

**AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION AND RELATED
AGENCIES APPROPRIATIONS FOR FISCAL
YEAR 2016**

TUESDAY, MARCH 17, 2015

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

The subcommittee met at 10:02 a.m. in room SD-192, Dirksen Senate Office Building, Hon. Jerry Moran (chairman) presiding.

Present: Senators Moran, Blunt, Cochran, Collins, Hoeven, Daines, Merkley, Tester, and Udall.

DEPARTMENT OF AGRICULTURE

STATEMENT OF HON. THOMAS J. VILSACK, SECRETARY

ACCOMPANIED BY:

**DR. ROBERT JOHANSSON, ACTING CHIEF ECONOMIST
MR. MICHAEL L. YOUNG, BUDGET OFFICER**

OPENING STATEMENT OF SENATOR JERRY MORAN

Senator MORAN. The subcommittee will come to order. Senator Merkley, the ranking member, is en route. We have a time challenge today. Two votes are scheduled at 11:00. And so we're going to forego opening statements. Senator Merkley and I will make no comments more than what I'm making right now. And Secretary Vilsack, welcome.

What I think will happen at around 11 o'clock is that we will have a rotating chairman of this subcommittee, so that during the first vote, I will go vote and come back, and then as the second vote is called, my hope is that we have concluded our hearing. So we will try to keep this going, and mostly directed toward statements.

PREPARED STATEMENT

Let me thank you for your public service, your care for farmers and ranchers of our country. Thank you for this weekend being at the National Farmers Union annual meeting, this time in Wichita, Kansas. We are delighted to have you in our State.

[The statement follows:]

PREPARED STATEMENT OF SENATOR JERRY MORAN

This hearing will come to order. Good morning. The purpose of today's hearing is to discuss the Department of Agriculture's fiscal year 2016 budget request, and thank you to Secretary Vilsack, Dr. Johansson, and Mr. Young for being here today.

Secretary Vilsack, I enjoyed getting to visit with you the other day and look forward to having another discussion about the Department's budget and priorities for the year.

Agriculture remains one of the bright spots in our nation's economy, supporting more than 16 million jobs nationwide and forming the backbone of our rural communities. American farmers and ranchers are the best at what they do when given the opportunity to compete on an even playing field.

After a long, arduous process and a great deal of economic uncertainty, Congress enacted the Agricultural Act of 2014 one year ago. The Farm Bill authorized sweeping changes to commodity and crop insurance programs, consolidated and reinforced conservation efforts, and reauthorized vital research and rural development programs. Agriculture is Kansas's #1 industry—directly responsible for 37 percent of the state's economy. Enactment of a new Farm Bill was welcome news for producers, research institutions, and rural communities in my home state.

It is now the responsibility of this Committee to continue oversight of Farm Bill implementation and provide USDA the resources it needs to ensure its effectiveness. Producers are facing a series of important decisions for their operations in the coming weeks, and the Department's guidance will be vital in educating farmers to determine which program best suits their interests.

The challenges farmers and ranchers face are not limited to factors in their control. Unpredictable weather conditions and volatile foreign markets wreak significant impacts on a producer's bottom line. Many parts of the country are still suffering from persistent drought conditions, and this year's snowpack deficit appears to offer little relief to western states. Pests and diseases also pose significant threats to plants and animals—and their respective industries—as we are witnessing with citrus greening and avian influenza. Investments in agriculture research help mitigate these impacts, both environmentally and economically, and prepare producers for future adverse conditions.

This year's budget request for the Department of Agriculture proposes a \$900 million increase above the enacted levels in fiscal year 2015. I support many items in the request, but we must work to prioritize investments based in fiscal reality. As Chairman, I look forward to working with Senator Merkley and other members of the subcommittee to identify those priorities and make the most effective and efficient decisions on behalf of American taxpayers.

I look forward to discussing these issues and others with our witnesses today. I would now like to turn to our Ranking Member, Senator Merkley, for his opening statement.

Senator MORAN. And Senator Merkley, it is my understanding we have both agreed to no opening statements, although I may have just violated that. And I have called the meeting to order. I would defer to the Senator from Oregon.

Senator MERKLEY. Well, thank you very much. I'm delighted to be here, and I'm happy for us to expeditiously proceed.

Senator MORAN. Recognize the Secretary of Agriculture, Secretary Vilsack.

SUMMARY STATEMENT OF HON. THOMAS J. VILSACK

Secretary VILSACK. Mr. Chairman, thank you very much, and I certainly appreciate the opportunity to be here.

[The statement follows:]

PREPARED STATEMENT OF HON. THOMAS J. VILSACK

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the Administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2016 budget. Joining me today are Robert Johansson, USDA's Acting Chief Economist, and Michael Young, USDA's Budget Officer.

The President's budget strengthens the middle class and helps America's hard-working families get ahead in a time of relentless economic and technological change. Investments made by USDA work together to support the most productive agricultural sector in the world, attract and retain a talented labor force, improve connectivity and access to information in rural communities, move more American-grown products to market, and make rural communities places where businesses—

farm and non-farm alike—want to innovate, grow, and create more good paying jobs. These investments reward hard work, generate rising incomes, and allow everyone to share in the prosperity of a growing America.

In the past 6 years, USDA assisted more than 900,000 rural families to buy or refinance a home, helping 146,000 rural Americans become homeowners in fiscal year (FY) 2014 alone. Since 2009, we have invested a total of \$48.3 billion in new or improved infrastructure in rural areas, which helped 15.7 million rural residents get access to clean drinking water and better waste water disposal. Modernized electrical service was delivered to more than 5.5 million subscribers. More than 21,000 grants and loans helped approximately 89,000 rural small businesses grow, creating or saving an estimated 418,000 jobs between fiscal year's 2009 and 2014.

We have also continued our StrikeForce Initiative, which represents a broad commitment to increase investments in poverty-stricken rural communities through intensive outreach and stronger partnerships with community organizations. Since the inception of StrikeForce in 2010, USDA has partnered with almost 500 community and faith-based organizations, businesses, foundations, universities and other groups to support 109,000 projects with almost \$14 billion in investments in rural America. We are providing a pathway to success and expanding the middle class.

Critical to our efforts is the 2014 Farm Bill, which enhanced the array of authorities and resources to improve agricultural productivity, to strengthen the foundation for helping rural communities prosper, to enhance the resiliency of forests and private working lands, and to ensure access to a safe, diverse and nutritious food supply. Farmers, ranchers and those working in supporting industries maintain an agriculture sector that has seen strong growth over the past 6 years. Agriculture and agriculture-related industries account for about \$775.8 billion in economic activity, support one out of every 11 jobs in the economy, and help to maintain vibrant, thriving rural communities.

The Department has completed implementation of many new Farm Bill authorities. This includes major new safety net programs providing certainty to American agricultural producers going into the 2015 crop year. We have made available over \$5 billion in critical assistance to producers across the country since sign-up for the disaster programs began on April 15, 2014. Significant new crop insurance protections were also made available. America's new and beginning farmers and ranchers, veteran farmers and ranchers, and women and minority farmers and ranchers were given improved access to credit.

In fiscal year 2014, exports of U.S. food and agricultural products set a new record, reaching \$152.5 billion and supporting nearly one million jobs here at home. Agricultural exports have climbed more than 58 percent in value since 2009, totaling \$771.7 billion over the past 5 years. Agricultural exports have increased in volume, demonstrating an increasing global appetite for American-grown products. Between 2009 and 2014, more than 6,000 U.S. companies participating in USDA-endorsed trade shows reported total on-site sales of more than \$1.3 billion and more than \$7.2 billion in 12-month projected sales. Rural exports support farm income, which translates into more economic activity in rural areas. In 2012, each dollar of agricultural exports stimulated another \$1.27 in business activity. As requested by the President, we need trade promotion authority to protect our workers, protect our environment, and open new markets to products stamped "Made in the USA."

USDA is also helping producers tap into growing consumer demand for locally-grown and organic food. USDA data indicate that local food sales totaled at least \$6.1 billion in 2012. Demand for organic food products also continues to grow and this sector now accounts for \$35 billion in annual U.S. sales. In 2013, the National Organic Program helped an additional 763 producers become certified organic, an increase of 4.2 percent from the previous year.

USDA's investments support strong local and regional supply chains and the rural jobs that come with them. Since 2013, USDA has made over 500 investments in local food infrastructure and direct marketing opportunities to help connect farmers and consumers and create jobs all along the supply chain for local food. In addition, USDA has made expanding SNAP recipients' access to fresh fruits and vegetables through farmers markets a priority in recent years. In 2008, about 750 farmers markets and direct marketing farmers accepted SNAP. As of January 2015, over 5,300 participated in markets accepting SNAP.

USDA continues to work with land-grant universities to deliver science-based knowledge and practical information to farmers, ranchers and forest landowners to support decisionmaking, innovation and economic opportunity. USDA leverages its research by making data more widely available. In 2014, 60 new cooperative research and development agreements were executed, 119 patent applications were filed, 83 patents were received, and 412 income-bearing license agreements were in effect. As authorized by the Farm Bill, USDA created the \$200 million Foundation

for Food and Agriculture Research, which will advance the research mission of the Department and foster collaboration with public and private research efforts.

