is directly related to that purchase. I think it sent a signal. I do not know that it had a profound impact on the market, but it certainly sent a signal that people are paying attention.

You know, the issue of trade is important. You know, the dairy industry in this country has become a major exporter, which was not the case a number of years ago, but today it is. To the extent that we can continue to look for competitive markets overseas I

think is incredibly important as well and very, very much necessary to be able to maintain stability in the dairy market.

Senator CASEY. I will submit a question for the record on the Chesapeake Bay resources, and I know we have talked about that. I will follow up with it.

Secretary VILSACK. Mr. Chairman, may I say something about the Chesapeake Bay?

Chairman ROBERTS. Sure.

Secretary VILSACK. There is a phenomenal statistic on the Chesapeake Bay, which I learned recently, which is that 99 percent of the cultivated acres in the Chesapeake Bay Area have at least some conservation practice being utilized. Ninety-nine percent. 52 percent of the acres, at some point in time within a 4-year period, have had a cover crop. The impact of that conservation and those cover crops has resulted in an actual reduction in the hypoxic area within the Chesapeake Bay and increased significantly of the underwater grasses that has led to a return of the blue crab, more oysters, and more fish.

So this, I think, sort of underscores the necessity of continued investment in the conservation programs, in the regional conservation partnership program, in all of this.

We have recently worked with Governor Wolf to redirect some resources into Pennsylvania because you have a real challenge. It is hard for your producers to understand the benefits of conservation for the Chesapeake Bay when your State does not necessarily get the benefits of the bay in terms of the economic opportunity that tourism brings. So we are trying to be sensitive and responsive. I think Pennsylvania has received almost—I think it is—if it is not the number one state in terms of resources in this effort, it is the number two state in the watershed.

Senator CASEY. Mr. Secretary, I know we are out of time. Thank you very much, and we are, as always, proud of your Pennsylvania roots.

Chairman ROBERTS. Senator Stabenow.

Senator STABENOW. Well, thank you, Mr. Chairman. I think we have had a good discussion this morning.

Thank you again, Secretary Vilsack. I have got a number of questions that I will submit for the record, but I did want to ask you about our Foundation for Food and Agriculture Research. I think one of the important things that we did that is a real legacy, as we look at the importance of agricultural research, is the Foundation, putting together something that will last longer than all of us and a public-private initiative.

So I wondered, in looking at what the foundation is doing and being a strong supporter of it. The Foundation has announced an ag research prize at the National Academy of Sciences and is funding a new innovator award for young ag scientists, both of which I support, but we have yet to see specific research projects. I wonder if you could talk about what the USDA is doing, you are doing, in working with the board and the executive director to both establish research priorities and to begin funding specific research projects.

Secretary VILSACK. Well, the first step obviously was to get the board composed. The second step was to have that board do the

due diligence and thoughtful work about what areas needed to be focused on. That then puts us in a position where we deal with the fourth and final piece of this, which is to find partnerships.

I know that there were efforts underway on a conservation research project, for example, that the Foundation was committed to, but our partner at the end of the day made a decision that he was not particularly comfortable with the parameters of the research project. He did not necessarily want as much engagement with land grant universities as we thought was appropriate. So that project, which we had spent a lot of time on, unfortunately did not get funded.

But there are priorities set. They are working with land grant universities and other research components, and they are looking for projects. I would expect and anticipate you will see a much more robust suite of projects coming through the process in 2017.

Senator STABENOW. Thanks very much.

Mr. Chairman, I will turn it back to you.

Chairman ROBERTS. Thank you.

Senator Perdue touched on this, as did most members, and you stated yourself that, representing agriculture, you have made every effort to work with the folks over at the EPA. Matter of fact, in 2009, you stated you looked forward to working with Lisa Jackson at that time—it would be Gina McCarthy now—and you thought that she recognized, “the important role that EPA plays generally in agriculture.” You indicated that data and sound science were necessary and important for basing decisions, and I thank you for that.

But as we look back on the past eight years, particularly at EPA and how the EPA is judged by farmers and ranchers, everybody in rural and small-town America, I am very troubled to see efforts, renewed efforts, that I have experienced in my entire public career, which spans about three decades.

Here we go again trying to regulate farm dust—rural, fugitive dust; milk spills; every farm pond and ditch—that is WOTUS; delays in approval of new seed technologies and agriculture chemicals, aggressive climate change-related cap and tax proposals, priorities placed on environmental lawsuits and endangered species at the expense of farmers and ranchers.

Mother Nature gave us some rain in Kansas, and so the lesser prairie chicken is now the greater lesser prairie chicken. We could have saved a lot of trouble and time and effort when we just tried to say, look, if it rains, the habitat will increase.

Help me understand. I know that you have worked with the EPA, I know that you have defended agriculture, and I know that you believe in sound science. But tell me how we can better defend our farmers and ranchers from a host of these policies and regulations that are not based on sound science or data, and how can we assure our producers and our technology providers that regulators will use a scientifically sound and predictable and fair process.

Secretary VILSACK. Well, one suggestion I would make, Mr. Chairman, is to build on the progress that USDA and the Department of Interior have developed with reference to the Endangered Species Act.

I think there has been a new way of thinking on sage grouse, lesser prairie chicken, a number of other potentially endangered species, which is essentially USDA coming to the Department of Interior and saying: Look, producers want to do the right thing. They just simply need to know what to do. They need help in terms of financing what to do. They want some degree of certainty that once they do it that they will not have to redo it or do it again or do more.

So, as a result of that, we were able to enter into an agreement with the Department of Interior that if producers would take certain actions we at NRCS would provide resources on cost-share, that they would be guaranteed for 30 years that if that animal or critter or whatever gets listed they would be deemed in compliance. We saw remarkable acceptance of that approach. So I think that is the wave of the future of some kind of way in which we could create greater certainty or predictability, number one.

Number two, I cannot speak about the processes within EPA because I do not know them, but what I can tell you is that when I was first secretary it took 90 months to get a biotechnology trait reviewed by APHIS. Ninety months. Today, it takes 15 months, and we are probably close to 13 months on most of them.

How did we do that? We did not sacrifice any of the quality of the review. I asked for a chart of all the people that were involved in the 90-month process, and then I asked them to go through a process improvement that any corporation or business would go through to try to streamline a process without sacrificing the quality.

It may be that there are certain circumstances and situations within agencies where process improvement could potentially streamline the process. So that is the second.

The third—

Chairman ROBERTS. Does the EPA have a chart?

Secretary VILSACK. I do not know. That is why I do not know the answer to that question.

Chairman ROBERTS. Can you substitute your chart for the EPA chart even if they do not have one?

Secretary VILSACK. I cannot tell the EPA what to do because, as I said earlier, I do not want them telling me what to do.

Chairman ROBERTS. I have been trying to tell them what to do for some time.

Secretary VILSACK. Right. But you actually have more capacity to do that than I do.

What I can do is make an effort to make sure that they understand the real-life consequences of inaction or action, and I make an effort to make sure that they understand the need to go out and talk to farmers and producers. Gina McCarthy, who is the current administrator, has done that.

On the Waters of the U.S., I will tell you the advice I gave the EPA, which is part of the challenge is that there are hundreds of thousands of farming operations and hundreds of thousands of different circumstances throughout the country.

It would be helpful if you went out. I think they have done this in a couple of states. If you had your technical people go out and have farmers come to you with information about their specific op-

eration, with a specific question. Is this in or out? Does this have to be? Because oftentimes what you will find is what farmers are most concerned about actually is not going to be covered or is not—there is no basis for them to be concerned about it.

There is a fear, a real fear, but it can be dealt with by just simply a communication, and frankly, we do not probably do governmentwide enough of that. We do not define the problem before we define the solution, and we do not educate people about what we are trying to do before we do it, and so there is a natural reaction.

So, those would be my suggestions.

Chairman ROBERTS. Well, thank you for trying. Thank you for trying to be the defender of agriculture over at EPA.

We had 11 Senators with Gina McCarthy on WOTUS, Waters of the U.S. Two pages with regards to the legislation, about the third draft.

Normal cropping operations are exempt. Sounds pretty good.

Eighty-eight pages of regulations. Eighty-eight. The font was about 10-point. You had to squint to read it.

I do not know of any commodity group, any farm organization, any lawyer or any CPA, any group that can wade through all that and then tell a farmer whether or not the dry creek bed is going to be under the Waters of the U.S., or the farm pond where no self-respecting duck would ever land, et cetera, et cetera. That is the problem. I thought we reached a pretty good understanding, but that was not the case.

I think this is a subject area where if it is not the number one issue, that is why a lot of folks that I represent feel ruled and not governed, and they get really upset.

I am not trying to pick on you. I am just trying to say that we have some serious problems.

I have several other things I want to mention with regards Department oversight, and then I will close, and we might even make—well, no, we are not going to make 12, but we will make 12:30.

Your testimony lists what is going right in America, and we appreciate that. I am happy to share in the good news for our farmers and ranchers, but it is also the responsibility of this Committee to examine serious challenges at the Department, and the inspector general has identified some of them.

For instance, the inspector general found that the CCC's financial statements were inadequate and could not pass a third-party audit. Now that is really important. It is difficult for anybody to understand the CCC to begin with, but that is a problem.

They also identified financial control failures in the NRCS and the Rural Energy for America program, the REAP program, where 100 percent of the REAP program samples had errors.

The inspector general just released its 2016 list of USDA management challenges, which is significant because it lists the same challenges it listed last year in its 2015 report.

Further, the report notes countless OIG recommendations that the Department did not complete or that went unimplemented. Obviously, you do not have enough staff to do everything that the OIG wants you to do yesterday.

So considering your recent comments of how legislators may approach funding levels in the next farm bill, can we reach an understanding how the USDA is working to be a better steward of existing funding and meeting the numerous challenges as outlined by the OIG? I am not asking you to respond to that.

Secretary VILSACK. Oh, can I? I would like to respond to it.

Chairman ROBERTS. All right, fine.

Secretary VILSACK. Let me talk about the CCC audit. Basically, we had a change in auditors, and there was a difference of opinion within those auditors about what was acceptable.

So with a new auditor we said, okay, fine. If you are not willing to accept what the previous auditor accepted, fair enough.

We have brought in specialists, and we are working through this process aggressively to satisfy our new auditing firm.

On NRCS, when I came into office, we have not had a clean audit on NRCS. We have been working incredibly hard over the period. It was really, really, really bad. We have worked incredibly hard, and we are making significant progress, and knock on wood, I think we are going to get to a very good place here in the next year or two on that audit that you will have much more confidence.

On the REAP thing, I think that was a really small sampling size that was taken in that particular circumstance.

I am telling you this, Mr. Chairman, so that I know what you just outlined. Because I deal and I meet with the OIG folks on a quarterly basis. I am kept to date on a monthly basis on every single OIG audit, every GAO audit of concern, and we take those things very seriously.

On the management challenges, I think that if you read the report you will find that there have been improvements on the management challenges. It is not a situation where it is exactly the same letter that we got the year before. There are actually several areas where they have actually seen improvements.

Chairman ROBERTS. Mr. Secretary, we want to thank you for coming today. As the agriculture economy continues to trend lower, unfortunately, your testimony, insight, and plans are invaluable to this Committee.

Thank you and thank you for your service over these eight years. Now your job is not quite finished, but we wish you all the best as you finish your work at the USDA and whatever is next.

As we evaluate Federal policies, let's keep in the forefront of our minds the wants and needs of our business men and women involved in agriculture.

Throughout the past eight years, there have been plenty of challenges ranging from devastating droughts to floods, from wildfires to freezes. Farmers and ranchers are as resilient as their crops and livestock when it comes to bouncing back after natural disasters.

Whether it is a push by EPA to expand their jurisdiction over the Waters of the United States or the Dodd-Frank rules restricting access to credit, or especially to our community banks, the biggest frustration I hear from producers is the government too often stands in their way. I know you have heard that as well.

The regulatory framework we have today is vast. It is confusing, often counterproductive. We must find new ways to inject common

sense into the rulemaking process across the entire Federal Government.

While there were many questions today regarding the 2014 Farm Bill—actually, there were not that many questions on the 2014 Farm Bill. Interest is already building for the future of the farm programs. The next farm bill must provide risk management tools that are straightforward, market-oriented, and defensible.

Now the Ranking Member and I, regardless of what happens down the road, will be doing the same thing we did the first time when we passed a farm bill in record time. I think we passed this farm bill in what? Two and a half hours in this Committee? Even talked the leader at that particular time into putting it on the floor and passed it. Now it did run into a brick wall in the House, but we intend to do the same thing, and we will be asking your help and your ideas as well.

We have to face these realities head-on. Producers in their field are being asked to do more with less. We also have to be willing to find solutions that stay within our budget caps and trade rules.

We have right at two years to pass the next farm bill, and yes, there will be another farm bill. We will have a full and transparent discussion of what is working, what is not, which burdens are hindering our competitiveness. This is after we sit on the wagon tongue with all of our producers and listen.

As I said when I took the gavel last year, this Committee will be the voice of the producer. This Committee will not only provide them a platform to spread the word of the value of production agriculture but also be the forum for our farmers and ranchers to participate in shaping the next farm bill. At the end of a producer-led policymaking process, we will have a farm bill that recognizes modern agriculture, respects our fiscal environment, and provides the necessary support for American agriculture to be successful.

As you have indicated, Mr. Secretary, it might be a good idea to focus on the needs, the value of a farm program, and the value of what we, “we” meaning all of our producers and who we represent, what we do for our country in a troubled and hungry world. If we can do that I think, or do our job a lot better than that, I think our road might be somewhat easier.

To my fellow Committee members, I ask that any additional questions you may have for the record be submitted to the clerk 5 business days from today or by 5:00 next Wednesday, September 28.

That concludes our hearing. The Committee is adjourned.

Thank you, Mr. Secretary.

Secretary VILSACK. Thank you.

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

A P P E N D I X
SEPTEMBER 21, 2016

**Ranking Member Stabenow Opening Statement at Hearing with
U.S. Department of Agriculture on the Current State of the Farm
Economy**

Thank you Chairman Roberts. I am proud of the bipartisan work we have done together this Congress. We reauthorized the Grain Standards Act, mandatory price reporting, and the National Forest Foundation, and passed mandatory GMO labeling. And hopefully we will see the Child Nutrition Reauthorization signed into law by the end of this year.

Today's hearing is an important reminder that farm and food policy affects all Americans. Everyone benefits from safe and affordable food, clean water and air, strong rural communities, and the creation of jobs in the emerging bio-based economy. The work of this committee and USDA is critical in addressing the concerns of America's farmers, families, ag-businesses and rural communities.

Of course, nobody knows this better than Secretary Vilsack. Under his leadership over the past 8 years, USDA has made historic progress on issues from conservation and climate change, to healthy eating and helping farmers feed the world. He has been the longest serving Agriculture Secretary in nearly 50 years and among the very best our country has ever had.

Thank you Mr. Secretary for joining us this morning and for your leadership. I know that your legacy will live on long past your tenure.

With half the life of the 2014 Farm Bill behind us, we must begin to examine what's working and how to improve these policies in the upcoming Farm Bill.

As we know, there has been a dramatic slowdown in the farm economy since the passage of the Farm Bill. Farm income has dropped by over 50 percent—the steepest drop in farm income since the Great Depression. Our farm safety net keeps producers in business when disaster strikes. The 2014 Farm Bill made historic reforms by shifting away from direct payments to a focus on the risk

management tools farmers requested to support producers during the bad years like we are seeing today.

New and beginning farmers are especially vulnerable to financial stress during these times, making access to credit an especially important tool. I applaud USDA for taking action earlier this month to provide additional funding for farm loans. I am hopeful Congress can provide additional flexibility for USDA to extend credit to all farmers in need.

Just as the safety net for farmers is critical in times of low prices, I also want to acknowledge the critical role SNAP plays as a safety net for families. Much as farm support grows and shrinks as prices fluctuate, the Supplemental Nutrition Assistance Program responds to the needs of families. The good news is that 4 million fewer families are in need of the nutrition safety net than when we were writing the last Farm Bill in 2012.

The latest hunger report from USDA shows that the number of families who are food insecure is at the lowest point on record. The safety net is working. We have also begun to see positive results from key Farm Bill programs like the Food Insecurity Nutrition Incentive program (FINI), which is boosting farm sales of healthy foods across the country and helping SNAP families afford healthy foods. And the employment and training pilots are proving that the best way to help transition SNAP participants to work is to provide the training and support services they need to get a stable full-time job, not to deny families access to food.

Another goal in the last Farm Bill was to support the diversity of American agriculture. We have seen this pay off with positive growth in organic agriculture and local/regional food systems – markets that were virtually nonexistent a decade ago. Today, we have the opportunity to expose consumers to agriculture through these markets and new ones like urban agriculture.

The 2014 Farm Bill made historic investments in sustainability and conservation, particularly through new partnership programs designed to address concerns with

the help of local partners and farmers. We must continue to look at how conservation and forestry programs can address issues like water quality, drought, and wildlife habitat protection while also providing adequate support for farmers and foresters seeking to mitigate the effects of climate change on their operations. As farmers continue to face regulatory challenges over issues like water quality, voluntary conservation programs can be an important solution for farmers. But farmers can't do it alone. Partnerships between government, conservation groups, and agriculture will be critical to the success of voluntary conservation measures.

The same is true for expanding agriculture research and prioritizing the most critical and relevant research. I am optimistic that the new Foundation for Food and Agriculture established in the Farm Bill will take strides this year to begin funding research projects, together with diverse partners, to keep American agriculture competitive and ensure we can continue to feed the world.

We only have an economy in America if we make things and we grow things. This Committee, working with the USDA, has a critical role in making sure that happens.

Thank you Mr. Secretary for joining us today, I look forward to hearing your testimony.

Sen. Thom Tillis' Opening Statement for the Hearing with Tom Vilsack, Secretary of the U.S. Department of Agriculture

Wednesday, September 21, 2016 — 10:00 am

Thank you, Mr. Chairman.

Mr. Secretary, thank you for being here today. It has been a tough year for our agriculture industry and though some disagree on your authority to designate cottonseed as an oilseed, your work to finalize the Cotton Ginning Cost-Share program was a help to my cotton growers, and I appreciate your attention to the difficulties they are facing.

I said this in a hearing earlier this year and unfortunately, it still applies: as I travel through North Carolina and speak with our farmers, it is never prices that are first mentioned. Over and over again, North Carolina farmers want to talk to me about a specific regulation at EPA or USDA or FDA that is hampering their ability to maximize opportunities.

I am dismayed at the additional layers of regulations proposed by USDA and the Obama Administration at a time the federal government should be doing everything to help farmers survive a bad economy. The North Carolina agriculture industry has a lot to be proud of, but as long as the federal government continues its relentless pursuit of overregulation, it will remain hard for farmers to survive this downturn.

**Statement by Thomas Vilsack
Secretary of Agriculture
Before the Senate Committee on Agriculture
September 21, 2016**

Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to discuss the state of agriculture and the rural economy in the United States. For more than seven years, I have had the honor and privilege of serving as Secretary of Agriculture. I've traveled to all 50 states and heard rural Americans – from local businesses, community leaders, farmers, ranchers and Americans far and wide, from all walks of life talk about the impact that USDA's staff, programs and services have on their lives. I could not be more proud of the work the men and women of USDA do each and every day.

Agriculture has been a bright spot in our economy. As the economy entered a historic recession in 2008, this Administration and Congress did not stand still. When I became Secretary of Agriculture, I recognized that a spark was needed to build a more resilient rural economy where businesses—farm and non-farm alike—are able to innovate, grow, and create more good paying jobs. We worked, in part through the Farm Bill, to increase trade, strengthen the bioeconomy, expand local and regional markets, invest in conservation, and strengthen the safety net to create new opportunities for those living in rural America and create a more resilient rural economy. Our efforts not only supported the most productive agricultural sector in the world, but also helped rural communities become places where all businesses, farm and non-farm alike, prosper and create jobs. This more robust and diversified rural economy helps rural communities become more resilient when facing a weakening of commodity prices and lower farm incomes.

These efforts to build a more diverse and resilient agricultural economy paired with strong commodity prices contributed to the early strength of the farm economy during this Administration. Even as President Obama was pursuing policies after the collapse of the US economy in the Great Recession that have helped the U.S. economy recover jobs and strength over the past 7 years – U.S. GDP is rising, the National unemployment rate continues to decline and the real median household income for middle-class Americans grew by a record 5.2 percent in 2015 – the agricultural economy was still very strong and making significant contributions to our economy domestically and through trade. We added more agricultural-related jobs under

this Administration, with one in twelve U.S. jobs currently supported by our agriculture sector; agricultural exports reached record high levels; and our nutrition program programs have both helped children and families get the food assistance they need to be healthy and provided important employment and training opportunities to help adults move toward self-sufficiency.

Trade agreements offer opportunities

Ninety-five percent of the world's consumers live outside of our borders. That means our trade agreements open a world of opportunities for American businesses. In Fiscal Year (FY) 2015, **American agricultural producers achieved \$139.7 billion in exports, the third highest year on record and up 45 percent from FY 2009. Agricultural exports totaled over \$911 billion for the period FY 2009 through FY 2015, the best seven year stretch in history.** The volume and value of agricultural exports support more than 1 million American jobs both on and off the farm each year, a significant part of the estimated 11.5 million jobs supported by exports all across the country. Agricultural exports support farm income, which translates into more economic activity in rural areas. Each dollar of agricultural exports is estimated to stimulate another \$1.27 in business activity.

USDA efforts knocked down trade barriers to U.S. exports in more than 18 countries, reopening markets to U.S. agricultural exports. **In 2015 alone, USDA resolved foreign access market issues involving U.S. agricultural exports valued at \$3.6 billion.** In 2016, Saudi Arabian and Peruvian markets reopened for U.S. beef, the South Korean market reopened for U.S. poultry, and the South African market reopened for U.S. poultry, pork and beef.

When necessary, we will use all the instruments available to us to ensure our agricultural products get fair treatment in foreign markets. Just last week, the Administration requested formal WTO consultations with China on its measures affecting our grain exports.

Further, trade agreements, like those with Panama, Colombia and South Korea, have created additional opportunities for trade growth. U.S. agricultural exports to these three countries grew by nearly 28 percent, from \$7.6 billion in FY 2012, when the trade agreements first went into effect, to \$9.7 billion in FY 2015, supporting approximately 73,000 American jobs. Following years of USDA-led technical exchange, the United States and China signed an agreement in 2015 to expand market access for U.S. apples from just two varieties to all U.S.-grown varieties. The Chinese apple market could be worth nearly \$100 million per year to U.S.

producers. U.S. agricultural exports to all U.S. Free Trade Agreement partners grew from \$15.5 billion in 1994 to \$57 billion in 2015, a nearly four-fold increase in 20 years.

Closer to home in Cuba, USDA has established an in-country presence in Cuba to cultivate key relationships, gain firsthand knowledge of the country's agricultural challenges and opportunities, and begin to explore fruitful information exchanges and research collaboration. U.S. agricultural exports have grown significantly since trade with Cuba was authorized in 2000. Since the implementation of the Trade Sanctions Reform and Export Enhancement Act (TRSA) in 2000, the United States has exported nearly \$5 billion in agricultural and food products to Cuba. To strengthen our bond, between the United States and Cuba, USDA will allow the 22 industry funded Research and Promotion Programs and 18 Marketing Order organizations to conduct authorized research and information exchange activities in Cuba. Cuba's geographical proximity and demand for U.S. products makes it a natural market for US producers. In fact, from 2003 to 2012, the United States was the leading agricultural exporter to Cuba. A more open and normalized trade relationship with Cuba will benefit both countries and help address the competitive disadvantages that U.S. agricultural products currently face in this market.

But we can and should do more to expand markets. U.S. farmers are facing unprecedented competition amid a slowing global economy and appreciating dollar. That's why it is important for Congress to approve the Trans-Pacific Partnership (TPP). When implemented, the TPP agreement, with 11 Pacific Rim countries representing nearly 40 percent of global GDP, will provide improved market access for America's farmers and ranchers by lowering tariffs and eliminating other barriers. The American Farm Bureau Federation predicts that ratifying the TPP agreement will boost annual net farm income in the United States by \$4.4 billion, compared to not approving the pact, according to their economic analysis. A recent study by the U.S. International Trade Commission showed that with the TPP in place, U.S. beef exports will increase by \$876.1 million annually by 2032; U.S. poultry exports by \$173.9 million; U.S. fruit, vegetable and nut exports by \$574.9 million; and U.S. dairy exports by a whopping \$1.845 billion. In the same time period, overall U.S. real income will increase by \$57.3 billion. Sixty-six percent of GDP growth from TPP would go to American workers through increased wages and job opportunities. American agriculture needs the good deal laid out in the TPP agreement to bolster its position in the world economy. We are committed to

working closely with Congress to obtain support for this historic deal so that our businesses can sell more rural-grown and rural-made goods around the world, and more American workers can compete and win.

Rural America needs a strong biobased economy

We have also taken significant steps to grow the emerging bioeconomy. A study of the bioeconomy released last year found that the biobased products industry generated \$369 billion and 4 million jobs each year for our economy. Biobased products industries directly employ approximately 1.5 million people, while an additional 2.5 million jobs are supported by the bioeconomy in other sectors. Shifting just 20 percent of the current plastics produced into bioplastics could create 104,000 jobs. Environmentally, the increased use of biobased products currently displaces about 300 million gallons of petroleum per year – equivalent to taking 200,000 cars off the road.

As part of this effort, USDA continues to lead the way for renewable energy by supporting the infrastructure needed to grow the new energy economy. **Since 2009, Rural Development has supported almost 400 biofuel producers** with the production of advanced biofuels through the Bioenergy for Advanced Biofuel Program. Further, the Department has **helped roughly 15,000 rural small businesses, farmers and ranchers improve their bottom lines by installing renewable energy systems and energy efficiency solutions.** With the Biorefinery, Renewable Chemicals, and Biobased Manufacturing Assistance Program we are expanding the number of commercial biorefineries in operation that produce advanced biofuels from non- food sources. **This focus on renewable energy has resulted in support for the construction of 6 advanced biofuels production facilities, over 4,000 wind and solar renewable electricity generation facilities, and more than 100 anaerobic digesters to help farm operations capture methane to produce electricity.**

We have also made available \$100 million in grants under the Biofuel Infrastructure Partnership (BIP), estimated to nearly double the number of fueling pumps nationwide that supply renewable fuels, such as E15 and E85, to American motorists. Twenty- one states are participating in the BIP, with matching funds from state and private partners, providing \$210 million to build nearly 5,000 pumps at over 1,400 fueling stations to strengthen the rural economy and increase the demand for agricultural commodities used in the production of

biofuels. We are also proud of our effort to partner with the Department of Energy (DOE) and the Department of the Navy to create advanced drop-in biofuels that will power both the Department of Defense and private sector transportation throughout America – **which to date has led to the procurement of 77.7 million gallons of blended drop in biofuel** – and with the Federal Aviation Administration, DOE, and the commercial aviation sector to sustainably increase the production and use of alternative jet fuel.

We have taken new steps to support biobased product manufacturing that promises to create new jobs across rural America. **Under this Administration, we have added 70 new categories of qualified biobased products for Federal procurement, which includes over 14,000 products. Currently, more than 2,700 products have received certification to display the USDA Certified Biobased Product label**, creating and increasing consumer and commercial awareness about a material's biobased (new carbon) content as one measure of its environmental footprint. We awarded funds through the Forest Service's Wood Innovations Grants Program and the U.S. Tall Wood Building Prize Competition to support pioneering demonstration projects, business planning and research that can advance new markets for mass timber construction that can support the health and resilience of our forests and our forested communities alike.

And earlier this year, the Biomass Research and Development Board released the Federal Activities Report on the Bioeconomy (FARB) that documents federal activities aimed at helping to develop and support the bioeconomy – an emerging part of the overall U.S. economy. The FARB identified a Billion Ton Bioeconomy vision and some of the next steps to sustainably reach the full potential of biomass-derived products as a way of expanding our nation's economy.

Local and regional food systems create opportunities for agriculture and communities

This administration has taken action to open the doors of USDA to new stakeholders and to adapt to changing consumer demands that impact agriculture. One of those changes has been the growing consumer interest in buying locally produced products, which has created major new market opportunities for American Farmers, ranchers and food-related businesses. **The value of local food sales has grown from \$5 billion in 2008, and some industry sources estimate that sales could hit \$20 billion by 2019.** Under this Administration, USDA has made

changes at the policy and programmatic level that are strengthening local and regional food systems, helping to revitalize rural economies, and supporting efforts around the country to provide fresh, healthy food to all Americans. Demand for local and organic food is also attracting more young people back to the land and creating value-added opportunities for farmers to boost their incomes.

At USDA, we recognize that this consumer interest is an opportunity for agriculture, and that strong local and regional food systems can help meet many goals. They harness the entrepreneurial innovation of small and medium-sized family farms and help them succeed in rural America; they drive the creation of new food businesses that in turn create jobs; and they are a strategy to connect low-income consumers with healthy food options in areas that are currently underserved. **Between 2009 and 2015, USDA invested over \$1 billion in more than 40,000 local and regional food businesses and infrastructure projects. Today, more than 160,000 farmers and ranchers nationwide are tapping into growing consumer demand by selling their products locally.** USDA investments in local and regional food systems are keeping more of the food dollar in farmers' pockets and improving consumer access to fresh and local food. Research from UC Davis shows that direct-market sales through farmers markets and Community Supported Agriculture enterprises have about twice the impact of wholesale market sales. We also know that food hubs, which play an essential role in food systems by aggregating products from small and midsize farms and distributing them to large-volume buyers, such as grocery stores, are economic drivers. According to a comprehensive survey by Michigan State University, on average, each food hub supports 20 jobs and generates nearly \$4 million in annual sales.

USDA support has helped to nearly double the number of food hubs since 2009; and there are now over 8,500 farmers markets nationwide, an increase of almost 98 percent since 2006. USDA resources to strengthen local and regional food systems extend throughout the supply chain, starting with producers, including new insurance offerings to help diversified operations better manage risk, right-sized loans for farms of all sizes, financial support for season-extending tools like high tunnels, and innovative programs to make food safety verification more affordable.