Advances in biotechnology require thorough review by USDA before being approved, a practice commonly call deregulation. USDA needs to complete its review in a timely manner to facilitate planning and adoption of new technologies. To address this need, in 2012, USDA streamlined and improved the process for making determinations on petitions involving biotechnology. Because of the enhancements, we reduced the length of the petition review by over 600 days for petitions that do not require an environmental impact statement (EIS). USDA estimates that the cumulative number of actions taken to deregulate biotechnology products based on a scientific determination that they do not pose a plant pest risk will increase from a cumulative total of 87 actions in 2011 to an estimated cumulative total of 119 actions in 2016.

USDA's conservation efforts have enrolled a record number of acres in programs that have saved millions of tons of soil, improved water quality, preserved habitat for wildlife and protected sensitive ecological areas. To accomplish these goals, USDA has expanded beyond its traditional conservation programs and partnered with a record number of farmers, ranchers and landowners on landscape-scale conservation projects since 2009. As an example, under the newly authorized Regional Conservation Partnership Program (RCPP), USDA funded 115 projects that will build on the results achieved by USDA's traditional programs. RCPP empowers communities to set priorities and lead the way on conservation efforts important for their region. Such partnerships also encourage private sector investment so we can make an impact that's well beyond what the Federal government could accomplish on its own.

USDA continues to lead the way for renewable energy by supporting the infrastructure needed to grow the new energy economy. In 2014, more than 500 new awards under the Rural Energy for America Program helped USDA to reach a milestone of adding more than 8,000 projects between 2009 and 2014. Currently, REAP funds a total of 10,800 projects around the country to help producers and rural businesses save energy and increase their profitability. To support farmers producing biomass for renewable energy, USDA offered insurance coverage for farmers growing biofuel crops like switchgrass and camelina, and we are helping identify American farmland most suitable for growing energy crops. Under expanded authority provided by the 2014 Farm Bill, we are working to expand the number of commercial biorefineries in operation that produce advanced biofuels from non-food sources through the Biorefinery Assistance Program. We also took new steps to support biobased product manufacturing that promises to create new jobs across rural America—including adding new categories of qualified biobased products for Federal procurement and establishing reporting by Federal contractors of biobased product purchases.

Combating foodborne illness is one of our top priorities. In 2013, the Food Safety and Inspection Service (FSIS) developed the Salmonella Action Plan that outlines the measures FSIS will employ to achieve lower contamination rates in agency regulated products. The Plan includes strategies, such as the newly developed performance standards for ground poultry and chicken parts that will reduce illnesses. In addition, the recently implemented poultry inspection system will prevent an additional 5,000 foodborne illnesses each year through the improved control of Salmonella and Campylobacter.

The Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and other critical programs that reduce hunger and help families meet their nutritional needs. SNAP is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of millions of low-income Americans, the majority of whom are children, the elderly, or people with disabilities. SNAP kept over 5 million people, including nearly 2.2 million children, out of poverty in 2013. Recent research has shown that SNAP not only helps families put food on the table, but it has a positive long-term impact on children's health and education outcomes. We also support the ongoing implementation of the Healthy, Hunger-Free Kids Act. Over 90 percent of schools report that they are successfully meeting the new nutrition standards, serving meals with more whole grains, fruits, vegetables, lean protein and low-fat dairy, and less sodium and fat.

We must continue our efforts to address the challenges that continue to confront rural America. The 2016 budget builds on our success and proposes a set of investments to spur innovation, create new markets and job opportunities, enhance climate resiliency, improve access to a safe, nutritious food supply, and modernize infrastructure.

USDA's total budget for 2016 we are proposing before this Subcommittee is \$144 billion, of which approximately \$124 billion is mandatory funding. The majority of

these funds support crop insurance, nutrition assistance programs, farm commodity and trade programs and a number of conservation programs. The budget includes mandatory funds to fully support estimated participation levels for the Supplemental Nutrition Assistance Program (SNAP) and Child Nutrition programs. For discretionary programs of interest to this Subcommittee, our budget proposes \$20 billion, approximately \$908.5 million above the 2015 enacted level. That level fully funds expected participation in the Special Supplemental Nutrition Program for Women, Infants, and Children. It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments. The budget also includes over \$1 billion to renew approximately 255,000 expiring contracts for rental assistance and includes new authorities to ensure the long term sustainability of this program.

Agriculture is an engine of growth and prosperity, directly or indirectly supporting 16 million jobs. The 2016 budget provides a strong farm safety net and makes investments to meet challenges of a competitive global market, changing climate, and making agriculture a reality for new and beginning farmers. The budget proposes a loan level of about \$6.145 billion for direct and guaranteed farm ownership and operating loans, 85 percent of which will be made to beginning farmers and ranchers and socially disadvantaged producers. The budget also includes about \$4 million to help new and beginning farmers and ranchers overcome the barriers they face when entering agriculture. In addition to providing funding to establish a Military Veterans Agricultural Liaison as authorized by the 2014 Farm Bill, the budget also establishes a \$2.5 million program to help veterans develop farming and ranching skills needed to become producers.

The rural economy will be even stronger because of the investments in rural infrastructure made by USDA. We will make over \$1 billion in investments in rural businesses estimated to provide approximately 32,000 jobs in rural areas. Over \$2.2 billion targeted to community facilities will expand educational opportunities for students, facilitate delivery of affordable healthcare, and ensure the availability of reliable emergency services. Funding for broadband is more than doubled. Through a pilot called Rural Corps, USDA will work in partnership with local organizations to deploy highly trained staff and increase the likelihood that investments in infrastructure and economic development are strategic, creating jobs and long-term economic benefits. In 2016, USDA will provide over 170,000 rural residents the assistance needed to become homeowners by making available nearly \$25 billion in loans to increase housing opportunities in rural area. Approximately \$900 million in direct loans will ensure that the very-low and low-income borrowers with the ability to repay mortgage debt are provided with a vehicle to access mortgage financing for homes located in rural areas.

Despite these investments, 85 percent of America's persistent poverty counties are in rural areas and rural childhood poverty rates are at their highest point since 1986. To address this need, \$20 million is provided for a Rural Child Poverty initiative, which would support innovative strategies to combat rural child poverty through a demonstration program. Additionally, funding is more than doubled for the Community Facilities Grant Program, which enables USDA to support investments in high-need areas and also leverage partnerships aimed at reducing child poverty, such as co-locating healthcare, nutrition assistance, and job-training programs. In both cases, this funding will be used in rural areas experiencing severe economic distress, such as StrikeForce, Promise Zones, and Tribal areas.

Access to a plentiful supply of safe and nutritious food is essential to the well-being and productivity of all Americans. As many as 200,000 families with children could benefit each year, beginning in the summer of 2016, from the proposed expansion of summer EBT demonstration projects, including \$67 million to support the second year of the Summer Electronic Benefit Transfer (EBT) pilot to reduce food insecurity among urban and rural children during the summer months when school meals are not available. The budget also includes \$35 million in school equipment grants to aid schools in serving healthy meals and provides continued support for other school-based resources. The budget proposes an additional \$25 million to bolster SNAP Employment and Training programs, which will allow some of our nation's poorest individuals to work toward self-sufficiency and continue to receive critical food assistance while doing so. Nationwide, USDA estimates that 23.5 million people, including 6.5 million children, live in low-income areas without easy access to a supermarket. To expand access to nutritious foods, the budget invests \$13 million in a newly authorized Healthy Food Financing Initiative that will provide funding for developing and equipping grocery stores and other small businesses and retailers selling healthy food in communities that currently lack these options. Americans will be better protected from foodborne illness with nearly 23,000 fewer illnesses projected in 2016 from 2014 as a result of improved food inspection.

Food for Progress and the McGovern-Dole International Food for Education and Child Nutrition Program will continue to provide benefits to millions of people overseas. These programs have helped to engage recipient countries not only by delivering food assistance, but also by fostering stronger internal production capacity and infrastructure, generating employment, boosting revenue, and developing new markets and productive economic partnerships. The budget provides \$20 million to support the local and regional procurement of food aid commodities for distribution overseas to complement existing food aid programs and to fill in nutritional gaps for targeted populations or food availability gaps caused by unexpected emergencies. Also, the budget proposes the authority to use up to 25 percent of Title II resources for these types of flexible emergency interventions that have proven to be so critical to effective responses in complex and logistically difficult emergencies.

USDA research plays a key role in fostering innovation and advancing technologies that increase the efficiency, sustainability, and profitability of American agriculture. Economic analysis finds strong and consistent evidence that investment in agricultural research has yielded high returns per dollar spent. The budget includes an increase of \$125 million for the Agriculture and Food Research Initiative. Funding for USDA's role in Federal efforts combatting anti-microbial resistant bacteria and improving pollinator health totals \$77 million and \$79 million, respectively. As part of the Administration's multi-agency initiative to support continued investment and innovation in the manufacturing sector, the budget also includes \$80 million to support two new Federal-private manufacturing institutes, with one dedicated to advanced biomanufacturing, while the other will focus on development of nanocellulosics. Investments to upgrade the Department's aging laboratory infrastructure include \$206 million to fully fund five priority construction and renovation needs, as identified in the Congressionally-mandated report issued by the Department in 2012.