USDA programs also support small businesses and local communities that are using local and regional food systems to drive economic growth. Our investments in farmers markets

and other direct-to-consumer local food marketing activities through the **Farmers Market Promotion Program (FMPP)**, have provided **\$60 million in assistance for over 900 projects nationwide since 2009**. In the Farm Bill, Congress expanded FMPP to include the Local Food Promotion Program (LFPP), which supports more complex local food supply chains including aggregation, distribution, and storage and processing of local food. LFPP has funded over 350 projects totaling nearly \$25 million since it launched. USDA is also helping producers tap into the market for local and regional foods in schools, which are now serving healthier breakfasts, lunches and snacks. Since 2013, USDA has provided over \$19 million for 295 Farm to School projects to increase the amount of healthy, local food in schools, which represent a tremendous market opportunity. **In the 2013-14 school year alone, school districts spent nearly \$800 million on locally and regionally-sourced food.**

In addition, USDA has made expanding SNAP recipients' access to fresh fruits and vegetables through farmers markets a priority in recent years. **Between 2008 and 2015, the number of farmers markets and direct marketing farmers that accepted SNAP rose from about 750 to almost 6,500. Over \$19 million in SNAP dollars was spent at farmers markets in 2015, up from less than \$3 million in 2008.** This is a win-win for both farmers and SNAP participants, and it shows how our investments are simultaneously improving the health of low-income shoppers and bolstering the incomes of local farmers.

A healthy and prosperous America relies on the health of our natural resources

Another way that USDA is strengthening the rural economy and improving resiliency is by increasing efforts to responsibly utilize our resources and expand conservation. America's farmers, ranchers and landowners have led the way in recent years to conserve and protect our soil, water and wildlife habitat, as well as protect pollinators. With the help of Farm Bill programs, USDA partnered with a record number of producers since 2009 to create a cleaner, safer environment. During this Administration, we have enrolled a record number of private working lands in conservation programs and implemented strategies - such as landscape- scale efforts - to restore our forests and clean our water supply. These efforts have also created significant economic opportunities in the forms of recreation and improved resilience to withstand major weather events.

A new model for conservation investment established by the 2014 Farm Bill for the

Regional Conservation Partnership Program (RCPP) has allowed USDA to leverage \$800 million to support 115 high-impact conservation projects across the nation that will improve the nation's water quality, support wildlife habitat and enhance the environment. As an example, in each of the first two rounds of RCPP funding, USDA funded projects that specifically focused on nitrogen stewardship in the Midwest. In the first round, more than \$5 million was awarded to the Illinois Corn Growers Association and its partners to integrate conservation into the foundational farm management of commodity crop operations. In the second round, \$9.5 million was provided to the Midwest Agriculture Water Quality Partnership to advance a science-based, non-regulatory approach to reducing nutrient loss and improving water quality, soil health, and habitat for at-risk species. In addition to RCPP, NRCS addresses water quality conservation concerns through other landscape-scale water quality conservation initiatives, such as the Great Lakes Restoration Initiative (GLRI). From 2009-2015, over \$22 million in GLRI funds were used to install conservation practices on 103,000 acres in the Western Lake Erie Basin.

USDA is experiencing record demand from producers interested in participating in the Conservation Reserve Program (CRP), which improves water quality, prevents soil erosion and strengthens wildlife habitat. Under CRP, farmers and ranchers across the country are creating at least 15 million acres of healthy forage and habitat for pollinators. The recent general and CRP Grassland sign-ups were the most selective enrollment periods in CRP's 30-year history with a record high Environmental Benefits Index cut-off, ensuring that conservation benefits are being maximized. USDA accepted 101,000 acres in the first-ever CRP Grasslands enrollment, providing participants with financial assistance for establishing approved grasses, trees and shrubs on pasture and rangeland that can continue to be grazed. More than 70 percent of these acres are diverse native grasslands under threat of conversion, and more than 97 percent of the acres have a new, military veteran, or underserved farmer or rancher as a primary producer. This fiscal year, CRP's continuous sign-up enrollment is on track to be the largest since continuous sign-up began in 1997.

USDA is also helping rural America respond to a changing climate. While U.S. agriculture and resource management have long histories of successful adaptation to climate variability, the accelerating pace and intensity of climate change presents new challenges. To address this challenge, USDA's Regional Climate Hubs are developing and delivering science-

based, region-specific information and technologies to agricultural and natural resource managers across the U.S. The Hubs are also providing technical support, regional assessments and forecasts, and outreach and training to enable climate-informed decision-making. By partnering with farmers, ranchers, rural land owners, and other stakeholders we can improve the resilience of farm and forestry systems to the challenges posed by climate change, such as changes in weather patterns, extreme weather events, and spreading invasive species and foreign diseases.

Using the authorities provided in the 2014 Farm Bill, we have developed “The Building Blocks for Climate Smart Agriculture and Forestry” strategy to reduce net emissions and enhance carbon sequestration by over 120 million metric tons of CO₂ equivalent (MMTCO₂e) per year by 2025, while also boosting productivity and resilience in the face of a changing climate. Through this initiative, we will encourage voluntary actions that promote soil health, improve nutrient management, and conserve and enhance forest resources on private and public lands. **Conservation programs on private working lands have reduced net greenhouse gas emissions by over 360 million metric tons since 2009** and through this initiative we will give producers the tools and resources to continue their global leadership in meeting our climate and food security challenges moving forward. Since the announcement of these building blocks, USDA and its partners have taken actions to reduce GHG emissions and increase carbon sequestration from agriculture, forests, and rural areas.

Finally, any discussion of conservation and adapting to a changing climate would be incomplete without USDA expressing the need to fix fire budget funding. The frequency and intensity of wildfire is increasing while the cost of controlling the spread of wildfire is rising, and the way we pay for fire suppression constrains the agency’s capacity to realize additional gains through efficiencies and partnerships alone. Planned wildland firefighting (suppression) activities are currently funded entirely within the U.S. Forest Service budget based on a 10-year rolling average. Today the agency spends over half of its budget on fire management activities and has seen a corresponding 39 percent decline in non-fire staffing since 1998. Left unchecked, two out of every three dollars appropriated to the Forest Service will be spent on fire programs in the next 10 years. In addition to the rising costs of fire, when appropriated resources fall short, as they did in 2015 by \$700 million dollars, the Forest Service is forced to transfer funds from non-fire programs to cover the costs of suppression. These mid to late season transfers stop projects,

cause uncertainty and instability in planning, and impact the agency's ability to implement projects. Congress must act now and provide a comprehensive fix that will address both the growth of fire programs as a percent of the agency's budget and the compounding problem of fire transfers.

Investments in infrastructure and research

To create a strong resilient farm economy built around trade, the bioeconomy, local and regional food systems, and conservation it was clear that we must have basic investments to set the stage for growth. To accomplish this, we have made historic investments in rural communities, making them more attractive to non-farm businesses and talented hard-working individuals looking to get ahead. USDA has sought to revitalize rural areas and diversify our nation's agriculture by making significant investments in rural infrastructure. **Since 2009, we invested a total of \$13.3 billion in new or improved infrastructure in rural areas through 10,623 water projects. These improvements helped nearly 18 million rural residents gain access to clean drinking water and better waste water disposal.**

USDA also delivered modernized electric service to more than 5.5 million subscribers and over 185,000 miles of electric lines were funded. We helped nearly **120,000 rural businesses since 2009 with an investment of over \$13 billion, creating or saving an estimated 450,000 jobs.** Through its Rural Business Investment Program, USDA has been able to certify three venture capital companies focused with investment in rural businesses. These three Rural Business Investment Companies have pledged over \$380 million investment in rural businesses. Since 2009, USDA also assisted more than 1.1 million rural families to buy or refinance a home; in FY 2015 alone, we helped 141,000 rural Americans become homeowners.

New and beginning farmers and ranchers are a fundamental part of the agricultural marketplace and are needed to carry on America's strong legacy of agriculture productivity. However, according to the 2012 Census of Agriculture, their numbers are continuing a 30 year downward trend. To reverse this trend, we need to equip the next generation of farmers and ranchers with the tools they need to succeed. USDA has increased access to our programs by collaborating with partners and improving customer service to increase opportunities for all sizes, segments, and types of farmers and ranchers to break down the barriers they face during the first ten years of operation. We developed an innovative web tool and conducted other

outreach activities, to help support key groups, like veterans, women, the socially disadvantaged, as well as facilitate intergenerational transfer of farms and ranches. Through the Beginning Farmer and Rancher Development Program, USDA has also provided more than \$130 million in grants for workshops, educational teams, training, and technical assistance to new and beginning farmers. As a result, the Department and its partner organizations have been able to increase program participation by many underserved communities. Farm Service Agency (FSA) has also engaged in cooperative agreements with 55 partners to educate farmers and other producers that have been underserved by USDA programs historically about FSA programs that provide financial, disaster or technical support. Nearly \$2.5 million is going to nonprofits, associations, universities, and foundations that will provide training and information on agricultural best practices, local networking opportunities and more.

We must also continue to innovate to keep U.S. agriculture competitive. Long-term agricultural productivity growth relies on innovation through research funded by both public and private sectors. Innovations in animal/crop genetics, chemicals, equipment, and farm organization all result in American farmers producing more with less. In recent years, USDA scientists and university partners have developed new ways to deal with the influenza virus in pigs; increased milk production with fewer resources; created innovative and effective ways to manage pests and promote pollinator health; supported innovations in irrigation technologies resulting in water savings and improved nitrogen use efficiency; developed tools to identify and combat antimicrobial resistant bacteria that threaten human and animal health; and increased profitability of farmers and livestock producers despite droughts and increasing temperatures. Studies have shown that every dollar invested in agricultural research has returned between \$10 and \$20 in economic benefits to the nation. I am proud that during my service as Secretary, **we have increased investments in peer-reviewed competitive grants through the Agriculture and Food Research Initiative (AFRI) from \$201.5 million in FY 2009 to \$350 million in FY 2016**, while still achieving growth in formula funding to our partner institutions of higher education. Also, with the help of Congress, we have begun to make needed investments in our research infrastructure.

Farm safety net is working

However, over the past two years, the combination of a strengthening dollar and

relatively high global production leading to lower prices for commodities has resulted in large drop in 2015 and 2016 net farm income, relative to the 2011 through 2014 period. USDA expects real net farm income this year to be the lowest since 2009. There has been a slowdown in the rise of land values in most agricultural regions, with some seeing values come down slightly from recent record highs. Demand for farm loans has been increasing, driven in part by the need to cover operating expenses as commodity prices have fallen more quickly than costs. As a result, the debt to asset ratio for U.S. producers has increased over the past two years, but in aggregate is still near historic lows. While the data suggests that net farm income remains relatively high by historical standards— for example, the 5-year average of net farm income since 2014 has ranged between \$85 billion (for 2012 – 2016) to \$96 billion (for 2010 – 2014), the highest levels since the mid-1970's and that most farms have a strong balance sheet and delinquency rates remain lower than the 2005 to 2014 average – it is clear financial stress is increasing and that some producers are more exposed to financial risk. In general, those producers with high costs of production, rent a significant portion of their land base, or have increased borrowing to cover operating costs will be most exposed to financial risk as returns decline with commodity prices.

The current conditions are leading to increased uncertainty and concern in rural America, but even as falling global commodity prices continue to depress farm income, the current farm safety net that was created during the last Farm Bill is providing support for producers. **In 2015, government farm program payments totaled about \$10.8 billion and are expected to increase to nearly \$13.8 billion in 2016. In addition the crop insurance program offset more than \$6 billion in farm losses in 2015 and is expected to cover more than \$9 billion in 2016.**

Last year, USDA enrolled 1.76 million farmers in the new Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs by conducting an unprecedented education campaign. ARC and PLC are a part of the farm-safety net, providing assistance only when there are year-to-year crop revenue or commodity price downturns. To date, ARC and PLC have provided \$5.3 billion in financial assistance for crop year 2014, to more than 1 million farms. In addition, more than half of all dairy farms in the U.S. – over 23,000 – have enrolled in the Margin Protection Program for Dairy (MPP-Dairy). This voluntary program provides financial

assistance to participating farmers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the producer. Recently, over \$11 million in payments were made to over 4,600 dairy operations for the May/June payment period. The largest payment for any two-month period since MPP-Dairy was enacted in 2014. Also, USDA recently amended regulations to allow producers that add adult children, grandchildren or spouses to their operation to increase the established milk production history eligible for coverage under MPP-Dairy.

The 2014 Farm Bill indefinitely extended the Farm Service Agency's livestock disaster programs and the Tree Assistance Program. Since the passage of the Farm Bill, these programs have paid producers over \$6 billion dollars to recover from natural disasters, including drought and wildfires.

USDA has continued to strengthen crop insurance to ensure the program works for all farmers and ranchers. The Risk Management Agency (RMA) has expanded access to crop insurance options for organic and specialty crop producers through new and innovative programs, including the Whole-Farm Revenue Protection policy, and coverage options that allow organic farmers to protect their products at the market value. In fact, **the number of crops eligible for organic premium pricing went from four in 2011 to 57 for the 2016 crop year. The number of acres insured by organic producers grew from 576,700 in 2009 to 1.1 million in 2016.** The new Whole-Farm Revenue plan is being offered in all counties in the United States in 2016. In addition, RMA has worked to ensure that new crop insurance programs from the 2014 Farm Bill are available for as many crops as possible. The Supplemental Coverage Option (SCO) is now available for 58 crops and the Actual Production History Yield Exclusion is available for 50 crops. The Stacked Income Protection Plan for Producers of Upland Cotton (STAX) is currently available for every county that has a crop insurance policy for cotton. Peanut Revenue Protection is available in every county with peanut coverage, and Margin Protection Insurance is available for wheat, corn, rice, and soybeans in select counties. Finally, the new and beginning farmers and ranchers incentives authorized in the 2014 Farm Bill make crop insurance more affordable for beginning farmers and ranchers by providing a 10 percent premium discount, on top of the premium subsidy all producers receive, as well as a waiver of the catastrophic and additional coverage administrative fees. **Over 13,500 producers have taken advantage of these incentives and**

saved around \$14.5 million annually in premiums and administrative fees because of the incentives.

USDA worked with crop insurance companies to educate farmers and ranchers about the new conservation compliance requirements in the 2014 Farm Bill and as a result, over 98 percent of Federal crop insurance participants provided the documentation necessary to comply with those requirements and maintain their benefits.

The Noninsurance Crop Disaster Assistance Program (NAP) to include buy-up protection, similar to buy-up provisions offered under crop insurance, and instituted a fee waiver and 50 percent reduction in premium for beginning and underserved producers as well as direct market, organic, and quality provisions. The Farm Storage Facility Loan Program (FSFL) has also been revitalized and covers storage for more commodities and the microloans option.

Access to credit remains a critical issue for producers, in particular for small and beginning farmers and ranchers. Since 2009, USDA has provided approximately 276,000 loans totaling over \$39.5 billion to farmers and ranchers. **In 2016 alone, FSA has made over 28,000 direct loans and nearly 10,000 guaranteed loans for a record loan volume of nearly \$6.2 billion.** We are working with the Small Business Administration to leverage existing SBA loan guarantees and SBA emergency credit for rural small businesses. Demand for credit continues to be strong, particularly for farm operating loans, as farmers cope with lower commodity prices. The recent demand has led to full utilization of the current program level for farm operating loans.

While the Farm Bill has resulted in a strong safety net for producers, the Department has also utilized other existing authorities to provide assistance to producers when possible.

Cotton producers are experiencing lower market prices and have indicated that the current safety-net is not providing adequate protection for cotton. We have used the Commodity Credit Corporation's (CCC's) statutory authority to implement the Cotton Ginning Cost-Share (CGCS) program, which is providing needed assistance to financially stressed cotton producers. Through the CGCS program, eligible producers receive a one-time cost share payment to expand and maintain the domestic marketing of cotton. To date, the program has provided about \$325 million to assist cotton producers.

We have approved more than \$320 million in section 32 purchases that have the

dual benefits of helping producers and providing nutritious foods to those in need, including \$20 million cheese buy to assist the dairy industry.

And while we have been able to use certain authorities to provide assistance during this downturn, existing Congressional restrictions on previously available disaster assistance authorities have the potential to limit our ability to react quickly and provide additional assistance if current market conditions persist or worsen. While I sincerely hope they are not needed, Congress should consider lifting these restrictions so that the next Secretary of Agriculture will be able to react as necessary to future needs.

Reducing hunger and improving the health and nutrition of our nation's children

Because our safety net does not stop with producers, this Administration continues its strong support for the Supplemental Nutrition Assistance Program (SNAP). **SNAP kept at least 4.7 million people, including nearly 2.1 million children, out of poverty in 2014.** In addition, every five dollars of SNAP benefits generates nine dollars in economic activity. SNAP has been shown to have long-term benefits as well. Recent research indicates that for low-income individuals, access to SNAP in early childhood led to a 16 percentage point decline in the likelihood of obesity as an adult and an 18 percentage point increase in the likelihood of completing high school.

We also look forward to working with Congress to reauthorize the Child Nutrition Programs in a way that preserves the achievements we have made under the Healthy, Hunger-Free Kids Act. Schools around the country have made tremendous progress in improving the nutritional quality of school meals. **During the 2014-2015 school year, over 97 percent of schools successfully met the nutrition standards by serving meals with more whole grains, fruits, vegetables, lean protein and low-fat dairy, and less sodium and fat.** In the first year of nationwide implementation of the Community Eligibility Provision (CEP), we have also seen progress in reducing the administrative burden on schools and improving program integrity while increasing the number of low-income children certified for school meals. About 60 percent of eligible schools in nearly 3,000 school districts are participating in CEP, reaching more than 8.5 million students.

Though summer vacations may have ended, we remain concerned about expanding the options available to vulnerable children while school is out of session. Over 22 million students

participate in free and reduced price meals during the school year, but only a fraction are participating in summer meals. Because hunger does not take a vacation during the summer months when school meals are unavailable, we have expanded the Summer EBT for Children demonstration pilots over the last 2 years. Rigorous evaluations of Summer EBT pilots demonstrate the program effectively reduces food insecurity and improves nutrition. In tandem, **we have expanded summer food programs – serving nearly 4 million children in the summer of 2015. In total, summer meals sites have served over 1.2 billion meals to low-income children since 2009.**

Conclusion

Even as commodity prices have weakened and farm incomes have decreased, the rural economy remains strong. Our work to increase trade, grow the bioeconomy, strengthen local and regional food systems, and expand conservation have resulted in a more resilient rural economy. Rural and urban areas continue to recover from the Great Recession. Median income for farm households remains near the historic high of 2014 — 35 percent higher than median US household income in 2015. Nationally, the real median household income for middle-class Americans saw a record 5.2 percent increase in 2015. While the nonmetro rates of unemployment still lag the metro areas, nonmetro rates have been recovering at about the same pace and we know that both are approaching pre-recessional levels of around 5 percent, providing increasing opportunities for farm families. While there the population of rural areas has been flat or declining lately, we also see that the proportion of adults living in rural areas with some college training now exceeds metro areas. Those bode well for rural America and we have seen poverty fall in nonmetro areas falling in 2015 to its lowest point since 2008.

Further, the farm safety net – while not perfect – is providing assistance when it is needed. And earlier this month an ERS report found the lowest figures on record for food insecurity among children – a major achievement in our country's efforts to ensure every child has a safer, healthier future filled with unlimited opportunity. In 2015, household food insecurity fell 1.3 percentage points from 2014 and 2.2 points from 2011 – the peak of the recession. At the same time, very low food security has dropped to 5 percent from a peak of 5.7 percent. Since when the President took office, 7.9 million fewer people are struggling to provide adequate food for themselves or household members. For these reason, I am confident in the future of the rural

economy and see opportunities for us to continue to strengthen this outlook and create opportunities for Rural America in the future.

Finally, Mr. Chairman and Members of the Committee, thank you for this opportunity to speak briefly about the work of the United States Department of Agriculture. It has been my great pleasure to serve with you as the Secretary of Agriculture and would like to take the opportunity at what is likely my final time testifying as the Secretary to recognize your tremendous work in support of rural America and to recognize the great work of the men and women at the Department who work diligently to carry out our mission and implement the policies passed out of this committee. The dedication of this team – both in D.C. and throughout the country – has allowed this Department to reach a record number of people, and with fewer resources. They believe in our mission and I am confident that they will continue to do so well after my tenure at the Department comes to an end.

DOCUMENTS SUBMITTED FOR THE RECORD

SEPTEMBER 21, 2016

Sen. Thom Tillis' Comment for the Record for the Hearing with Tom Vilsack, Secretary of the U.S. Department of Agriculture

Wednesday, September 21, 2016 — 10:00 am

Mr. Chairman,

Though this committee hearing is to have a discussion with the Secretary of the Department of Agriculture and update him on issues impacting producers and rural communities in our home states, the Smithfield/WH Group transaction has been brought up.

North Carolina has a major Smithfield presence and is home to the largest pork processing plant in the world and responsible for thousands of jobs in a rural area of my state. I would like it on the record that the WH Group, Smithfield's parent company, is a Hong Kong-based publicly traded corporation. Anyone, anywhere in the world can purchase shares of the WH Group. In fact, the WH Group's shareholder list includes large institutional investors such as U.S. pension funds and hedge funds.

Smithfield continues to report its results to the United States Securities and Exchange Commission and the WH Group publishes its results twice annually and these documents are available to the public. A June 29, 2016 article from *Bloomberg* highlighted that the U.S. workforce under the WH Group has expanded by more than 1,000 people to almost 39,000; and rather than cutting back investment, capital spending has climbed 24 percent last year to \$313 million.

QUESTIONS AND ANSWERS

SEPTEMBER 21, 2016

Senate Committee on Agriculture, Nutrition, & Forestry
The U.S. Department of Agriculture and the Current State of Farm Economy
Wednesday, September 21, 2016
Questions for the Record
Secretary Tom Vilsack

Chairman Pat Roberts

1. The scope of the biotechnology disclosure program is limited to disclosures regarding only the presence of bioengineering. No new authority was given to the Department within the disclosure program for non-bioengineered or “non-gmo” labels. The Agricultural Marketing Service (AMS) policy memorandum raises a couple initial concerns. Under what authority is AMS making the policy statement that “no certified organic products will require disclosure as bioengineered?” Why is AMS soliciting comments on “further definitions of bioengineered foods requiring mandatory disclosure” when the definition for bioengineering is clearly set in statute and the scope of rulemaking is directed at a standard for disclosure?
2. In reviewing USDA’s September 1, 2016 request for information (RFI) to implement the study of potential technology challenges mandated in the recently passed biotechnology disclosure legislation, it appears that USDA is going well beyond the scope directed in the law. USDA’s draft work statement calls for an additional “consumer use study,” which aims to identify the likelihood consumers will use electronic or digital disclosures when making food purchasing decisions. Where in the direction to “conduct a study to identify potential technological challenges that may impact whether consumers would have access to the bioengineering disclosure through electronic or digital disclosure methods” does USDA identify the authority to conduct a “consumer use study?”
3. A recent GAO report on “Improper Payments” discusses the repeated failure of USDA to bring some of its assistance programs into compliance with the Improper Payments Elimination and Recovery Act (IPERA). The GAO notes USDA’s recurring failure to comply with the criteria set forth in IPERA, and properly address improper payment issues. Further, the report notes erroneous payments have plagued various USDA producer support programs, disaster programs, and nutrition programs. These are vital programs for the underprivileged and vulnerable populations, and the administration of these programs needs to function efficiently. GAO’s report recommends USDA submit a letter to Congress outlining proposals of changes to be made in light of the three years of noncompliance in the School Breakfast Program, Child and Adult Care Food Program, National School Lunch program, and Special Supplemental Nutrition Program for Woman, Infants, and Children (WIC). What is the status of the letter, and where is USDA in its efforts to strengthen the integrity of these programs? Will the letter be issued prior to the new administration taking office?

4. USDA puts a great deal of importance on advancing “local” agriculture – the term “local” is used close to 30 times in a recent USDA AMS blog as USDA pledges ongoing support for local farmers markets, and has made considerable financial investment, to the tune of approximately \$1 billion. USDA maintains a definition for local as it pertains to a couple of its loan and grant programs, linking the term to anything grown within 400 miles, or within the same state of where it is sold. However, unlike the rules surrounding USDA's organic program, there is no labeling standard for locally produced foods or enforcement effort. Thus, what is USDA doing to educate people as to what local means? Are there any thoughts about incorporating the parameters of “local” into USDA’s outreach efforts in anyway, or does it remain something to be “watched”? A natural by-product of a \$1 billion investment is that the integrity of the outreach efforts, program(s), etc., and the terms used, like “local,” become elevated and valued. 400 miles stretches between Washington, D.C. and Columbus, Ohio, and while vegetables grown in Ohio may be great, it would truly be a stretch to consider them “local” to D.C. So, will USDA make any effort to instill a “truth in advertising” philosophy in its outreach so that consumers can understand the origins of their food?
5. A bipartisan letter on the proposed rule, “National Organic Program; Organic Livestock and Poultry Practices,” was sent to USDA on July 26, 2016. We have not yet received a reply—do you have a timeline of when we should expect one? One of the many concerns raised in that letter relates to the direct conflict between the proposed rule and APHIS and FDA guidance and regulations on animal health and food safety. As USDA works to finalize the rule, what are you doing to thoroughly ensure that the regulation will not put farmers in a position where the government is telling them to do two or three contradictory things?
6. As USDA undertakes the pilot program that was announced on September 15, 2016, for online and mobile usage of SNAP benefits, we are interested in how you will ensure the safety of the benefit. Under the statute, the Congress has directed the Secretary to use “measures to maximize the security of a system using the most recent technology available that the State agency considers appropriate and cost effective and which may include personal identification numbers, photographic identification on electronic benefit transfer cards, and other measures to protect against fraud and abuse.” We understand that there are some of those “recent technologies” that are currently in use by online retailers that provide greater security than even PIN technologies. Did USDA undertake any type of review of recent technologies before requesting a PIN requirement in authentication of SNAP benefits? And would you be willing to include any newer technologies under the pilot?
7. In an effort to contribute to deficit reduction, the conservation title (Title II) of the 2014 Farm Bill contributed \$6 billion in savings across its programs. CRP alone contributed over \$3 billion in savings through limiting the total amount of acres allowed to be enrolled in the program to 24 million acres by 2018. In my view, I think it would be an accurate characterization that many commodity, conservation, and wildlife stakeholders are now regrettably feeling the unintended consequences of this policy decision. Given a variety of unforeseen circumstances today, how do you foresee the administration of CRP and do statutory acreage caps of the program unilaterally hinder the efficacy of CRP?

8. The 2014 Farm Bill significantly overhauled USDA's suite of conservation programs available to producers. Congress directed that Title II programs be consolidated and streamlined – reducing 23 conservation programs to 13 – all with the intention to maintain core program purposes, leverage Federal resources during a limited budgetary environment, and improve program delivery. As a result of this consolidation effort, Congress created a new program with the primary goal of utilizing partnerships to deliver conservation practices on a regional or watershed scale through the Regional Conservation Partnership Program. While many remain optimistic about the promise of RCPP, we continue to hear a variety of frustrations with regard to the delivery and administration of this program. Should the model of RCPP be the future of conservation programs moving forward, what challenges has NRCS encountered while implementing this new program? In an effort to improve the administration of the program, what changes should Congress consider for RCPP in the context of the next Farm bill?
9. Credit conditions for our nation's producers are dire. Low commodity prices, steady input prices, and declining land values are hindering opportunities for farmers to secure affordable financing. Earlier this month, FSA reprogrammed \$185 million to fund about 30 percent of the current shortfall in both direct and guaranteed operating loans. How much more additional funding could USDA reprogram to help out struggling farmers looking for loans?
10. In April, USDA made a decision to change the definition of minimum broadband service when determining area eligibility for USDA's Broadband Loan Program. Despite this increase, USDA's baseline falls below what the Federal Communication Commission defines as broadband, or "high speed internet." What factors does USDA take into consideration when determining the appropriate balance between ensuring all Americans, regardless of where they live, have access to high speed internet while also making sure we are being good stewards of taxpayer dollars? Does USDA have plans to change the current definition of minimum broadband service as it pertains to the Community Connect Grant Program?
11. In the Administration's 2017 budget proposal, RUS indicated plans to pursue recommendations produced by the Broadband Opportunity Council to expand eligibility of the Telecommunications Infrastructure Loan Program, traditionally only available in areas with populations of 5,000 or less, to applicants who qualify for the Broadband Loan Program. First, are the current eligibility requirements attached to Telecommunications Infrastructure Loan Program causing it to be undersubscribed? Second, what is the status of this proposed rule and what authority does USDA have to make these changes?
12. Section 6209 of the 2014 Farm Bill requires the Secretary to "collect data regarding economic activities created through grants and loans..., and measure the short and long-term viability of award recipients and any entities to who those recipients provide assistance using award funds." It is imperative we have quantitative data to determine whether programs we authorize under this Committee are providing tangible, long-term results in a fiscally responsible manner. What is the status of this analysis?