To enhance resilience to climatic events, the budget provides \$200 million for the Watershed and Flood Prevention Operations (WFPO) to help communities adapt to changing natural resource conditions and climate change, and to minimize the impacts of natural disasters, including coastal flooding. USDA will utilize the broad authorities of WFPO to help communities create more resilient infrastructure and natural systems.

To protect the integrity of the programs we administer, we continue to work aggressively to identify and eliminate waste, fraud, and abuse. Program integrity is critical to the overall success of the programs we administer and funds must be used properly to earn America's trust that these programs deliver results while protecting taxpayer dollars. The budget builds on existing efforts and provides strategic increases, including an increase of \$14.5 million to automate and streamline reporting, increase operational efficiency, reduce improper payments, and otherwise enhance program integrity for Child Nutrition Programs. The budget requests an additional \$4 million to ensure that States are meeting the highest standards of program integrity in administering SNAP. The budget also includes \$2.1 million for the Risk Management Agency to enhance regulatory compliance, with a focus on improving error rate sampling for improper payments.

While providing record levels of service to rural America, USDA has improved management operations. Through the Blueprint for Stronger Service, USDA has taken proactive steps in recent years to reduce spending, streamline operations and cut costs. Our savings and cost avoidance results for the American taxpayer through the end of fiscal year 2014 were recently revised upward to \$1.368 billion from the previous \$1.197 billion figure reported in January 2014. I appreciate the Subcommittee's approval of authority allowing the Department to establish a non-recurring expense fund for facilities infrastructure capital acquisition. This fund will provide much needed resources in future years for USDA's infrastructure modernization.

The President is again asking Congress for authority to submit fast-track proposals to reorganize or consolidate Federal programs and agencies to reduce the size of Government or cut costs. Granted the authority, the Administration is proposing to consolidate the FSIS and the food safety components of the Food and Drug Administration to create a single new agency within the Department of Health and Human Services. The President also proposes the consolidation of certain business programs in a new department dedicated to promoting U.S. competitiveness and exports.

The Farm Bill included several reforms to the Federal crop insurance program; however, there remain further opportunities for improvements and efficiencies. The President's 2016 budget includes two proposals to reform crop insurance, which are expected to save \$16 billion over 10 years. This includes reducing subsidies for revenue insurance that insure the price at the time of harvest by 10 percentage points

and reforming prevented planting coverage, including adjustments to payment rates. These reforms will make the program less costly to the taxpayer while still maintaining a quality safety net for farmers.

I believe that the future is bright for America and in particular for rural Americans. The investments we make today are having an impact and creating a future full of opportunity. The budget presented to you will achieve the President's vision for the middle class by restoring the link between hard work and opportunity and ensure that every American has the chance to share in the benefits of economic growth. At this time, I will be glad to answer questions you may have on our budget proposals.

Secretary VILSACK. And in the interest of time, I'm prepared to take your first question.

DIETARY GUIDELINES

Senator MORAN. Let me start with one related to dietary guidelines, a question that you and I discussed in my office and a question that you have not had to respond to previously.

I was looking back at the history to find out what the purpose of the dietary guidelines, what's the statutory authority, what are the criteria by which those dietary guidelines are to be determined. And I have now read that, and it talks about nutritional and dietary information.

I've been most recently interested to see what Senator Dole had to say in February. Just a few days ago, he talked about being the co-author of the dietary goals for the United States with Senator McGovern and indicated his concern about the direction that the advisory committee report is heading.

These dietary guidelines, when you and I talked, you talked about how you're coloring within your lines, a phrase that I remember. And I am interested in knowing whether you have the ability to insist that others color within their lines, what conversations you've had with Secretary Burwell, and what your expectation is for the next step in the dietary guideline process.

Secretary VILSACK. Mr. Chairman, we are in a comment period right now, so we are soliciting comments from folks. I have talked briefly with Secretary Burwell, primarily about the request for an extension of time in terms of the comment period. We obviously are under a deadline to get this done before the end of the year. So we will be working with the folks at the Department of Health and Human Services (HHS) to determine what's best in terms of an extension if one is granted.

I would say that we understand, or I understand, my responsibility is to focus on diet and nutrition, and well we should, given the challenges that we face with the obesity epidemic among our children and some of the concerns of chronic diseases. I have been interested in the testimony that Commissioner Hamburg has provided in which she has indicated a desire also to stay within the statutory guidelines, to color within the lines, as you say.

And I think we understand and appreciate that folks can have many recommendations and many opinions, but at the end of the day, our decisionmaking process has to be focused on dietary nutrition, so that we can give a general guideline to American families, and that we can then inform our Federal nutrition programs.

Senator MORAN. So it is your understanding that what the goal is is dietary and nutritional guidelines, nothing more or broader.

Secretary VILSACK. That's the direction that you have given us, and that's the direction that I intend to follow.

Senator MORAN. Mr. Secretary, let me ask you then about the public comment. You mentioned that we are in the process of public comment right now, granting 45 days for those public comments. The report is 571 pages long. That's not a lot of time for stakeholders and interested parties to digest that information. Are you considering an extension of that deadline?

Secretary VILSACK. I would point out, Mr. Chairman, that that is longer than the last guidelines. I think the last time we went 30 days. We have extended it to 45 days. And I recognize that there is a lot of issues and controversy associated with this. So I would certainly be willing to consider lengthening that time. I'm not sure that we can afford to go as long as some have suggested, but it may very well be appropriate for us to extend the deadline a bit.

CONSERVATION TECHNICAL ASSISTANCE

Senator MORAN. Mr. Secretary, let me turn to another topic of importance in Kansas and across the country, conservation. One of the confusing things to me about the President's budget is a proposed reduction in funding of technical assistance at the Natural Resources Conservation Service (NRCS).

And even the budget states that, in terms of environmental outcomes, the funding reduction will result in lost conservation opportunities and reduce natural resources benefits. You know, it's a \$74 billion budget. Why is there a \$44 million reduction in technical assistance funding?

Secretary VILSACK. Well, the challenge in this budget, Mr. Chairman, is that 50 percent of our budget is in four areas. It is in fire suppression and forest restoration, it is in food safety, WIC, and in rental assistance. And unfortunately, in several of those four line items, we have seen increases that we believe need to be dealt with through some congressional direction and action. So we are constrained a bit by the fact that those increase.

We are also cognizant of the demands that you all placed on us relative to sequester and to make sure that we stay within a reasonable budget. This is a budget, by the way, that is less than the first full budget that I worked with in fiscal year 2010. So we are trying to be conscious.

Let me say as far as the technical assistance, it doesn't necessarily mean that less work is going to get done, and I say that for two reasons. One, because I think we are going to see significant increases in the utilization of technology that will provide us the opportunity to expand our reach in terms of conservation. And secondly, we are extending the number of partnerships that we have with a variety of other organizations and entities that can provide technical assistance as well.

So it doesn't necessarily translate to less conservation. It just simply means that we are going to be more reliant on technology and partnerships.

CROP INSURANCE

Senator MORAN. Thank you. Let me ask about another President's budget recommendation, this one related to crop insurance. I am sure that you have heard as I have about the importance of crop insurance. When they have a conversation with the farmer, that's generally the point they would highlight about the importance and value of crop insurance to them.

We are seeing, in the President's budget recommendation, a reduction in the support levels for farmer's crop insurance premiums. I would like to have your response on that.

And then I would like to tell you that, in voting for the farm bill, one of the things I thought was most important for farmers, particularly Kansas farmers, was changes in crop insurance related to the ability to have separate enterprise units by practice, separate coverage levels by practice, and an APH yields exclusion available to take out a year of, in our case, drought.

What I discovered when I returned home after the farm bill and people started looking at the farm bill and taking a look at their crop insurance for winter wheat, elimination of that year and the other two provisions that I thought were so valuable were not available for winter wheat because of timing. And my question is, can you assure me, and I can assure my farmers, that the timing will not be a problem and that those provisions will be updated sufficient to be used as they make decisions and have the consequences of the new farm bill for winter wheat?

Secretary VILSACK. I believe so on the second question, Mr. Chairman. We are working very carefully to make sure that the 2016 crop year for winter wheat is covered under Actual Production History (APH), and we are working diligently to get the irrigated enterprise issues resolved.

As it relates to the budget, \$8.2 billion, we believe, is adequate and sufficient to cover the \$109 billion risk that is covered by crop insurance. There are two issues that I would point out.

One is on the prevented planting. The Government Accountability Office (GAO) and our own inspector general have been critical of the way in which that program has been utilized. It is discouraging the planting of a second crop, and it ends up, essentially, overcompensating folks. So in response to the GAO concerns and our own inspector general's concerns, we made adjustments, and that is part of the reason why you see a reduced amount.

The second area that I would point out, too, is on the harvest price loss aspect. Crop insurance is designed to protect against Mother Nature. The harvest price loss option basically provides coverage not just against Mother Nature, but also against market decisions that producers make. And so I think it is important to ask the question, what is the nature of the partnership between the taxpayer and the Federal Government and the farmer as it relates to that.

When you see potential premium subsidies as high as 80 percent for some farmers in some crops in that area, you have to ask yourself whether or not it's appropriate to adjust that downward a bit, which is what is reflected in the budget. So I think there are jus-

tifications for what we are proposing, but understand and appreciate that we do understand fully the importance of crop insurance.

Senator MORAN. I will follow up that would my time returns.
Senator Merkley.

RURAL ENERGY SAVINGS PROGRAM

Senator MERKLEY. Thank you. Thank you, Mr. Secretary. I wanted to start by asking you about the Energy Efficiency and Conservation Loan Program. This program provides loans to rural electrical co-ops, so that they can in turn provide loans to folks for energy-saving retrofits, both residential and commercial. It has not worked real well yet, and there have only been a couple of loans made to rural electrical co-ops.

There is a program that has been authorized in the farm bill, the Rural Energy Savings Program, that is designed to try to make a more effective form of this strategy, because it's a win-win all the way around, creates a lot of jobs in rural areas, improves energy efficiency, and make homes more comfortable. Have you taken a look at this program and considered ways to improve on it and—well, I'll just stop there.

Secretary VILSACK. Yes, we have, Senator. We basically are focusing primarily on a major initiative in a State that is very interested in pursuing energy efficiency, and we are very close to getting that statewide program in place, which will, I think, significantly increase interest in the energy efficiency program.

One of the concerns, and I think you are well aware of this given your advocacy for this, is the interest rate and the fact that this is a relatively new program for the Rural Electric Cooperatives (RECs) is to implement, so it has been a learning curve, both for our folks and for the RECs. I think if we were to take a look at the interest rate, it would obviously increase the cost of the program, but it might increase the interest as well. We would continue to work with you and continue to work with Congress to make sure that we implement this in an appropriate way.

But we are focused on it, and I am asking our team at the Rural Utilities Services (RUS) to get this done.

POLLINATORS

Senator MERKLEY. Great. Well, I appreciate that very much. Look forward to continuing that conversation, because done right, it could be a powerful force for rural jobs. And as I head to my 36 counties every year and talk to folks in the rural counties, rural jobs would be a wonderfully welcomed item.

Let me turn then to the concern over the loss of pollinators. And as you are very aware, and folks in the agricultural community are very well, we have suffered a lot of losses of honeybee colonies. We have seen the monarch butterfly migration collapse over the last 10 years. And this is significant for agriculture, since pollinators contribute more than \$24 billion to the U.S. economy, and at least 90 of America is commercially grown crops are dependent on pollination.

So can you talk a little bit about the proposal that you're putting forward in both the Agriculture and Food Research Institute (AFRI) and the Agriculture Research Service (ARS).

Secretary VILSACK. Senator, the effort with pollinators is a complicated one, because it involves parasites, pesticides, pests, the stress of the travel that the pollinators undertake, the lack of crop diversity in some areas, so what is required is a holistic approach that involves research, and involves public education, and also involves habitat.

In all three areas, we are working, and the request in the budget would reflect a desire to do more work on the research side, to understand better the stresses, to understand better the issue of parasites and pesticides and the like, the multiple causes. And we are also working through the Natural Resources Conservation Service (NRCS) and our Conservation Reserve Program (CRP) program to expand habitat, particularly in the upper Midwestern States where 65 percent of the hives basically end up during the summer months.

The goal here is to get down from where we've been the last 10 years, roughly 29 percent of our hives being lost, to getting it closer to 18 percent, which is a sustainable level. Last year, it was 23 percent, which is good news, but it's still not good enough.

Public education is also important, and I think that's where—effort can undertake to make sure that people understand that they have a role to play here, from community gardens to the plantings that they make in their own individual personal gardens. You can create additional habitat. So it's a greater awareness, more research, and more habitat.

Senator MERKLEY. So you have proposed an increase of just over \$30 million in these activities. Is that high on your list of priorities?

Secretary VILSACK. It is certainly a significant priority, particularly as it relates to the statistics that you provided in terms of the importance of pollinators. I am particularly focused on the fact that our almond crop, which is a fairly significant crop and an export opportunity for us, is very much dependent on us getting this right. And you mentioned the monarchs, that's another issue as well.

RENTAL ASSISTANCE

Senator MERKLEY. Well, thank you, Mr. Secretary. I am going to switch to a different challenge which is that, over the next 3 years, about 120 multifamily housing loans will mature each year, representing over 10,000 units of affordable housing that will be exiting the program. And this problem gets even worse down the road.

In 2019, the number of maturing mortgages will exceed 1,100 and continue to increase thereafter. When these loans are paid off, the projects will no longer be in USDA's affordable housing program, and the families will not have access to rental assistance or servicing options that the Department can offer. This is a real substantial challenge for real communities seeking affordable housing and I thought I would offer you the chance to comment on the strategies to address this.

Secretary VILSACK. Well, Senator, we really appreciate you bringing this to the attention of the body. It is a critical issue. Seventy-five percent of our rental units could potentially get out of the program without access to vouchers as a result of mortgages being

paid off. We are requesting a series of tools that would allow us to manage this more effectively.

Those tools can include extending the life of an existing loan, re-amortizing that loan, using the resources potentially to improve the properties. We have also requested additional resources for new construction, which has not been the case for quite some time because of the rental assistance challenges that we face. We have also asked for a consideration of the voucher program to be available for a limited period of time as well for these expiring mortgages.

It is a serious issue, and you are absolutely correct, these people have no place to go, given their current status. So we hope to be able to work with you to get a series of tools to be able to deal with this issue and the other issue with rental assistance in terms of the ever-increasing budget challenge that we face with rental assistance.

Senator MERKLEY. Thank you very much.

Senator MORAN. Senator Merkley, thank you. Senator Cochran, the chairman of the full committee.

FARM SERVICE AGENCY FUNDING

Senator COCHRAN. Mr. Chairman, thank you. Welcome, Mr. Secretary, to the hearing, and thank you for the good job you do as Secretary.

One question occurs to me right off the bat here is why the administration has reduced its request for funding for people who will be used at the Department to help producers comply with provisions of the farm bill so they will be eligible for support in farm bill reforms that have occurred. There is concern, I'm told, that the President's budget request, for specific example, for the Farm Service Agency (FSA), is \$12 million below the 2015 enacted level. There is concern that we have received that this is not enough to carry out and help producers comply with farm bill provisions enacted by Congress and now must be implemented by producers and Department of Agriculture (USDA) workers around the country.

My question is, would you please look at this level of funding and let us know whether this is really adequate? Is \$12 million below the enacted level for fiscal year 2015 for the Farm Service Agency to implement and help carry out provisions of the 2014 farm bill, there is concern that the FSA appropriation, if we gave you what you're asking for, is not enough to do the job. Would you look into that and tell us what your plans are?

Secretary VILSACK. Mr. Chairman, we obviously would respect your request. I would say that one of the reasons why we are asking for a bit less is because there may not be quite as much of a need for technology money as in the past, because of the completion of the MIDAS effort. There is still an ongoing IT need, but perhaps not at the level that we have seen in the past.

Secondly, I would say that the performance of our folks at FSA offices across the country in terms of the implementation of the farm bill has been, in my view, well done, given the fact that over 600,000 disaster payments have been made by those FSA offices, given the fact that nearly 90 percent of folks have made the decision to reallocate their base acres and adjust their yields. We are

now close to 70 percent of farmers making the election of Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC), and we are not yet at the March 31 deadline. There are series of other things that our FSA folks have been doing, so I am confident that we will be able to get the job done.

But these budgets are challenging, and they are challenging in large part because of four areas that continue to increase, or several areas that continue to increase, from rental assistance, to fire suppression, to the WIC program, that places a great burden when we are trying to constrain our budget based on instructions from Congress.

Senator COCHRAN. Thank you. Thank you, Mr. Chairman.

Senator MORAN. Mr. Chairman, thank you. Senator Tester.

ARC/PLC SIGNUPS

Senator TESTER. Well, thank you, Mr. Chairman, and I want to thank you, Mr. Secretary, for the job that you have done over 6 years now in this position. And as a person that is directly involved in production agriculture, I just want to thank you. Thank you for what you've done. I think you've done a great job in running the agency, and I think the people you have on the ground in the Farm Service Agency, in Montana at least, are doing a great job.

The question I have to begin with is, can you tell me—you have got some deadlines coming up on PLC and ARC as of March 31. Computer programming has always been a concern. If the programming is there, when the producer walks in it can meet the needs. Can you give us a quick update on where the programming is, if it's where it needs to be?

Secretary VILSACK. Well, Senator, I think roughly 70 percent of producers that we expect have to make an election have already made the election. I think they are finding that the times can be as quick as 12 minutes through the process, in part because of the technology changes that we have made. We had an initial glitch that arose in Kansas, which we have addressed. So I think we are okay.

What we are concerned about, and producers have responded, is a crush at the end of the deadline. But given the fact that we're now at nearly 70 percent of signups in elections, I think we are going to be just fine in terms of being able to handle the volume.

RURAL OUTMIGRATION

Senator TESTER. Good. Good. Now, I want to go up to 30,000 feet. I've been involved and run our farm for almost 40 years now and been involved in everything from set-asides to payment in-kind (PIK) payments to direct payments to countercyclical payments. Now we've got ARC, and we've got PLC. All these programs are passed by Congress, and you are asked to administrate them. You have been doing this job, as I've said, for over 6 years.

And over the last 30 or 40 years, I have seen a mass exodus off the land. A mass exodus. The school where I went to school, 165 kids, now has less than a third of that directly associated with consolidation and agriculture. We have seen consolidation in the marketplace, not as much competition as we would like. We are seeing

consolidation in production agriculture, and I am a big supporter of family farms.