13. In the 2014 Farm Bill, Congress mandated the Department of Agriculture to generate a plan for, and implement, a reorganization incorporating a new Under Secretary for Trade and Foreign Agricultural Affairs. The first step that the law required was for the department to report a reorganization plan to Congress within 180 days. In June of this year I received a response to a letter I sent in February anticipating that USDA would finalize a report this year. When can Congress expect to receive this congressionally mandated farm bill report? Will you provide a singular clear and forward thinking recommendation that will provide the next administration with a strong blueprint for this critical reorganization?
14. During grain harvest in August 2014, a breakdown of inspection activities at the Port of Vancouver export elevators threatened our customers' confidence in the reliability of the U.S. as a grain supplier. In 2015, the Port of Long Beach suffered disruptions resulting in the delay of shipment of perishable commodities including meat and fresh produce. Buyers sought other suppliers and shippers experienced a slow recovery. What timely actions did the Department take to ensure that existing trade relationships and export markets were protected? How has the Administration through USDA prioritized our existing trade throughout the entire agricultural value chain? And, how have you worked to ensure that these types of breakdowns do not disrupt our valuable agriculture and food value chains in the future?
15. In Kansas and across the Midwest, there was a bountiful wheat harvest and there are expectations for potentially record-setting corn and soybean crops. In Kansas, the continued downward trend in wheat prices has triggered loan deficiency payments (LDPs) for hard red winter wheat for the first time in over a decade. What is the breakdown of LDPs for hard red winter wheat and other commodities that have triggered in the 2016 crop year to date? Please include number of LDPs, the quantity, and dollar amounts nationwide as well as by state.
16. The Consolidated Appropriations Act of 2016 authorized the Commodity Credit Corporation (CCC) to issue commodity certificates to agricultural producers that can be exchanged for marketing assistance loan (MAL) collateral beginning with the 2015 crop year. Please provide a breakdown by commodity and states of all commodity certificates that have been issued for the 2015 and 2016 Crop Years to date.
17. Secretary Vilsack, I know you appreciate the importance of predictability and sound science in the regulation of crop protection tools used on the farm. Long term investments in technology and delivery systems are more important than ever if U.S. farmers—and the companies who develop and supply those technologies—are going to provide the food and fiber for millions more people while being mindful of the environment. Farmers are increasingly troubled by the growing number of regulatory actions being based on theoretical models and other assumptions, even when real world or scientifically superior data is available. Farmers are faced with the reality of losing access to, or seeing major restrictions on, the use of several important products used to fight pests and disease. Thank you for the work that USDA, particularly the Office of Pest Management Policy and the Office of the Chief Economist, does to support sound science and reinforce the need for a predictable, fair regulatory process. What is your view of how well EPA is doing at

ensuring that the federal review and registration of pesticides is scientifically sound, and procedurally fair and predictable?

18. EPA recently released a paper indicating scientific research on glyphosate supports a finding of "not likely to be carcinogenic to humans" at doses relevant to human health risk assessment." The paper and related information will be under review by the EPA Scientific Advisory Panel (SAP) review next month. As you are aware, this EPA finding raises questions about the findings of the World Health Organization's International Agency for Research on Cancer (IARC) which was issued in March 2015, classifying the herbicide as a "probable carcinogen." The EPA review of glyphosate began in 2009, and despite the EPA's Cancer Assessment Review Committee (CARC) paper leaked in April 2016 stating that glyphosate is not likely a carcinogen, there seems to be no end in sight for this process. Unfortunately, this arduous progression has been a constant and never-ending headache for our nations' farmers who need certainty as they rely on such herbicides to produce the world's safest and most abundant food supply. Thus, what is USDA doing to ensure that the EPA is not overreaching, or unnecessarily influencing, important rulings on chemicals that are vital to our nation's farmers?
19. Secretary Vilsack, on September 2, 2011 the Department of Labor proposed rules on child labor in agriculture that would directly impact farm families and businesses in rural America. While I am pleased that the proposed rule was final withdrawn in April 2012, I am interested in the role played by USDA in its initial development. How did your Department ensure that the Labor Department considered farmers' and ranchers' needs on their family operations, specifically with regard to the definition of "parental exemption" and to expanded prohibitions in the rule such as the proposal broadly forbidding the operation of power-driven equipment? We have seen other problematic regulations proposed by OSHA that demonstrate limited understanding of the real world and production agriculture. What role have you and others at USDA played in engaging with your colleagues from the Department of Labor and other federal agencies that have engaged in rulemaking activities that make the operating climate more challenging in rural America?
20. Stakeholder groups have expressed the need for the Department to update their economic analysis of the GIPSA rule, given the drop in farm income in the last year and the significant events that have taken place in the livestock and poultry sectors. That's coupled with industry feeling that the 2010 proposal was grossly inadequate, after a third party study found the rule to have costs that were well over a billion dollars, or more than ten times greater than the USDA estimate. Has the Department conducted an updated economic analysis of the GIPSA rule's costs and benefits to the stakeholder community?

Senator Debbie StabenowNUTRITION

1. SNAP – FINI: There have been numerous studies that suggest that families participating in SNAP struggle to cover the cost of healthy foods – particularly fruits and vegetables. Many families find themselves choosing less nutritious options because these options allow them to stretch their SNAP dollars further. On average, low-income families report that to adequately meet their food needs, they would need to spend an additional \$4-\$9 per person each week. That is one reason why we created the Food Insecurity Nutrition Incentive Program in the Farm Bill. In my home state of Michigan, this program is helping SNAP participants double their purchasing power for healthy fruits and vegetables through the “Double Up Food Bucks” initiative. What more can we do to make sure the SNAP participants everywhere are able to adequately purchase healthy foods – particularly fruits and vegetables?
2. Please provide an update on the implementation of the Food Insecurity Nutrition Incentives Program. How many projects provide interoperability between retail locations? How many projects that include a grocery component also have a focus on local food? Initial awards for single year projects have now been completed and multiyear projects have entered their second year. Can you identify any consistencies between projects that have been successful?
3. Over the last several years, consumer purchasing behaviors have evolved. Farmers’ markets and other direct-to-consumer farm sales, grocery delivery, mobile markets and other access points are becoming have become an increasingly prominent part of the food retail picture. Accordingly, more participants in SNAP and other federal nutrition programs are using accessing or requesting access to their benefits through these venues. Unfortunately, SNAP technology seems to lag behind significantly in adapting to these changes. What steps is USDA taking to address evolving consumer purchasing habits? Market managers continue to express frustration with both the hardware and software available that allows integration of SNAP, WIC and incentive programs at point of sale. What is USDA doing to ensure that available EBT technology – both hardware and software— is keeping pace and allowing federal nutrition benefits to be redeemed in a way that is effective for nutrition program participants, farmers, and farmers’ market managers? What barriers to further technological innovation in SNAP has USDA identified? Are statutory or regulatory changes required to address these barriers?
4. In the 2014 Farm Bill, Congress gave the Secretary the authority to exempt farmers’ markets and direct-marketing farmers from the requirement that SNAP-authorized retailers cover the costs of EBT equipment and services. While several states require their EBT contractors to provide farmers and farmers’ markets with wireless equipment and services at no cost, many states do not. Has USDA taken any action to encourage states to adopt wireless, no cost EBT equipment and services for farmers and farmers’ markets?

5. Access to nutrition is critical to the health and development of children. School meals have played a critical role in providing nutrition to school aged children, but we know that nearly 17% of households with children under 6 lack consistent access to healthy foods. We also know that WIC participation declines precipitously after age 1. What actions has USDA taken to improve WIC participation rates among eligible toddlers? What states have been most effective in reaching eligible children over age 1? Are there best practices that these states employ that could be replicated at a national level?
6. Direct certification is a critical mechanism for ensuring accurate enrollment of eligible children in school meals programs. Please provide an update on USDA's efforts to expand Medicaid direct certification in school meals.
7. The 2014 Farm bill directed USDA to establish a Healthy Food Financing Initiative. When does USDA plan to appoint a fund manager for HFFI?

CONSERVATION

8. RCPP: The Regional Conservation Partnership Program was created in the 2014 Farm Bill to leverage public funding with private sector investments to drive more locally-led ag conservation efforts – like cleaning up algae blooms in Lake Erie. Now that USDA has several years of projects on the ground, what is your current assessment of this program and how can we increase efforts from the private sector, specifically food companies, to better collaborate and partner with farmers and NGOs to achieve meaningful conservation results?
9. RCPP: How does NRCS work with partners to ensure that good projects are being developed and selected from all of the Critical Conservation Areas, particularly in those CCAs with the biggest water quality challenges? In particular, what feedback does NRCS provide between the pre-application period and the final application deadline to make sure good ideas are fully developed so that they can be funded?
10. How does USDA measure the effectiveness of conservation programs in addressing natural resource concerns like water quality, water quantity, wildlife habitat, carbon sequestration, and soil erosion? According to these metrics, have the voluntary conservation programs been successful in helping farmers address these concerns? Are there other metrics that USDA can use to help taxpayers understand the benefits of federal investment in voluntary conservation?
11. Has NRCS studied the barriers to farmer participation in conservation programs? If so, what are the biggest barriers to higher participation rates and what can be done to increase participation?
12. The Conservation Reserve Program was originally created to help take marginal land out of production. How effective has CRP been at permanently keeping these marginal lands out of ag production over time (i.e. how well has CRP been used to target the most environmentally vulnerable acres)? How many acres of CRP are marginal land vs. entire

farm tracts that may include a mix of marginal and prime farmland? How many acres of farmland that were once enrolled in CRP are no longer enrolled in the program? What impact would adding more acreage to CRP have on commodity prices?

13. Can you provide an update on implementation of the new conservation compliance requirements from the 2014 farm bill and share the most recent data on how many producers are subject to compliance for the first time and how many of those producers have been found to have HEL or wetland violations, broken down by state?
14. When do you plan to release the Agriculture Conservation Easement Program final rule? How will this final rule address many of the concerns raised by land trusts and other conservation groups to make sure easements continue to be viable and useful options for producers?
15. What is the current ratio of funding between ALE and WRE and what is the current backlog for each program?
16. Section 11014 of the 2014 Farm Bill governs the administration of crop production on native sod, also referred to as "sodsaver." To date, how many native sod acres have been subject to the sodsaver subsidy penalty pursuant to Sec. 11014 after being broken out for crop agriculture production?
17. Please provide data from the year 2008-2016 that lists total acreage, by state, that has been broken for the first time for agriculture purposes.
18. Do RMA's current cover crop rules ensure that cover crops are treated the same as other agronomic practices when determining insurance coverage eligibility? Are you aware of any barriers to farmers who participate in crop insurance to using cover crops and if so, how can RMA help address those barriers?
19. Do RMA's current cover crop rules ensure that cover crops are treated the same as other agronomic practices when determining insurance coverage eligibility? Are AIPs implementing the cover crop rules uniformly and if not, what is RMA doing to ensure that the rules are applied consistently across companies so that all farmers who wish to use cover crops are treated fairly? Are you aware of any barriers to farmers who participate in crop insurance to using cover crops and if so, how can RMA help address those barriers?

CREDIT

20. The reprogrammed funding to help address the backlog in farm loans earlier this month has benefited many farmers and is much appreciated, however it is my understanding that FSA is still going into FY2017 with a backlog of more than \$200 million in operating loans. This seems to be a perennial problem, and we know that the demand for credit is only going to go up in the next few years. What steps are you taking to ensure that FSA can meet the demand for farm loans in FY2017, and what resources are needed to meet this demand?

Does this shortfall in funding have a disproportionate impact on new and beginning farmers?

COMMODITIES/CROP INSURANCE

21. The 2014 Farm Bill made significant progress in leveling the playing field for fruit and vegetable producers by expanding crop insurance options for underserved specialty crop producers. RMA recently finalized the Crop Insurance Private Submission Rule, and I am concerned that this rule may discourage the development of new crop insurance policies for specialty crop producers by requiring additional participation from private crop insurance companies. Do you anticipate this rule will discourage underserved producers from submitting policies or increase the cost of developing new policies for fruit and vegetable and other underserved producers? What actions will RMA take to ensure that underserved producers continue to have access to new crop insurance options?
22. The 2014 Farm Bill expanded and improved upon the Whole Farm Revenue Protection (WFRP) crop insurance policy. Please provide a breakdown by year of where policies were sold since the implementation of the program. Where have the policies been the most successful? What feedback has the Department received from producers who purchased these policies, and do you have any suggestions of how this policy could be improved to increase uptake? Is further outreach and education for producers needed?
23. More commodity programs and crop insurance policies are becoming dependent on accurate and reliable yield and price data. Does the Department prioritize the collection of data that is utilized in commodity programs (such as ARC) or crop insurance policies? What are some of the challenges the Department faces in collecting accurate yield and pricing data, both through NASS and AMS Market News?
24. Specifically on NASS data collection, what steps does the Department take to ensure that lists of producers surveyed are fully up to date? How has NASS worked to improve survey response rates and outreach to producers? Does NASS partner with any producer organizations to help improve outreach and response rate?
25. Please provide a comprehensive breakdown in the change in peanut acreage planted since the enactment of the 2014 Farm Bill, including how many generic base acres were planted to peanuts compared to other covered commodities, and compared to historic planted acreage broken down by state. Please include any new peanut acreage that was not previously planted to peanuts.

DAIRY

26. Since the implementation of the Dairy Margin Protection Program (MPP), the deadline for producers to sign up has been extended multiple times. Has extending the deadline for enrollment contributed to any increase in the program enrollment?

27. MPP represented a major shift in dairy policy, and the Department has made several changes to the program since its implementation. You also mentioned during the hearing last week, that four times as many payments would have gone out to producers under MPP this year if producers had purchased the same level of coverage as last year. What efforts has USDA undertaken to ensure that producers fully understand how the program works, and to educate producers about any program changes? Are there any additional changes to MPP that the Department is currently considering?

ENERGY

28. One of the big successes from the last Farm Bill not strictly related to food or farming was the mandatory funding this Committee provided for USDA renewable energy programs. We'd like to build on that success in the next Farm Bill and one of the concerns I hear is that some programs need more funding while others may need to be retooled a bit. What programs are oversubscribed and could use more resources? Finally, can USDA please provide the committee with a comprehensive breakdown of all agency expenditures under all Energy title programs since over the last 8 years, including program expenses, resources spent on salaries, and other expenditures? Have any funds been transferred or reprogrammed from one energy title program to another program in the title, or elsewhere in USDA, over that time?

BIOBASED

29. Thank you for your leadership on promoting a biobased economy. Now that it has been two and a half years since the Farm Bill bill passed, can you provide an update on these changes? Are there areas that can be improved in the BioPreferred program? Can any further work be done to build on the President's executive order on biobased procurement?

FORESTRY

30. Earlier this month, this Committee marked up forestry legislation and one of the main themes discussed was the Forest Service's budget. You've told this Committee in the past how vital it is that we address that issue and you highlighted that last year, for the first time ever, the Forest Service spent over half its budget on wildfire – leaving fewer resources for trail maintenance and timber sales, among other things. Can you give us an update on the repercussions of fire borrowing and the steady erosion of the Forest Service budget?
31. In the 2014 Farm Bill, this Committee provided the Forest Service with three major new authorities to help increase the pace and scale of restoration on our National Forests – a new categorical exclusion to tackle insect and disease outbreaks, a nationwide expansion of the Good Neighbor forestry initiative, and a permanent reauthorization of stewardship contracting authority. Can you please provide us with an update on how well these new Farm Bill authorities working and how many acres you've been able to restore so far under these authorities?

CLIMATE CHANGE

32. On September 12, the Washington Post had a story outlining how wheat – which they characterized as “the most significant single crop in terms of human consumption” – is being threatened by climate change. What are some of the risks that farmers and ranchers face under a warming climate? How are USDA’s Building Blocks for Climate Smart Agriculture helping producers be a part of the solution?

RURAL DEVELOPMENT

33. USDA recently made changes to the Community Facilities direct loan program, how is USDA allocating resources to ensure current projects in the pipeline are receiving funds? What is USDA doing to ensure the changes in the program won’t make the loan program more expensive for the community that applied for a loan? How much of the FY2017 funds does USDA expect to put into the new relending program? What is the purpose of the changes to the direct loan program?
34. Has USDA seen an increase in rural water project requests as result of aging infrastructure and concerns about lead pipes? If so, how many new projects has USDA received and what are the costs associated with these upgrades if all project requests were funded? Rural communities have expressed interest in creating new regional rural water systems. What has USDA done to support development of regional systems and what are the existing challenges to financing regional rural water projects?
35. How has the Rural Opportunity Investment Fund changed USDA’s delivery of rural loan programs? What are the potential risks involved with the new program changes? How is USDA going to leverage funds through the Rural Opportunity Investment Fund to expand rural investment?
36. What additional challenges remain to full broadband coverage across the U.S.?