And to be honest with you, I've been a big supporter of the farm bill, too. I mean, my grandfather would have told me that we would not be on the farm we have today if it wasn't for FDR and the farm program that was out there. We wouldn't have electricity if it wasn't for that Agriculture Department in the 1930s, in the 1940s, and many of us would not have water without them. So it's done a lot of good things.

You have been in this position for a while. You have seen the impacts on the ground, and I don't think Big Sandy, Montana, is any different than any small town in Iowa as far as depopulation and the mass exodus. As you look at this farm bill, is it helping keeping people in rural America, or is it encouraging more consolidation and people to move out of rural America?

Secretary VILSACK. Senator, I think it's significant in terms of the assistance it can provide, because I think it supports a companion economy that can essentially combine with production agriculture and experts to focus on local and regional food systems and major investment in that opportunity for smaller sized operators to have a direct line with their consumer where they are able to negotiate a price. I think there is significant opportunity for expanded conservation and tying that into the development of ecosystem markets, which is another income. And then the bio economy, I think, is also—were going to bring manufacturing back to rural areas. So I think this will help.

I would say that there are two issues on the horizon that we need to be concerned about. One is this issue of the aging nature of farmers today in America and the issue of land tenure, who is going to own the land, who is going to operate the land, and what is their focus going to be in the next 10 to 15 years, because I think we are going to have a significant turnover. And then finally, just the public relations effort to acquaint people in this country of the importance of rural America and the need for continued investment and continued focus. It's easy for many in America to forget about the importance of rural America.

LOCAL FOOD SYSTEMS

Senator TESTER. I agree with the local food system stuff and the conservation. I want to get in that in a second. But I also think that there is plenty of room for manipulation. Farming the farm bill isn't something that is not done. It is done regularly, and I'm not sure that's input. And by the way, that's not your problem, that's Congress's problem. You are there to administer it, we set the rules, and we thank you for that.

Local food systems, can you tell me in your budget if there are additional dollars for local food systems, or has it been cut?

Secretary VILSACK. There are additional resources as a result of the farm bill, and there's additional focus in rural development on making sure that we support local and regional food systems. Just yesterday, we announced \$26 million available for—

CONSERVATION

Senator TESTER. Okay. Good. How about conservation?

Secretary VILSACK. Conservation increases over what was spent last year, it's not as much as would have been appropriated if we had followed the farm bill, and I'm happy to talk about that if you wish.

Senator TESTER. Well, we'll put it forth to you in writing. But I think the conservation is important. I think it's all important. It just depends on how it can be manipulated, quite frankly. And I think that the conversation that we need to have in Congress is, is the farm bill really supporting family farms, or is it supporting agribusiness? Thank you, Mr. Secretary.

Senator MORAN. Senator Tester, thank you. Senator Collins.

BIOENERGY PROGRAM FOR ADVANCED BIOFUELS

Senator COLLINS. Thank you, Mr. Chairman. I think Senator Tester just raised an absolutely essential issue that does deserve our attention. And before I begin my questions, I also want to associate myself with the concerns expressed by Senator Merkley about the pollinators. They are very important to our wild blueberry crop in Maine and the health of those bees, which has been a real concern in the last few years.

Mr. Secretary, I appreciate the attention that you have given to promoting the development of homegrown bio energy and wood products which are so important to rural communities across America but particularly to my State where the forest products industry is such a vital part of the economy.

I have been hearing from wood pellet fuel manufacturers in Maine who have alerted me to concerns with an interim rule that your Department has issued for the bioenergy program for advanced biofuels authorized by section 9005 of the 2014 farm bill. And I believe that Virginia Manuel, who is one of your key people in Maine, has also passed onto the Department the same kinds of concerns that she is hearing.

Wood pellets, which are recognized by USDA as advanced biofuels, represent a very efficient and use for material that otherwise is a waste byproduct. I'm told however, that the program is being implemented in a way that severely disadvantages solid based advanced biofuels, including wood pellets used in heating applications.

USDA has imposed deep discounts on the payments to solid biofuel producers, it's like an 85-percent discount, and an overall payment cap on companies in this sector, which contrasts starkly with the payments being made to liquid advanced biofuel producers used in the transportation sector. And what I am told by the pellet manufacturers is that these discounts are so steep that it's such a small amount of money that it's barely worth participating.

I don't understand what the rationale of the Department is in implementing the program in a way that is not fuel and technologically neutral. It seems to me that that should be the goal of the advanced biofuels program. I wondered if you could comment. I realize this is just an interim rule, and I am hoping that the Department will reconsider in issuing a final rule.

Secretary VILSACK. Senator, when initial proposal was put forward, we received a lot of comments from the liquid biofuel industry indicating that their belief was that it disadvantaged their in-

dustry and advantaged, unfairly, the wood pellet industry. So there was an effort in the interim rule to try to respond to those comments. The wood pellet industry didn't initially respond to that first iteration.

But I get your point, and I think you're absolutely correct that we ought to be looking for that sweet spot where we are not advantaging or disadvantaging any, but we are encouraging all. And we would be happy to continue to work with you and the folks in the wood pellet industry to find where that sweet spot is. I suspect that there will be some adjustments based on the concerns that you've expressed, but I think we are still working on trying to figure out exactly how to do it so that we get the right balance.

Senator COLLINS. Thank you very much. I can assure you that the industry is organized and aware now and weighing in, and I will make sure they've officially communicated with you. I have a letter from the Maine Pellet Fuels Association that explains the problem very clearly, which I will share with you and ask unanimous consent be included in the record as well.

Senator MORAN. Without objection, so ordered.

[The information follows:]



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The Honorable Susan Collins
 United States Senate
 413 Dirksen Senate Office Building
 Washington DC 20510

Dear Senator Collins:

We, the undersigned Maine wood pellet fuel manufacturers respectfully request your assistance in achieving a more equitable distribution of advanced biofuel producer program payments under USDA's administration of section 9005 of the 2014 Farm Bill (P.L. 113-79), the Bioenergy for Advanced Biofuels Program.

We are writing to you because of your long-standing commitment to our Maine forest products industry and particularly your advocacy on behalf of the "Power of the Pellet," as you have termed it.

The Bioenergy Program for Advanced Biofuels has played a vital role in providing modest federal support for the manufacturing of advanced biofuels used in thermal applications. During the recession, these producer payments helped many small and struggling manufacturers, including our companies, to weather stagnant markets. Today, these payments enable manufacturers to keep costs in check and maintain competitive pricing for residential and commercial consumers – many of whom are switching from expensive and price-volatile heating oil and propane to renewable advanced biofuels. As you know, Maine's heavy dependence on heating oil is a major issue for our state.

Specifically, we request that you include language in the federal FY2016 Agriculture appropriations bill directing USDA to amend regulations implementing Section 9005 to achieve a more equitable distribution of payments among and between the different advanced biofuels that qualify under the program.

Our organizations believe strongly that section 9005 should be implemented in a way that is fuel and technology neutral, without prejudice against any one energy pathway (i.e. transportation, electric, and thermal applications). It is our strong belief that payments under Section 9005 – to the extent that funds are appropriated by Congress for the program – should be made on the basis of the inherent energy content of the qualified advanced biofuel produced, regardless of whether that fuel is used in a transportation, electric generation, or thermal technology. The current 85% discount applied to solid thermal fuels and overall 5% program-wide cap on solid thermal fuel payments are arbitrary and unjustifiable on any rational, defensible grounds. The effect of these arbitrary regulations is to direct that vast majority of funds to liquid biofuel producers, while pellet fuel manufacturers receive only small and insignificant producer payments despite the significant contribution we make. Liquid biofuels already receive the \$1 per gallon biodiesel tax

credit that was recently renewed in the tax extenders bill as well as the \$1.01 per gallon tax credit in the Farm Bill. In addition, producers receive RINS qualification under the federal Renewable Fuel Standard. Pellet fuels receive no such recognition.

The Biomass Thermal Energy Council has attempted to address this issue through communication with USDA Secretary Vilsack and with senior officials at USDA for over two years. BTEC was told as recently as October 27, 2014 that USDA will not address our concerns unless they are told to do so by Congress.

Federal energy policy needs to move away from policies and programs that favor certain technologies or pathways "that pick winners and losers." Where different biomass energy pathways may compete for common feedstocks, Section 9005's current program rules strongly favor the liquid transportation fuel pathway, even though net public benefits derived from displacing fossil fuels may be equivalent or greater for a thermal, combined heat and power, or electric power pathway. The reauthorization of the 2014 Farm Bill and Section 9005 offers USDA a fresh opportunity to revisit the flawed assumptions that were the basis for implementing the current regulations.

We thank you for your consideration of this request, and look forward to working with you and your staff to arrive at the most appropriate way to achieve the objective of a more fair and equitable distribution of producer payments under section 9005 of the Farm Bill.

Sincerely,

Matthew Bell, President
Northeast Pellets
Ashland, Maine



Larry Carrier, Manager
Corinth Pellets
Corinth, Maine



Jonathan Kahn, Owner
Geneva Wood Fuels
Strong, Maine



Robert Linkletter, Owner
Maine Woods Pellet Company
Athens, Maine



SCHOOL EQUIPMENT GRANTS

Senator COLLINS. Mr. Chairman, I see that my time has virtually expired. I'll just raise one more issue very quickly and ask for response for the record.

Nationwide, 88 percent of schools report that they need at least one piece of kitchen equipment and over half need more significant infrastructure improvements in order to comply with the Department's guidelines for the school lunch and school breakfast program. I'm pleased that you have announced a new round of funding for State competitive equipment grants.

And I wanted you to know that Senator Heitkamp and I have introduced a bill that would actually authorize the program. I hope you will take a close look at our bill, with an eye towards endorsing

it. And for the record, I would be interested in the impact that you're seeing as you award these grants that participate in the school lunch and breakfast programs. Thank you, Mr. Chairman.
[The information follows:]

Since 2009, USDA has provided \$185 million in kitchen equipment funding to states and schools participating in the National School Lunch and School Breakfast Programs. USDA provides the funding to states, which then competitively award grants to school districts in order to purchase necessary equipment.

State agencies participating in the National School Lunch and School Breakfast Programs were directed to target equipment assistance grants to low income school districts via a competitive grant process, giving priority to high need schools, including schools in underserved areas, schools with limited access to other resources, the age of current food service equipment, and where 50 percent or more of the enrolled students are eligible for free or reduced price meals. In addition, school districts were required to give priority to schools that did not receive previous equipment assistance grant awards.

Based in large part on previous experience with equipment grants and on-going discussions with States and school districts, equipment funding has provided opportunities for purchasing new, energy efficient equipment facilitating the production of healthier, more attractive and tasty food for students. According to a report released by Kids' Safe and Healthful Foods Project (Pew Charitable Trusts/Robert Wood Johnson Foundation), most school districts in the United States (88 percent) need at least one additional piece of kitchen equipment to serve healthier school meals that meet the updated, science-based nutrition standards. Therefore, the President's Budget request for fiscal year 2016 includes \$35 million to provide needed funding for schools to upgrade equipment to help support nutritious meals, better ensure food safety, improve energy efficiency in the cafeteria, and expand participation in school nutrition programs.

Senator MORAN. Senator Collins, thank you very much. Senator Udall.

WATER INFRASTRUCTURE

Senator UDALL. Thank you, Chairman Moran. And let me echo also, Secretary Vilsack, what was said about you. I think you have done an excellent job as Ag Secretary. I think sticking in there for 6 years really makes the difference as a cabinet secretary, because by doing that, you really learn the Department, and you learn the problems, and then you focus on them and work with us to come up with solutions.

I also just want to echo what others have said about family farms. I think if you go back to the history of the farm bill, the idea was helping family farms, and I think we could do a lot more there. I see in my State a younger people going back and doing small farming, and if we could try to work with the farm bill to give them the support to stay there, I think that would be a welcome thing to happen.

But let me ask you a little bit about water infrastructure, Secretary Vilsack. Come from a State where water infrastructure is a top priority in almost every community, it's critically important that we have strong support for water and wastewater disposal grant programs and the additional resources to provide technical assistance, which is the real issue, as you know in some communities that have no ability to do technical assistance, and make sure that those grants go to the communities with the most need.

We currently have many low-income communities near the United States-Mexico border, known as colonias, that have an urgent need for water infrastructure, no way to pay for their water infrastructure needs, and are left to find the funding. And accord-

ing to a recent GAO report, the cost of replacing critical infrastructure in rural communities like these is estimated to be more than \$140 billion in coming decades.

USDA is not the only agency that provides funding and technical assistance to rural communities for water infrastructure. Can you tell me about your interagency cooperation to ensure that these rural communities are being served with an all hands on deck effort by the Federal Government?

Secretary VILSACK. Senator, I say, first of all, our budget would support 1,300 water projects in terms of wastewater and water treatment, and that would bring to a total of, I think, in excess of 8,000 projects that we funded in the time that I've been secretary. Secondly, we do work with sister agencies, Environmental Protection Agency (EPA) and others, to make sure that we coordinate our resources and we're using them most efficiently.

And third, we are now encouraging the private sector to get engaged and involved in investing in these infrastructure projects. The challenge is that in order to get capital markets interested, we need to figure out how to bundle these projects. They're not interested in funding a \$2 million or \$3 million project in New Mexico, but they would be very interested in funding 100 projects around the country.

And so we are now in the process of working with the Treasury Department and others to try to figure out how we could potentially bundle. We've had an assessment of our own portfolio to determine what the strengths and weaknesses of that would be. So we are trying to look at all areas to try to increase investment.

Senator UDALL. Secretary Vilsack, you believe the USDA has adequate resources to provide technical assistance to these communities with the most need?

Secretary VILSACK. You asked me if I have adequate resources. I suppose I should answer no. But let me just say this. Whatever you all deem as appropriate, we will try to use in the most efficient and effective way to reach as many people as possible. That is why we're reaching out to the private sector. It's why we've also worked with CoBank to create a \$10 billion infrastructure fund so that we can figure out ways, if we can't say yes, we've got somebody else who can.

I know that we can support 1,300 projects based on the budget that we submitted, and I think we have the adequate staff to be able to do that.

COLONIAS COMMUNITIES

Senator UDALL. Yeah, thank you. And we want to work with you on that. I know my time's running out, a quick question. We have two communities in southern New Mexico that are designated colonias, called Chaparral and Sunland Park. They have high poverty rates, limited public sector funding, and many miles from the New Mexico city of Las Cruces, but they are close to the city of El Paso, but they don't get any help.

And so these communities need rural development funds for critical housing projects and infrastructure improvements. Would you work with me to ensure these two communities do not fall through

the cracks by granting a waiver making them eligible for rural development assistance?

Secretary VILSACK. At this point in time, not sure I have the permission from Congress to do that, but I would be happy to work with folks to try to create as much assistance and help. And if we can't provide help, then maybe we can steer them to an agency or entity that can.

Senator UDALL. Okay. Thank you very much. Appreciate it.

Senator MORAN. Senator Udall, thank you. Senator Daines.

PORT OF VANCOUVER GRAIN INSPECTIONS

Senator DAINES. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being here this morning.

Last summer, the USDA failed to conduct federally mandated grain inspections at the Port of Vancouver, the west coast's largest grain terminal, for several weeks to the safety concerns, the result of an ongoing labor dispute. And it was over a month that tens of millions of dollars of wheat harvest were put at risk.

I remember driving in my pickup across Montana, stopping in Great Falls, our family roots are north of Great Falls, there in the Conrad area, they were wheat farmers, homesteaders, where you've got farmers coming off of their combines to meet with me, desperate, looking what's going on with the back up going on out at the port.

And I don't think anybody disputed the need for the Secretary to have discretion in case of emergency, but it took the USDA 5 weeks, until after the safety concerns were resolved, to provide these following mitigations. There was a crosswalk removed, some Jersey barriers installed, backup power sources for surveillance video, additional parking spots, some temporary inspectors. And to me, it's unacceptable. It took 5 weeks to produce the simple and low-cost mitigations, all the while the livelihoods of grain growers in Montana, across much of the West, were threatened.

As you know, the United Grain Company and others offer to provide extensive mitigations during this disruption in inspections, including several of these USDA ultimately put forward. So considering UGC's willingness to address any safety concerns, could Montana grain have been exported sooner if USDA's analysis was completed more promptly?

Secretary VILSACK. Senator, I would like an opportunity to delve more deeply into your question to be able to respond to it accurately. I was not under the impression that there was a significant delay. There was some uncertainty as to precisely who was going to inspect the grain and how safe the circumstances and conditions were.

But I would be more than happy to take a look at this to determine whether or not it negatively impacted and affected your producers. Obviously, that would be the intent.

Senator DAINES. Well, I'd be happy to get our farmers together here and chat, because it was a great concern as we're looking at backing up here and not seeing an end as the port we shut down for 5 weeks. And back in November 2013, 8 months before the inspections were interrupted in July 2014, there were several members of Congress, including myself, who urged the Department to

be prepared and have an executable plan in place that can be implemented immediately to ensure the inspections were not interrupted. And that was in direct reference to the labor dispute and the situation occurring at the port of Vancouver.

So we were just curious why they were not these plans put in place when this disruption of inspections occurred.

Secretary VILSACK. Well, I think there are plans that are in place. The challenge, though, is knowing precisely what is happening on the ground at that particular time, which is why there had to be a safety assessment to determine precisely what needed to be done to protect our people. And there are a variety of other options that were being looked at and examined relative to patrols and law enforcement involvement as well. So that's why I would like to be able to refresh my memory specifically as it relates to that particular circumstance.

SAFETY REPORTS

Senator DAINES. Sure. What I think would helpful is I know some of my Montana producers have expressed concerns that the Department simply played out the clock by not identifying the mitigations until after the labor dispute was resolved.

And I guess in the interest of transparency and to help address these concerns, I'd like to put this to bed. I'd ask if you'd release the three safety reports that were conducted during the duration of the lockout, and am happy to do that in a non-public setting, if necessary. Would you be willing to release those reports?

Secretary VILSACK. I don't know what the rules and regulations are relative to the safety reports, Senator, so I don't want to run afoul of any technical regulation, but I would be more than happy to have an opportunity to talk to my staff and see whether there is any objection. If there's not, I'd be more than happy to provide them to you.