FOOD SAFETY

37. Many farmers continue to raise concerns about the number of third party audits required by companies in their supply chain. What is USDA doing to ensure existing food safety marketing tools, Good Agriculture Practices (GAP) and Good Handling Practices (GHP), are complementary to FDA’s new Food Safety Modernization Act (FSMA) regulations and do not creating duplication? What kind of training, technical assistance, and outreach is USDA doing to help small, socially disadvantaged, and beginning farmers comply with new food safety standard?

URBAN AG

38. Over the past several years we have seen significant interest in urban agriculture in cities and towns across the country, providing new economic opportunities and greater access to food and nutrition education. Urban agriculture strengthens communities by encouraging

more people to start farming, providing basic job training skills, improving neighborhoods and contributing to overall environmental benefits. As agriculture production continues to evolve and change, what is the Department doing to support these new urban farmers and encourage innovation in production?

LOCAL FOOD

39. USDA administers a number of competitive grant programs that can support projects to improve access to healthy foods. Though some of these programs prioritize projects in areas of concentrated poverty with limited access to supermarkets, communities with the greatest need often lack the capacity and experience to put forward successful applications. What tools are available through USDA to support applicants in these communities so that they are able to submit competitive project proposals and gain access these resources? Is technical assistance ever provided to an unsuccessful applicant to improve the quality of future applications?

FOOD AID

40. Chairman Roberts and I authored an amendment to the African Growth and Opportunity Act (AGOA) that expands USDA's role in trade capacity building, specifically highlighting the role of women smallholder farmers. Since the adoption of this amendment, authority under AGOA has been delegated to the Administrator of USAID, in collaboration with the Secretary of Agriculture. Can you discuss the collaboration between USDA and USAID, the progress you have made in implementation, and the specific role that USDA is playing under this expanded authority?
41. The permanent authorization of the Local and Regional Procurement Program was one of several food aid policy reforms in the 2014 Farm Bill that was intended to allow USDA to deliver assistance more quickly and economically. USDA released a final rule for the LRP Program in July. Can you comment on the progress and results of the LRP program thus far and tell us what long-term goals you have for the program?

Senator John Boozman

1. Recently, the Senate Agriculture, Nutrition, and Forestry Committee reported out H.R. 2647, the Resilient Federal Forests Act, with an amendment in the nature of a substitute. This bill included several important provisions designed to promote active forest management. We all understand that the wildfire debate encompasses finding a wildfire budgeting solution, but equally as important in this broader debate is providing the necessary tools to land managers to promote active forest management. Over the August recess, I spent time visiting with some of the many Arkansans that work in the forestry and forest products industry and these are people that want to ensure that we continue to have healthy forests in Arkansas and around the country. Simply put, what forest management reforms can the Administration support?

2. It is my understanding that several timber sales from the Ouachita National Forest have gone “no bid,” at least initially, during Fiscal Year 2016. Can you explain what factors you see as contributing to this? Traditionally, Arkansas has had very competitive wood markets, and we have quite a number of wood consuming facilities near the Ouachita. Are there issues with sale design or product type that have come to your attention?
3. My understanding is that the USDA’s Risk Management Agency recently changed their replant policy regarding crop insurance. Traditionally, it has been up to the adjuster to make a judgment call and decide whether it makes sense to require a damaged or lost crop to be replanted. Under the RMA’s proposed rule, a cookie cutter date will be applied across all crops in a particular region. This could force farmers to spend time and money replanting a crop that they know will not be successful. This policy doesn’t make sense for many of our diverse Southern crops. I’d appreciate it if the Department and RMA would work with Southern producer groups and my staff to avoid the circumstances I’ve just laid out.

Senator Thom Tillis

1. I am worried about the new animal welfare standards for the National Organic Program that, if enacted, would be the first time such prohibitions will be put into regulation under the Organic Foods Production Act (OFPA) and would present serious challenges to livestock producers. USDA’s silence to our letter dated July 26, 2016, which was signed by the Chairman, Ranking Member, and 11 other Senators, makes me concerned that stakeholders—who could provide the department with expertise—are also being shut out. Can you please provide the department’s responses immediately? If not, please provide the date this committee will be receiving the department’s responses.
I know industry stakeholders have informed your department of the number of problems with the proposed new standards. From what I understand, this proposed rule is rapidly being pushed through to become final by the end of the Administration. This rule will have a devastating impact on a large number of producers and suppliers and I am concerned that the true impact is not being properly considered.
Both the House and Senate Agriculture Committee asked for a 90 day extension of the comment period, and the Department provided 30 days. This rule was reviewed by OMB in record setting time – 30 days. OMB has up to 90 days, and usually takes much longer. From what I understand, stakeholders scheduled a meeting with OMB, and they reported the rule out before even meeting with them.
What is USDA doing to ensure stakeholder concerns are being adequately addressed in the final rule?
2. I am very pleased to know that work is already underway at USDA on GMO disclosure regulations. Your desire to make as much progress as possible and lay a good foundation for the next Administration is very much appreciated. As you may be aware, the food and beverage sector is faced with multiple new regulations from the Federal government that impact what goes on food and beverage labels.

For example, FDA issued their final rulemaking updating the Nutrition Facts Panel in May. Industry will also have to comply with a new FDA regulation on front-of-pack label calorie disclosures for products sold in vending machines. The Department also recently sent its regulation updating the Nutrition Facts Panel for meat and poultry products to OMB, suggesting we could see a proposed rule soon.

These goals are not happening on the same timeline and that creates a potential problem for industry and potential confusion for consumers. Food and beverage companies would like to make these labeling changes once instead of multiple different times, which will be quite costly.

I realize that some of these regulations are not within your Department, but I would hope that USDA would coordinate with other Federal agencies and help lead the effort within the Administration to ensure that the transition to these new food labels, whether it's nutritional information or GMOs, is as seamless as possible for consumers and done in a cost effective way for the industry.

As your rulemaking process moves forward, please comment on what is being done within the Federal government to make sure that USDA and FDA are coordinating with one another to help harmonize these regulatory changes?

Senator Ben Sasse

1. I have had numerous Nebraska farmers and ranchers contact me regarding an invasion of the Eastern Redcedar. Some conservation experts have described this invasion as one of the greatest threats to Nebraska's natural resources.

Since 2005, the Nebraska Forest Service has documented the transition of over 300,000 acres of grassland to Redcedar forest. This growth taxes our water resources, threatens grassland-dependent nesting birds, and reduces grazing capacity for livestock. According to researchers at the University of Nebraska, a 75% reduction in livestock potential will occur throughout the Great Plains once grassland is fully converted to juniper woodland.

While I greatly appreciate the work of USDA and the U.S. Fish & Wildlife Service in assisting with the control of Redcedar, I am wondering whether USDA has discussed plans to use EQIP funding for cedar eradication, or discussed alternatives for landowners who are battling this invasion?

2. As you are probably aware, many Nebraska beef and pork producers are greatly concerned with the proposed Grain Inspection, Packers & Stockyards Administration (GIPSA) marketing rule.

Has USDA conducted a cost-benefit analysis on how the proposed GIPSA rule would affect our GDP, retail prices, livestock producers' current contracts, and consumer demand in this economic climate? What data will USDA evaluate when making drafting the proposed rule? Can you expand on the USDA rulemaking process for drafting this regulation, whether you will allow input from stakeholders, and when you expect the proposed rule to be available for public comment?

3. Foot and Mouth Disease (FMD) is one of livestock's most devastating diseases. It would have a profound economic impact on the pork, beef, dairy and sheep industries as well as the national economy. Are you prepared to handle an outbreak of FMD? Could you describe the actions your agency has taken to prevent any potential outbreak? What is your plan to address any shortcomings?
4. Recently, USDA announced the purchase of \$11.4 million worth of shell eggs and egg products for federal feeding programs. In the United States, egg white dehydrating companies are experiencing historically low prices. In 2015, USDA approved the Netherlands as an exporter of egg white powder to the United States. This was at a time when the United States was facing Avian Flu which substantially affected supplies. Through May 2016, the Netherlands exported 3.5 million pounds of dehydrated egg whites into the United States.
How did the USDA make the decision to allow egg white power to be imported? What factors did USDA consider when allowing for imports of this product? Does USDA anticipate continuing granting export license to the Netherlands for egg whites?
5. According to the USDA, farm income has declined more than 40% since 2013 and farm jobs have decreased by 15% from 2001 to 2013. Most farmers are experiencing serious losses in all the major commodities. Corn is below \$3.00, cattle futures look dim, yet you penned an op-ed titled "Rural America Has Already Begun to Rebound." I can assure you that farmers and ranchers in Nebraska are not sharing your economic view of "rebound." There has been a 106% increase in the number of farmer distress calls into the farm aid hotline with most concerns due what is happening in the farm economy. Could you reconcile your views that you expressed in the op-ed and the numbers that your agency has reported?
6. As you know Congress passed a bill requiring USDA to establish a national mandatory bioengineering food disclosure standard for any bioengineered food and any food that may be bioengineered. I believe that creating this mandate is inconsistent with science, including the science from your own agency.
Can you provide members of this Committee an understanding why AMS in the Request for Information is proposing a study on a "consumer perception study evaluating the likelihood of accessing electronic or digital disclosures"?
7. Many Nebraska farmers have expressed concern with the EPA's proposed limits on atrazine use. Concerns have also been raised on the data and science EPA used in making their determination. Atrazine has been proven safe by thousands of scientific studies, even by an EPA scientific advisory panel.
Can you share with the Committee how USDA is coordinating with EPA on this proposed rule, what data points, and scientific studies USDA is sharing with EPA to assure that atrazine is a safe and important product for the production of corn and other commodities?
8. A trade enforcement action has been launched against the People's Republic of China at the World Trade Organization concerning the excessive government support provides for Chinese production of rice, wheat, and corn. China also has been slow in biotech approvals

even with the establishment of the Strategic Agriculture Innovation Dialogue. I understand we are living, producing and competing in a global world. How do we navigate through this competition and respect our trading partners while also not putting American producers at a competitive disadvantage? What assurances can you provide the committee that USDA and USTR are committed to enforcement of trade agreements?

9. The USDA has determined that Brazil's food safety system met the United States Food Safety and Inspection standards. There is a very delicate balance between supporting the science and standards, accessing additional markets around the world and protecting against foreign animal disease. What assurance can you give beef producers in Nebraska that products coming from Brazil are not coming from the zones not cleared of bovine spongiform encephalopathy (BSE) and foot and mouth disease (FMD). In addition, can you assure Nebraskans that Brazil beef be held to the same testing standards on antibiotics that U.S. cattle producers are required to meet?

Senator John Thune

1. Mr. Secretary, over the past several years and two farm bills I have written you, visited with you, and questioned you in hearings such as this about many issues, including CRP – the Conservation Reserve Program – a program critical to South Dakota, and which I still consider the cornerstone of all USDA-administered conservation programs. Most of my concerns about CRP have been regarding what the farmers in my state tell me is the lack of common sense CRP guidance and policy coming out of Washington.

Mr. Secretary, one of the biggest problems with CRP lies with the mid-contract management policies that for years required the CRP participants in South Dakota to dispose of vegetative cover by burning and other means, but would not allow that vegetative residue to be donated to livestock operators needing hay due to drought. You finally agreed to allow this, and I'd like to get your commitment today that this policy of donating vegetative cover from any CRP practice removed under mid-contract management can be donated to livestock producers who need it will continue into future years as a part of FSA policy?

2. In 2012, most of the United States suffered from severe drought. After visiting personally with the leadership of National Wildlife Federation, Ducks Unlimited and Pheasants Forever, I asked you to allow emergency haying and grazing on several CRP practices that FSA determined were environmentally sensitive and on which FSA had previously prohibited emergency haying and grazing – which you later allowed. A NEPA analysis was done in 2012 specifically to address the haying and grazing on these CRP practices that FSA had prohibited, and I quote from a 2014 Environmental Impact Statement, "A recent NEPA analysis for a one-time approval for emergency haying and grazing on these additional practices during 2012 found that **as long as the haying or grazing was conducted in accordance with the modified Conservation Plan and under the guidance**

and approval of the STC and NRCS Conservationist, among other stipulations, there would be no lasting significant impacts to wetlands.”

Yet, Mr. Secretary in 2016 when several of the same counties in South Dakota and other states were approved for emergency haying and grazing - once again FSA Headquarters would not allow haying or grazing on these environmentally sensitive continuous CRP contracts that an earlier NEPA analysis provided that haying and grazing would not be harmful.

Mr. Secretary how can USDA justify this policy when haying and grazing these continuous CRP acres has already been a proven success – and when the vegetation harvested from these acres could help drought stricken ranchers?

3. Mr. Secretary, I appreciate the State Acres for Wildlife Enhancement (SAFE) acres that have been targeted for South Dakota in the past, but I would like to call your attention to the fact that in the last CRP general signup, South Dakota landowners applied to enroll more than 40,000 acres, yet only two contracts totaling 101 acres were accepted. Three states, Colorado, Kansas, and Washington were able to enroll more than 208,000 acres – more than half of the total accepted.
On September 30, 2016, more than 58,000 acres will expire from CRP enrollment. Because South Dakota depends so heavily on CRP and currently has a backlog of more than 20,000 acres requested for East and West River SAFE and Duck Nesting Habitat CRP acres – can you tell me if there will be additional acres allocated to South Dakota for any of these practices in the near future?

4. Mr. Secretary, a common sense approach to CRP mid-contract management for all CRP practices would be to allow the residue removed to be utilized by the landowner or third party and a payment reduction of 25 percent applied to the CRP rental payment (as it is for emergency haying and grazing). This would save taxpayers millions of dollars each year – yet FSA Headquarters refuses to adopt this simple practice as policy. Can you tell me why?

5. Implementation of the Agricultural Risk Coverage (ARC) Program:

Mr. Secretary, I first want to acknowledge the challenges presented by the numerous reforms in the 2014 Farm Bill and appreciate all the work to implement the changes in as timely fashion as possible.

As I see it, the new Agriculture Risk Coverage program is delivering much needed assistance to growers impacted by steep declines in their crop revenues. Over \$4.1 billion for the 2014 crop was delivered to row crop producers last fall to be followed by an estimated \$6 billion for the 2015 crop year. No doubt this is a considerable sum. Yet, when you consider three consecutive years of substantial declines in farm income, the payments from ARC, price loss coverage and other programs will account for only estimated 3% of the projected gross cash farm income in 2016. For the growers who have benefited from this assistance, the support relieves some of the financial stress.

In fact, I have been advised that farmers in my state received around \$225 million last fall for the 2015 crop year. Despite this good news, I have heard from growers who have questioned the quality of yield data from NASS surveys to determine the ARC revenue guarantees. The issue, though, that I want to raise here is the handling of situations by FSA

to determine a county yield when NASS does not publish a yield. Given the broad authority granted, can you tell us why the Agency has refused to establish a more flexible approach such as calculating an average of surrounding county yields rather than automatically defaulting to crop insurance yields? Clearly there is a problem when you mix these different data sources.