Senator DAINES. I'd be happy to see those reports. And I think it's relevant. To me, it's relevant to grain growers across Montana that the USDA's decisions are transparent and held to account, and I would ask you to release those reports for review as soon as possible.

Secretary VILSACK. If I can, Senator, I'd be glad to cooperate with you. I just do not want to make a commitment to you, because I don't know what the rules and regulations are relative to disclosing these reports, if there's some security reason or some reason we can't do it by statute or by regulation. But if there's not, I'm more than happy to get those to you.

[The information follows:]

USDA acknowledges the interest in having the safety reports available for the sake of transparency. For this reason, USDA would be glad to meet with Members of Congress to go through the reports. Unfortunately, we would not be able to make the safety reports publically available as those groups that wish to disrupt operations could use the information in the reports to contravene the measures outlined in the reports. To make the reports publically available would be inconsistent with Departmental Regulation 3440-2.

Regarding the impact on producers by the lockout at the United Grain Corporation of Vancouver, Washington, the views of your constituents are very important to us. If you have producers that are willing to share contracts that were invalidated as a result of the shutdown or some demonstration of harm, we would welcome the information.

Senator DAINES. I think it's important to remember that we're here to serve the people, not the other way around. Having transparency in that process, particularly with the Montana farmers were gravely concerned about getting their products to port, I think it would help restore the trust, because I think it, frankly, has broken down. Mr. Chairman, out of time.

Senator MORAN. Senator Daines, thank you very much. Senator Blunt.

WATERS OF THE U.S. RULE

Senator BLUNT. Thank you, Chairman. And Secretary, it's great to see you here. And I want to join others who have said how much we appreciate the 6 years now that you've served in the job, and I continue to see the Department benefit, and I think Missouri and American agriculture benefit by your leadership.

One of the things that I continue to hear about probably most from local officials, ag interests, is the EPA's proposed waters of the U.S. rulemaking, the interagency part of that involves you in a significant way. I've got about three things I want to get you here, I don't want this to become a 4-minute answer, but a sense of where you are on your comments to EPA as they've got that proposal out there and the impact that you think it might have on U.S. agriculture.

Secretary VILSACK. Well, Senator, I think we have been very specific with EPA, expressing concerns about some of the definitions and the clarity of those definitions, especially as it relates to ephemeral streams, is it a river, is it a bank, is it a bed, is it a constant flow. And I think administrator McCarthy's comments yesterday to the National Farmers Union reflected an awareness of that concern when she acknowledged that perhaps things could've been done a little bit better in terms of rolling this out and that there are likely going to be changes based on what she has heard from us and from the countryside.

BIG DATA

Senator BLUNT. Well, keep talking, because I think the idea that somehow any water that can run into any water that can run into any water that could be navigable meets the standards of the Clean Water Act is a real problem.

On another area that I wonder what you're doing on is the aircraft drone, aircraft system for drones. Many of our farmers think there is a lot of potential here. They want to be sure, of course, that the drones that give them advantages they wouldn't otherwise have don't become aerial ways to look at things on a farm that the government would otherwise have to go to court and asked to come and see.

What's your advice on how these drones can best be used and how that rulemaking should go about?

Secretary VILSACK. Well, I think the Federal Communications Commission (FCC) is doing a pretty good job of trying to figure out precisely where the sweet spot is relative to getting the information and maintaining the secrecy or privacy of the information. Frankly, our focus has been on sort of a larger piece, which the drone is part of, which is this whole issue of big data, where we been working

with the businesses, and the companies, and the farm organizations, and the Farm Bureau in particular, to make sure that there is an understanding of the need for tight firewalls to ensure that someone's information is not inappropriately used or inappropriately disclosed.

The big data is important for us, because it really does create the opportunity for us to do a better job of research, a better job of understanding the condition of soil, the better job of using inputs more efficiently and effectively, all of which will help the bottom line for producers. But I know that producers are a bit concerned about whether or not this is going to be used to regulate them. I don't think that's the intent.

MIDAS PROGRAM

Senator BLUNT. Well, I would hope not, and I hope you continue to make that case on the privacy issues. Certainly, if any endeavor leads to someone's sense of individualism, in our country, it's always been American agriculture, and the decision of what you do and how you do it is better informed by lots of information, but you and I both know that farmers and farm families want that information to be tightly held. And it can be used in a good way, and you continue to advocate for that and understand where those privacy walls are very important.

On another topic, Secretary, we talked several times over the last 2 years about where the Department was with the MIDAS program, which has been discouraging for me and probably for you. I think the original estimate was it would cost about \$305 million and be completed by March of last year. Last count I heard, we were over \$400 million. And the GAO recently said that it is on the high-risk list of programs as to whether we get there or not. Where do you think we are on this program?

Secretary VILSACK. We're in a better place today than we were when this began. Unfortunately, there was not a consensus in the offices in Kansas City and the offices in DC in terms of where the focus should be, whether should it be on farm records, whether it should be on integrity. There was a mismatch of vision. I think there was a lack of a project manager.

We now have a—MIDAS is basically now completed. The farm records is in place. The integrity, business integrity, stuff is in place. We have a project manager. We incrementally tested the business integrity part of it effectively. We are now in the process of developing, for this year, the acreage reporting, and we are going to do this in a very systematic, focused way. There's a project manager for that job. It's very tightly defined.

The question will be whether or not we use existing software and hardware, or whether we are required to do something beyond that, but we are going to make an informed decision. We are not going to jump into it. And when we implement, we're going to implement it in stages so that we are confident that it's actually going to do the job it is intended to do.

So I think we're a much better place, but I will be the first to admit that we didn't do as good a job on this as we should have.

ELECTRONIC ACCESS TO RECORDS

Senator BLUNT. Thirty more seconds, Mr. Chairman. On this topic, last year at the same hearing you said that you thought that, by sometime in 2015, farmers would be able to be at their kitchen table and look at records and FSA programs. I assume we no longer think that's possible.

Secretary VILSACK. Well, it's possible, but I don't want to over commit. I think that we want to do this systematically and thoughtfully. We are working on two separate issues here. We are working on the farm service piece of this. We are also working on the Natural Resources Conservation Service (NRCS). And what we've discovered in our NRCS efforts is that we can use that as a gateway for the farm service that will potentially save money and save time, so we are in the process of interfacing those two efforts.

We're going to get there, Senator. And I think we've already created a much more convenient effort, and that's one of the reasons why we been able to move through the farm bill implementation as quickly as we have, because farmers can go into one office, access all records of all land that they own, regardless of where it's located. That's a significant convenience. And we're also able to access records quickly so we're going to significantly reduce mistakes, and it has really streamlined the process.

So there has been benefit, and this year will be another forward, if you will.

Senator BLUNT. Unless we get another question in here today, will have a couple of more questions on that for the record. Thank you, Mr. Chairman.

AVIAN INFLUENZA

Senator MORAN. Mr. Chairman, thank you. I think our intention is short in the second set of questions, try to be done by the end of the first vote, and then we wouldn't come back.

Let me ask a question related to the avian influenza. It has been detected. It is in several States, including some represented here on this panel today. I'd like to hear what the Department is doing to combat avian influenza and its spread. It appears to me that the only commercial detection has been in turkey flocks, but we have countries who are banning chicken, poultry, chicken products as well as turkey, and is there something that can be done to narrow the scope of any trade disruption?

And then Dr. Johansson might be able to answer this question in response. I wanted to give him a chance, in case it's important for you to be able to say that you actually testified before a Senate committee. But a K-State agricultural economist, Dr. Glynn Tonsor, indicated that this may have consequences for other livestock producers and pricing within the livestock sector. As people make decisions, exports decline, prices change, is there something for the beef side that has a consequence to avian flu as well?

Secretary VILSACK. Senator, this is a very complicated set of circumstances here. Fifty-eight incidences have occurred. I think it's in 11 or 12 States in several of the flyways. It is in both chicken and turkey. It is in both commercial enterprises and sort of individual farming operations.

The Animal and Plant Health Inspection Service (APHIS) has a responsibility to work with States to identify, as quickly as possible, the fact that there is AI and what type of AI it is, we're seeing several different types, and then work with the States to impact and affect biological controls to try to contain the spread of this within a flock, within a particular area, and then to indemnify the producers for any loss that they've incurred. And that's ongoing today. We are going to go to the resources that are budgeted for that, and if necessary, if we need additional resources, we have the CCC that we can trigger.

As far as it relates to exports, there are three classifications of countries. There are 11 or 12 countries, I think, that have basically banned all poultry, regardless of where it comes from, in the United States. There are somewhere in the neighborhood of 33, 34 countries that have essentially regionalized their bans based on where this is actually occurred, which is more consistent with the World Organization for Animal Health (OIE) guidelines. And there are a variety of States and countries that don't do a lot of business with us that have not instituted a ban of any kind.

We've focused our attention on those countries that have created an all ban to try to encourage them to take a more reasoned approach and look at this from a regional perspective. That obviously requires them to be reasonable, which, in some cases, is not easy to attain. But we are educating them through communication with their embassies, communication with the ag secretaries and commissioners and my counterparts, if you will, letters, efforts and phone calls, some of which, frankly, have not—some phone calls have actually been refused, which is unfortunate.