Senator Sherrod Brown

1. Thank you for mentioning the Great Lakes Restoration Initiative and the Western Lake Erie Basin – USDA and NRCS programs are playing an important role in preventing harmful algal blooms there and elsewhere. What variables are the biggest factor in farmers joining voluntary conservation efforts? What can this committee do to increase involvement in these programs?
2. According to some researchers in Ohio, a small percentage of the acreage in the Western Lake Erie Basin contributes to nearly 40% of the soil loss. What can we do to best target conservation dollars and other best practices to these farms?
3. We have seen a growing demand for local foods for many years now. As this committee moves into consideration of the next Farm Bill, can you reflect on what opportunities there are for increased USDA programming on urban farming?
4. Thank you for your advocacy for the child nutrition reauthorization. You mentioned the role of Summer EBT pilot programs. Can you expand on why non-congregate feeding options—like Summer EBT—are so important in rural areas?
5. Many are concerned that the threat of consolidation in the agribusiness could harm farmers in the long-run. How might these proposed mergers negatively affect farmers, particularly those operating smaller farms? On balance, do these sorts of mergers have a significant impact on the industry's research capabilities?
6. As USDA's Strikeforce program has matured over the past several years, what can the Committee learn from the successes of the program as we continue to work to eliminate rural poverty?
7. In your testimony, you mentioned that the dairy industry shift from a "payment model" to an "insurance model" will take time, and that assistance provided by USDA is constrained by its budget. As this committee moves into consideration of the next Farm Bill, what changes do you recommend for the Margin Protection Program and the Dairy Product Donation Program? How can we make these programs more successful?
8. Food insecurity drives political instability around the world, and food security is increasingly viewed as a national security issue. As the executive branch implements the recently-passed *Global Food Security Act*, how will USDA work to facilitate strong coordination and

communication with regard to food assistance programs? How do programs like Feed the Future work to establish greater resiliency in regional farm economies?

Senator Amy Klobuchar

1. The USDA has an important role in supporting the creation and maintenance of rural housing. According to the Housing Assistance Council, more than 17 million people in rural areas live in rental housing. Many of the affordable rental units are at risk as the loans supporting this housing expire. Please describe what steps you are taking and what steps that you could take to help the Rural Housing Service preserve this housing. Specifically, are there any updates or improvements that you would recommend to the Section 515 program?
2. As a member of the Broadband Caucus and the Senate Commerce Committee, I have focused on policies that ensure rural Americans have access to high-speed, affordable broadband. Connecting rural areas allows businesses and families increased access to education, health care, and business opportunities. However, ongoing barriers to deployment have left many communities in rural parts of my state without high-speed internet, or in some cases, no internet at all. The Rural Utilities Service (RUS) has done important work bringing internet access to these parts of the country, but RUS programs generally have slower minimum broadband speed requirements than other government programs. Are you concerned that broadband projects built to lower speed requirements under RUS rules will put rural areas at a disadvantage?
3. In both 2014 and 2015, USDA reached an agreement with the Minnesota Department of Natural Resources (DNR) to split the cost of providing wolf depredation services. I believe these funds have been instrumental in investigating wolf attacks, preventing future conflicts, and compensating producers who have sustained losses in the short-term while a longer-term solution is pursued. Now that wolf management is again a federal responsibility, can USDA continue funding Wildlife Services' wolf management activities? Is this a sustainable solution?

Senator Michael Bennet

1. We continue to hear from producers across Colorado about the need to fix our immigration system. Just last week, I talked to a farmer who isn't growing cabbage this year simply because he can't get enough help to tend the fields. Congress's failure to act has real consequences. Now that it's been 27 months since the Senate passed a bipartisan immigration bill what's your message to members of Congress who are hearing from their rural constituents about labor shortages?

2. As you know, the West is suffering from a persistent drought, which affects Colorado farmers, ranchers, outdoor recreation professionals, manufacturers, and communities. Water conservation is a critical issue for us. Colorado water leaders helped this committee include a focus on water quantity in the Regional Conservation Partnership Program that we created during the 2014 Farm Bill. As you know, earlier this year I wrote to you and Secretary Jewell asking you to coordinate your drought efforts. In June, you responded by expanding the EQIP-WaterSMART partnership to invest an additional \$47 million in 11 western states. In particular, the agencies sought to identify existing WaterSMART off-farm water conservation projects that could be matched with EQIP on-farm funding. How can we better identify and target agency resources to critical watersheds in the Colorado River Basin? I'm particularly interested to learn how your very successful Sage Grouse Initiative model might be adapted to the challenges we face in the Colorado River Basin. What can we do to make sure that more innovative on-farm and off-farm projects are successful in the West?
3. Colorado is surrounded by states whose lakes and reservoirs are infected by invasive zebra and quagga mussels, but because of our strong inspection program, Colorado remains clear of these invasive species. Unfortunately, the funding for this program is now in jeopardy. We've been working with Colorado Parks and Wildlife, water utilities, the State, Bureau of Reclamation, and the Forest Service to develop long-term funding solutions. The cost of preventing these species from taking hold in the first place is a tiny fraction of what it costs to deal with an active infestation. We need your support, and that of other federal agencies, to make sure that these invasive species do not make it into the headwaters of the Colorado River. Can you commit to working with the other involved parties to find a long-term solution to these issues?

Senator Kirsten Gillibrand

Dairy

1. Farm incomes and farm wealth have decreased significantly during the previous two year and many farmers are facing a negative operating environment. While much of the rural economy has begun to show signs of modest improvement, dairy farmers in New York and throughout the Northeast continue to experience hardship due to low Dairy Margin Protection Program payouts, a surplus of product, and continued low milk prices. Section 37 of the Statement of the Managers Report that accompanies the 2014 Farm Bill encourages the Secretary to use a pre-hearing process to consider alternative pricing formulas for class III and IV milk. What assistance does the USDA need to begin a conversation with American dairy farmers on how to establish a more transparent and rational milk price formula?
2. As dairy prices have fallen, many family dairy farms across the country have been forced to take on additional debt or cease operation. Our farmers are in need of financial assistance

that unfortunately has not been realized through the Dairy Margin Protection Program. While, I am pleased that USDA used Section 32 funds to purchase \$20 million of dairy products in August, there may be additional opportunities for USDA to stabilize and support farm income and prices. Would lifting the prohibition on the use of funds from Section 32 of the Agricultural Adjustment Act and Section 5 of the Commodity Credit Corporation Charter Act enable USDA to further assist dairy farmers during this crisis? What actions would USDA consider to ensure that farmers and producers have a market for their current surplus of dairy products?

Rural Poverty

1. The commitment of the Administration, and Secretary Vilsack in particular, to address rural poverty is to be commended. The StrikeForce Initiative and the rural and tribal communities designated as Promise Zones under the Department of Housing and Urban Development, have been instrumental in providing federal resources to combat poverty to those rural communities most in need. To date however, there are neither StrikeForce Initiative investments, nor Promise Zones located in a rural community in a Northeastern state.

Northeastern rural poverty represents a set of unique challenges that would greatly benefit from the resources offered through these programs. Like many other rural communities in the Northeast, the North Country region of New York is faced with economic upheaval due to the loss of traditional manufacturing and the protracted financial stress faced by family farms. What plans does USDA have to expand the reach of these existing programs, or to create new programs, aimed at helping Northeastern rural communities, like the North Country, reinvent themselves and establish long-term solutions to the economic challenges they face?

Drought

1. As you are aware, much of New York is suffering from a protracted and devastating drought. Many of our farmers are reporting total crop failures and some dairy farms are running short on feed which will only increase the pressure they face.

I appreciate the USDA response to the drought and for the Secretarial Disaster Declaration in 29 New York counties. The Emergency Conservation Program and access to credit will help many of our farmers but there are some in nearby counties that need help but are not eligible.

Jefferson County officials tell me that stream gauge data from the Black River and Sandy Creek, which flow through the county from the east where rains were better, are not reflective of conditions on the ground. The National Drought Mitigation Center uses this data when it determines the severity of drought in a specific county.

What measures can USDA undertake to ensure accurate, local assessments of conditions are included in the US Drought Monitor calculations so that the conditions experienced by

farmers are reflected in the Drought Map and that every farmer negatively affected by drought is eligible for assistance?

Senator Heidi Heitkamp

1. When we wrote the 2014 Farm Bill, we made it so that payments for ARC and PLC would go out after October 1 each year. We did this to help with budgeting and set a regular schedule, but I've heard from a lot of farmers asking if they could be paid sooner to help with expenses during this tough time. Given that a number of crops' marketing years end before October 1 so you have full year yield and price data, does USDA have authority to make advance ARC and PLC payments?
2. We've all talked a lot over the past year or more about how USDA determines current year yields for calculating ARC County payments, specifically about how NASS yields can't be used if enough farmers don't return their surveys. How often does NASS update their mailing lists to make sure it's going to the current operator and not a retired farmer? Do the surveys go to the landowner or the renter/operator? Is NASS taking steps to make sure the maximum number of producers receive the surveys?
3. I've heard concerns from our farmers about the ARC-CO yield "cascade" system, as we've discussed at length. One relatively new issue, however, is that even when NASS does receive the required amount of surveys to be considered statistically sound, they still don't publish the yields for the public, but consider them "confided" counties. We had several such counties in North Dakota. Please explain why NASS doesn't publish these yields for our producers to see. Are these counties which are confided but not published including only data from that county, or are they also including district or neighboring county data?
4. Also on ARC-CO, I've heard complaints from producers that USDA doesn't say what data source FSA is using for yield calculations—whether it was NASS, RMA, NASS District, etc. Why is this? Could USDA start disclosing that so producers and their associations are able to easily access the information?
5. We've discussed at length how FSA determines yields, both in person and at a staff level, and we appreciate all the work you've done to help clarify policies and procedures. One issue that I would like more clarity on is how and why certain crops receive yield calculations the way they do. For example, in North Dakota we grow three different classes of wheat—hard red winter, hard red spring, and durum—as well as different types of sunflowers—for confection or oil. Each of these classes has different yields, but they are combined for one "all wheat" or "sunflower" yield. Does USDA weight a county's wheat yield based on percentage of each class of wheat grown? If not, would it be possible to do this to provide a more accurate representation of the wheat yields in a given county?

6. My office has received a lot of calls concerned about the possible importation of Brazilian or Argentinian beef. They aren't concerned about the competition, but potential disease risks. Would you please outline the procedure USDA undertook in these decisions, and assure our ranchers that we aren't lowering our standards to accommodate these imports?
7. I want to associate myself with the comments from Senator Hoeven during the hearing, and also reiterate the comments I made in my September 25, 2015, letter to Administrator Willis asking RMA to take a measured approach to changes in prevent plant payment factors. North Dakota has a diverse agricultural sector, and the suggestions made by the Inspector General would have varying impacts on our state's farmers. Given the tough economic situation our producers face, we hope RMA will not negatively affect our producers in any final rules.

Senator Robert Casey

1. We have seen prices paid to dairy farmers fall quite a bit over the last couple of years. Enrollment in the Margin Protection Program, or MPP, is pretty dismal in Pennsylvania, and it has not especially assisted those who are enrolled. One Pennsylvania dairy farmer told my staff he is losing \$8,000 a month and will likely be losing his farm. Pennsylvania dairy production showed negative growth around -3.1 percent over the last 15 years. There is talk of a rebound in prices but producers are losing a fair amount of money. It is worse in Pennsylvania where the cost of production is higher than other areas of the country. We still need a local supply of milk and we cannot lose more dairy farms.
 - a. If you have any and all options on the table for dairy producers to try to stay afloat in this difficult environment, including additional authority to USDA, what do you think would be the most effective assistance?
 - b. USDA announced a purchase of \$20 million of cheese to help dairy producers struggling this year. Can you share what impact this has had? Do you believe that USDA might make additional purchases? What other emergency assistance has USDA provided to the dairy industry since the 2014 Farm Bill? What assistance has USDA provided to other commodities with low prices, such as cotton? What else can USDA do for dairy farmers until Congress can make changes to the Farm Bill?
 - c. Dairy MPP is a new direction for dairy policy, different than what farmers were used to with MILC or other programs. I am concerned that USDA needs to do more to educate not only producers about MPP, but also USDA staff on the ground in my state about how MPP works and how it can provide protection for producers as margins continue to suffer. What does USDA have planned for the future on how to educate producers and USDA staff about this program?
 - d. One of the changes that Congress made to MPP from when it was originally proposed was to adjust the feed calculation that determines Dairy MPP margins. We have heard

from producers that restoring the initial feed calculation would dramatically impact the margins under the program. One such calculation from the National Milk Producers Federation suggests that, for instance, the 2016 May-June margin of \$5.76 would actually have been a full dollar lower under the original formula and, thus, more farmers would have received payments. Do you believe that revisiting the formula calculation to ensure it fully reflects producer costs would increase participation in the program?

2. There is a lot of concern that the Chesapeake Bay watershed generally, and Pennsylvania specifically, has been severely shortchanged by the funding allocations under the Regional Conservation Partnership Program, RCPP. I understand that this is a competitive process. However, there is a tremendous need at the present time to get additional conservation resources to high priority agricultural areas, such as Lancaster County. These concerns have been raised not only by many in Pennsylvania, but also by others, including EPA, who recognize the importance of working in the Commonwealth. I recently wrote a letter to CEQ and OMB requesting resources for the Susquehanna River Watershed, which is part of the Chesapeake Bay watershed. How is USDA planning on using additional resources to target these critical areas?
3. With the recently confirmed High Path Avian Influenza (HPAI) virus in a duck in Alaska, what is the status of HPAI planning? What is the status of the virus spread? What advice is USDA currently giving to U.S. poultry producers?
4. There have been incredible advances in the past eight years for the local and regional food sector of American agriculture. A great deal of credit for the increase in farmers markets, food hubs, value-added products, and regional food distribution goes to the farmers and food entrepreneurs on the cutting edge of this rapidly growing sector. I think it is also quite clear that the work of this Administration, particularly the "Know Your Farmer, Know Your Food" initiative, has been critical, as has the choices Congress made to increase funding and authorities for local and regional food in the last few farm bills. Despite all the progress, there are still parts of the emerging regional food economy that need more attention. The Department's local food report indicates for instance that the small processing plants that produce local and regional meat supplies has dropped by 12 percent since the start of this century, despite growing consumer demand. As you look back on your efforts in your years as Secretary, what are you most happy about in what you have been able to do to boost local food? What parts of the food supply chain would you highlight for your successor as Secretary as pieces that need more focus and attention moving forward?
5. More and more, I am hearing about the concerns of young farmers trying to get started in agriculture. Challenges that are unique to agriculture – especially access to land and credit – are only intensifying and have certainly discouraged some aspiring farmers from even considering a career in agriculture. We made a lot of gains in the last Farm Bill that we hoped would help open the doors for more new farmers. But now, two and half years since these policy changes were signed into law, I do not get the sense that we have quite solved the beginning farmer dilemma. I still hear from farmers who are not able to find affordable land or cannot make their operations cash-positive, especially in those first few years. There

are larger structural problems that stack the cards against the next generation of farmers that have yet to be addressed. Despite the gravity of the new farmer crisis, the last Farm Bill invested less than one percent of total mandatory spending into new farmer policies, and yet, the entire future of American agriculture is at stake. As we look towards the next farm bill, should we be doing more for new farmers? What more do you think needs to be done to fundamentally shift the playing field to increase farming opportunities and give the next generation of farmers a good chance to succeed?

6. I understand sugar growers have petitioned the Department of Commerce regarding Suspension Agreements with Mexico. Many food companies in Pennsylvania use sugar to make their food products, and several companies use liquid sugar. I have heard that the Department of Commerce has proposed allowing sugar to be imported only by crystalized sugar refiners, leaving out sugar refiners that produce liquid sugar without first granulating it. Could this possibly be true? I am surprised that our government would effectively deny access to U.S. refiners that use a liquefying refining process instead of crystalizing, including such a refinery in Pennsylvania. I understand that USDA has been present at the negotiating sessions. What is USDA's position on this?
7. An issue of importance in Pennsylvania is balancing farmland preservation with infrastructure development. Communities throughout Pennsylvania have invested hundreds of millions of dollars to protect productive agricultural lands and sustain the agricultural economy. With energy infrastructure such as natural gas pipelines being installed in Pennsylvania, how is USDA ensuring that lands protected with federal conservation dollars stay protected? How does USDA balance the need for land preservation in farm communities with the need for energy infrastructure?
8. Thank you for reprogramming funds to cover part of the growing backlog of FSA's direct and guaranteed operating loans. What are your thoughts on making sure FSA has enough money to fund the rest of the backlog plus all the new loans for the 2017 planting season? I hope that the increased demand does not have the effect of forcing FSA to do less lending to beginning farmers – who by law are supposed to get at least half of FSA loans – and if you have any thoughts on balancing the demands that face the Department in that regard?

ADDITIONAL MATERIALS SUBMITTED FOR THE RECORD

SEPTEMBER 21, 2016



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Pat Roberts
United States Senate
109 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Roberts:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

The proposed rule, which was published in the Federal Register on April 13, 2016, is based on a series of recommendations made over several years from the National Organic Standards Board (NOSB), a Federal advisory committee established by the Organic Foods Production Act of 1990. The NOSB's 15 members represent the breadth of the organic sector and are responsible for considering and making recommendations on a wide range of issues involving the production, handling, and processing of organic products. The NOSB generally meets twice per year at a public meeting to discuss issues on the work agenda, vote on proposals, and make recommendations to the Secretary. AMS and the NOSB value transparency and invite public input in advance of and during public meetings. If a NOSB proposal receives a decisive Board vote of two-thirds majority in favor, then the proposal becomes a recommendation to USDA and is provided to the Secretary through the AMS National Organic Program (NOP).

Between 1994 and 2011, the NOSB submitted to the Secretary 9 recommendations on livestock health and welfare in organic production. This proposed rule seeks to address healthcare practices, transport, slaughter, and living conditions for organic livestock. In addition, this rule includes provisions on outdoor access for poultry that have a significant history of AMS actions based on NOSB recommendations. The NOSB deliberations on these recommendations revealed considerable support within the organic community for the recommendations and indicated that consumers have specific expectations for organic livestock care, including outdoor access for poultry. These recommendations also build on Congressional direction in the Organic Foods Production Act and on regulatory language in the final rule that created the NOP in 2000. Further, a 2010 audit by the USDA Office of the Inspector General identified inconsistencies in how accredited certifying agents consider porches under outdoor access while implementing certification of organic poultry operations. This rulemaking is necessary to reduce the variation in outdoor access practices.

One purpose of the Organic Foods Production Act is to assure consumers that organically produced products meet a consistent and uniform standard. By facilitating improved compliance and enforcement of the USDA organic regulations, this rule will better satisfy consumer expectations that organic livestock and poultry meet a uniform and verifiable animal welfare standard.

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The Honorable Pat Roberts
Page 2

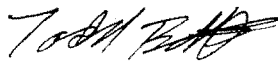
During the public comment period on the proposed rule, which closed on July 13, 2016, AMS received several thousand comments expressing a broad range of views. AMS is currently reviewing those comments and will consider concerns raised by commenters, including concerns raised in your letter, as the agency develops a final rule. AMS also is considering scientific data and other supporting information related to this issue and is consulting with numerous USDA programs and other Government agencies to ensure coordinated policies. In particular, AMS has worked closely with the Animal and Plant Health Inspection Service to provide a robust review of biosecurity-related comments. AMS' fact sheet, Biosecurity in USDA Organic Poultry Operations, provides an overview of biosecurity practices and other information on how organic poultry operations can protect their flocks from disease.¹

Please be assured AMS also continues to very seriously consider the potential economic impacts of the proposal, and, as part of the final rulemaking, is coordinating with the Office of the Chief Economist to conduct an updated and thorough economic analysis that will complement the extensive economic analysis conducted in preparation of the proposed rule. The initial economic analysis of the rule estimated the costs to be \$9.5 - \$24.1 million per year (annualized over 13 years), and the paperwork burden costs were estimated to be \$3.6 million annually. The quantitative benefits were estimated to be \$14.7 - \$62.2 million per year (annualized over 13 years). The proposed modifications to organic livestock and poultry production will allow for the continued expansion of the organic livestock and poultry industry, while increasing organic integrity and meeting consumer expectations.

In conducting this rulemaking, AMS must adhere to the requirements of the Administrative Procedure Act, which sets forth procedures for public notice and comment, and Executive Order 12866, which requires Executive branch agencies to prepare and submit to the White House Office of Management and Budget (OMB) for review a comprehensive assessment of the costs and benefits of any significant regulatory action. This assessment is to be made available to the public after the regulatory action has been published in the Federal Register. Because AMS is still weighing options for a final rule and assessing associated regulatory costs and benefits, we are unable to address your specific questions at this time.

We appreciate you taking the time to share your views on this important work, and we look forward to sharing our updated analysis with you later this year, once the final rule is published. If you have questions about this response or would like to arrange a briefing on this topic, please have your staff contact me at (202) 720-7095. A similar letter is being sent to your colleagues.

Sincerely,



Todd Batta
Assistant Secretary for Congressional Relations

¹ See <https://www.ams.usda.gov/publications/content/biosecurity-usda-organic-poultry-operations>



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Debbie Stabenow
United States Senate
731 Hart Senate Office Building
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The Honorable Debbie Stabenow
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Todd Batta
Assistant Secretary for Congressional Relations

¹ See <https://www.ams.usda.gov/publications/content/biosecurity-usda-organic-poultry-operations>



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Thad Cochran
United States Senate
113 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cochran:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

The proposed rule, which was published in the Federal Register on April 13, 2016, is based on a series of recommendations made over several years from the National Organic Standards Board (NOSB), a Federal advisory committee established by the Organic Foods Production Act of 1990. The NOSB's 15 members represent the breadth of the organic sector and are responsible for considering and making recommendations on a wide range of issues involving the production, handling, and processing of organic products. The NOSB generally meets twice per year at a public meeting to discuss issues on the work agenda, vote on proposals, and make recommendations to the Secretary. AMS and the NOSB value transparency and invite public input in advance of and during public meetings. If a NOSB proposal receives a decisive Board vote of two-thirds majority in favor, then the proposal becomes a recommendation to USDA and is provided to the Secretary through the AMS National Organic Program (NOP).

Between 1994 and 2011, the NOSB submitted to the Secretary 9 recommendations on livestock health and welfare in organic production. This proposed rule seeks to address healthcare practices, transport, slaughter, and living conditions for organic livestock. In addition, this rule includes provisions on outdoor access for poultry that have a significant history of AMS actions based on NOSB recommendations. The NOSB deliberations on these recommendations revealed considerable support within the organic community for the recommendations and indicated that consumers have specific expectations for organic livestock care, including outdoor access for poultry. These recommendations also build on Congressional direction in the Organic Foods Production Act and on regulatory language in the final rule that created the NOP in 2000. Further, a 2010 audit by the USDA Office of the Inspector General identified inconsistencies in how accredited certifying agents consider porches under outdoor access while implementing certification of organic poultry operations. This rulemaking is necessary to reduce the variation in outdoor access practices.

One purpose of the Organic Foods Production Act is to assure consumers that organically produced products meet a consistent and uniform standard. By facilitating improved compliance and enforcement of the USDA organic regulations, this rule will better satisfy consumer expectations that organic livestock and poultry meet a uniform and verifiable animal welfare standard.

The Honorable Thad Cochran
Page 2

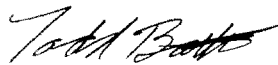
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Please be assured AMS also continues to very seriously consider the potential economic impacts of the proposal, and, as part of the final rulemaking, is coordinating with the Office of the Chief Economist to conduct an updated and thorough economic analysis that will complement the extensive economic analysis conducted in preparation of the proposed rule. The initial economic analysis of the rule estimated the costs to be \$9.5 - \$24.1 million per year (annualized over 13 years), and the paperwork burden costs were estimated to be \$3.6 million annually. The quantitative benefits were estimated to be \$14.7 - \$62.2 million per year (annualized over 13 years). The proposed modifications to organic livestock and poultry production will allow for the continued expansion of the organic livestock and poultry industry, while increasing organic integrity and meeting consumer expectations.

In conducting this rulemaking, AMS must adhere to the requirements of the Administrative Procedure Act, which sets forth procedures for public notice and comment, and Executive Order 12866, which requires Executive branch agencies to prepare and submit to the White House Office of Management and Budget (OMB) for review a comprehensive assessment of the costs and benefits of any significant regulatory action. This assessment is to be made available to the public after the regulatory action has been published in the Federal Register. Because AMS is still weighing options for a final rule and assessing associated regulatory costs and benefits, we are unable to address your specific questions at this time.

We appreciate you taking the time to share your views on this important work, and we look forward to sharing our updated analysis with you later this year, once the final rule is published. If you have questions about this response or would like to arrange a briefing on this topic, please have your staff contact me at (202) 720-7095. A similar letter is being sent to your colleagues.

Sincerely,



Todd Batta
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Mitch McConnell
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator McConnell:

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An Equal Opportunity Employer

The Honorable Mitch McConnell

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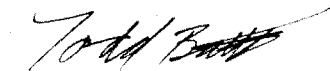
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable John McCain
United States Senate
218 Russell Senate Office Building
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The Honorable John McCain

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Assistant Secretary for Congressional Relations

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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Richard Burr
United States Senate
217 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Burr:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

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The Honorable Richard Burr
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Robert Casey, Jr.
United States Senate
393 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Casey:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

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The Honorable Robert Casey, Jr.
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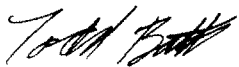
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Jerry Moran
United States Senate
521 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Moran:

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An Equal Opportunity Employer

The Honorable Jerry Moran
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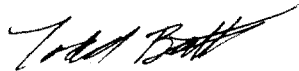
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable John Boozman
United States Senate
320 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Boozman:

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Please be assured AMS also continues to very seriously consider the potential economic impacts of the proposal, and, as part of the final rulemaking, is coordinating with the Office of the Chief Economist to conduct an updated and thorough economic analysis that will complement the extensive economic analysis conducted in preparation of the proposed rule. The initial economic analysis of the rule estimated the costs to be \$9.5 - \$24.1 million per year (annualized over 13 years), and the paperwork burden costs were estimated to be \$3.6 million annually. The quantitative benefits were estimated to be \$14.7 - \$62.2 million per year (annualized over 13 years). The proposed modifications to organic livestock and poultry production will allow for the continued expansion of the organic livestock and poultry industry, while increasing organic integrity and meeting consumer expectations.

In conducting this rulemaking, AMS must adhere to the requirements of the Administrative Procedure Act, which sets forth procedures for public notice and comment, and Executive Order 12866, which requires Executive branch agencies to prepare and submit to the White House Office of Management and Budget (OMB) for review a comprehensive assessment of the costs and benefits of any significant regulatory action. This assessment is to be made available to the public after the regulatory action has been published in the Federal Register. Because AMS is still weighing options for a final rule and assessing associated regulatory costs and benefits, we are unable to address your specific questions at this time.

We appreciate you taking the time to share your views on this important work, and we look forward to sharing our updated analysis with you later this year, once the final rule is published. If you have questions about this response or would like to arrange a briefing on this topic, please have your staff contact me at (202) 720-7095. A similar letter is being sent to your colleagues.

Sincerely,



Todd Batta
Assistant Secretary for Congressional Relations

¹ See <https://www.ams.usda.gov/publications/content/biosecurity-usda-organic-poultry-operations>



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable John Hoeven
United States Senate
338 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Hoeven:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

The proposed rule, which was published in the Federal Register on April 13, 2016, is based on a series of recommendations made over several years from the National Organic Standards Board (NOSB), a Federal advisory committee established by the Organic Foods Production Act of 1990. The NOSB's 15 members represent the breadth of the organic sector and are responsible for considering and making recommendations on a wide range of issues involving the production, handling, and processing of organic products. The NOSB generally meets twice per year at a public meeting to discuss issues on the work agenda, vote on proposals, and make recommendations to the Secretary. AMS and the NOSB value transparency and invite public input in advance of and during public meetings. If a NOSB proposal receives a decisive Board vote of two-thirds majority in favor, then the proposal becomes a recommendation to USDA and is provided to the Secretary through the AMS National Organic Program (NOP).

Between 1994 and 2011, the NOSB submitted to the Secretary 9 recommendations on livestock health and welfare in organic production. This proposed rule seeks to address healthcare practices, transport, slaughter, and living conditions for organic livestock. In addition, this rule includes provisions on outdoor access for poultry that have a significant history of AMS actions based on NOSB recommendations. The NOSB deliberations on these recommendations revealed considerable support within the organic community for the recommendations and indicated that consumers have specific expectations for organic livestock care, including outdoor access for poultry. These recommendations also build on Congressional direction in the Organic Foods Production Act and on regulatory language in the final rule that created the NOP in 2000. Further, a 2010 audit by the USDA Office of the Inspector General identified inconsistencies in how accredited certifying agents consider porches under outdoor access while implementing certification of organic poultry operations. This rulemaking is necessary to reduce the variation in outdoor access practices.

One purpose of the Organic Foods Production Act is to assure consumers that organically produced products meet a consistent and uniform standard. By facilitating improved compliance and enforcement of the USDA organic regulations, this rule will better satisfy consumer expectations that organic livestock and poultry meet a uniform and verifiable animal welfare standard.

The Honorable John Hoeven

Page 2

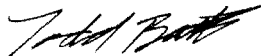
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Gary Peters
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Peters:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

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The Honorable Gary Peters
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable David Perdue
United States Senate
383 Russell Office Building
Washington, D.C. 20510

Dear Senator Perdue:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

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The Honorable David Perdue
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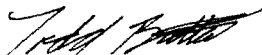
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United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

October 19, 2016

The Honorable Thom Tillis
United States Senate
185 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Tillis:

Thank you for your letter of July 26, 2016, requesting information related to the Agricultural Marketing Service's (AMS) proposed rule on Organic Livestock and Poultry Practices. I apologize for the delay in responding.

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The Honorable Thom Tillis

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