But we are trying to put folks on notice that the most appropriate way is to regionalize this. This represents roughly 14 percent or so of exports at this point in time, but its impact on markets, I think, Dr. Johansson can elaborate, but we are focused on this. There is no cure for this. It's essentially the identification, containment, and indemnification, and trying to limit the impact from an export basis.

OIE STANDARDS

Senator MORAN. Mr. Secretary, is it clear that those countries in the first category, the ones you're now dealing with, is it clear that they are violating the OIE standards?

Secretary VILSACK. It is clear to us that they—yes, it's clear to us that they ought to be regionalizing their bans and not doing a blanket ban, but this is not unusual. This happens from time to time. We have been working with several of our trading partners for an extended period of time on bans that are still in place from incidents that occurred many, many, many years ago. And in some cases, they've banned States that aren't even connected in any way, shape, or form to an AI incident.

DISRUPTION IN POULTRY TRADE

Senator MORAN. Dr. Johansson, to my knowledge, the only time I've ever been rude, and this was unintentional, was to Joe Glauber, your predecessor, when he was a witness and I was a House

member, and so I want to demonstrate that I can get along with the ag economist at USDA.

Dr. JOHANSSON. Well, that's very kind of you. I'm sure that Dr. Glauber would remember that exchange fondly, as you do.

Dr. Tonsor is, I think, referring to the fact that, if we do see significant disruption in poultry trade that that would potentially lead to lower price poultry products in the United States and perhaps consumer, which we've seen this trend occurring over time, the movement toward increasing consumption of poultry in the United States relative to beef, and that's due to a number of factors. Beef prices right now are extremely high. But as the Secretary pointed out, we're working with our trading partners right now, and right at this point in time, that doesn't seem to be an issue. We seem to be able to ensure access of our poultry products, turkey and chicken, to our external trading partners for the most part.

And if some countries do make that more difficult, then we have other outlets for those goods. So right now, I wouldn't expect there to be a significant impact on the beef sector from this current situation with the high path avian influenza.

Senator MORAN. That's good to hear. And Mr. Secretary, please let us know how we can help, either resources or encouraging countries to comply with those OIE standards. Senator Merkley.

SELF-HELP HOUSING PROGRAM

Senator MERKLEY. Well, thank you very much. I'm going to try to quickly touch on five topics in 5 minutes. Self-help housing program that involves sweat equity housing, empowerment through homeownership, pretty popular program. You suggested cutting it from \$27 million to \$10 million. Why?

Secretary VILSACK. Help us fix the rental assistance account, Senator. We basically are faced by a dilemma created by Congress. When rental assistance first came into being, you all funded these rental units for the life of the unit. Then budget constraints required you to lessen the amount of time, so now we are in the process of having 20-, 15-, 10-year projects coming on line, having to again finance them, which puts a constraint on the budget. So you've got a trade off.

If we solve the rental assistance problem, then that would free up resources in rural development to do self-help. It's not an indication of the lack of importance of that program. It's just budget numbers.

INNOVATION INSTITUTE FOR CELLULOSIC NANO-MATERIALS

Senator MERKLEY. Switching gears, I want to much follow-up here, given the shortage of time. But you proposed funding in innovation institute in cellulosic nano-materials. Anything involving wood, cellulose, is of interest in my State. The conversation is about potential materials that are flexible and stronger than Kevlar. A comment?

Secretary VILSACK. We do research at the forest product lab, but this would allow us to create an entity that would not be run by the Department of Agriculture, but would be implemented by the Department of Agriculture, modeled after a similar innovations institute in Berkeley on energy.

We think nanotechnology creates enormous opportunities for us, not only in the wood area but in the plant area as well, to create new manufacturing jobs and to create a new bio economy within rural America. We'd like to have this institute set up so that, in turn, we could have greater and more quick technology transfer, getting ideas.

And what these institutes basically do is they help small businesses that could otherwise not have the capital to ramp up to be able to ramp up more quickly, which means it gets the product into the commerce more quickly, creates jobs more quickly.

SUMMER FEEDING PROGRAM

Senator MERKLEY. I visited that laboratory in Berkeley a number of years ago. Fascinating work that's being done there.

Turning to summer lunch programs for children. Last year, the subcommittee provided \$60 million for that summer program. Can you update us on how that's working in terms of assistance for child nutrition?

Secretary VILSACK. Certainly an important component of our summer feeding program. We've increased the number of sites, sponsors, and meals, 23 million more meals being served across the program. And one of the strategies is to provide additional resources to families that may not have the access to a congregated site. We did this in 10 States. Eight of the 10 are re-upping. We think that we learned from that that in remote rural areas in particular, this is an effective way to expand our summer feeding effort.

The reality is that we've got 21 million kids in free and reduced lunch in the country, and we were able to feed 3.3 million in our summer feeding program, so there's still quite a delta there, and this is the way we think that can allow us greater tools and more flexibility to reach more kids.

PUBLIC LAW 480, TITLE I

Senator MERKLEY. Thank you. Public Law 480, title I, there hasn't been any new loans since 2006. In the long-term, a lot of these loans are eventually forgiven. We're still administering the old loans. Is there an effort to analyze the 255 outstanding loans and determine whether some of them should just be forgiven and reduce administrative overhead?

Secretary VILSACK. It's a good point, Senator, and I appreciate your raising the question. I would say that we are collecting somewhere between \$250 million to \$300 million a year, which is one of the reasons why we need some administrative resources.

But I think your point is well taken. And by virtue of this question, I'm going to go back and ask. We looked at our portfolio in other areas. This is a good question to ask.

MOBILE SLAUGHTER FACILITIES

Senator MERKLEY. And finally, let me turn to mobile slaughter facilities. And many of my rural counties, I hear a lot about the difficulty of shipping livestock of various types to a slaughter facility.

Can we get your cooperation in exploring the potential expansion and support for mobile slaughter facilities?

Secretary VILSACK. Absolutely. We're very consistently supportive of mobile slaughter units as a vehicle for increasing local and regional food systems.

Senator MERKLEY. We have 20 seconds left. Thank you.

Senator MORAN. Well done, Senator Merkley. Senator Cochran.

YAZOO RIVER BASIN

Senator COCHRAN. Mr. Chairman, thank you very much. Mr. Secretary, we appreciate your leadership, and we know you've got a lot of jurisdictional area that's affected by the appropriations bill that this subcommittee has an opportunity to influence. And specific programs that are in need of funding that somehow, year in and year out, come up for review, and people say, well, if we just had some more money. Well, the good news is, that we got some more money.

We have money that is available and can be spent and is authorized for funding in the Yazoo River basin in Mississippi. And I bring this specific area of the State to the attention of the subcommittee and the Secretary because it is a fertile area for agriculture. The Yazoo River basin is the largest drainage basin in Mississippi. It covers more than 13,000 square miles and 30 counties. So it is a big deal.

And the management and conservation and thoughtful use of these lands in this Yazoo River basin are important to our national economy and certainly to the economies in the States of the lower Yazoo River basin. So I invite your attention to opportunities to use funding that, and heaven help us, is earmarked, hello, for certain areas of the country. This is one of those high-priority areas, and it would be almost sinful not to provide funding for this particularly stressed area, which has not been supported by appropriated dollars through specific designation.

So I hope that the subcommittee will support providing some suggestions and directions for how these funds could be used in the Yazoo River basin. Our State has \$45 million in unfunded authorized water projects under this program, and I hope that we can see the Department looking into the situation, and if possible, carrying out the intentions as expressed by the Congress with respect to appropriated dollars for these activities.

Senator MORAN. Mr. Secretary, before you respond, the vote has been called. We're going to try to finish all questions before the vote and not come back. So if everyone can be very brief between now and the next 5, 6, 7 minutes, that would be a great experience. Mr. Secretary.

Secretary VILSACK. Fifteen seconds. Mr. Chairman, basically, I would suggest two things. One, the Regional Conservation Partnership Program is a great opportunity for that area to apply for resources. And secondly, this budget does contain \$200 million in watershed resources. Obviously, we work to figure out if that's appropriated by Congress to spend it wisely.

Senator COCHRAN. Thank you very much, Mr. Secretary.

Senator MORAN. Mr. Chairman, thank you very much. The Senator from North Dakota, Senator Blunt has agreed to allow his

time to go to you, and so you owe him an expression of appreciation, but don't do it right now, we don't have time.

SCHOOL MEAL STANDARDS

Senator HOEVEN. I'd like to thank the outstanding Senator from Missouri, and also you, Mr. Chairman. Thanks for being here, Mr. Secretary.

First question goes to the nutrition standards. We're going to be reauthorizing the dietary guidelines. On sodium, schools are having—you know, I mean, they're meeting the target one, and they feel that was a reduction, that it works for them. But as you know, we included in the ag approps legislation last year not going to the target two and three until additional study has been done. Has additional study been done, and what's your view on that?

Secretary VILSACK. There have been additional studies, and I think there is a game plan that provides for an extended period of time before phase two and phase 3 would be implemented.

Senator HOEVEN. So I have introduced, or I will be introducing legislation that addresses the sodium piece, and I'd be willing to work with you on it. I'm trying to come up with something that the School Nutrition Association supports based on what works for them and also something that you may feel works as well. But they are concerned about going to that target two level and being able to meet it.

Secretary VILSACK. We obviously want to provide flexibility where it's appropriate, Senator.

Senator HOEVEN. Same thing on the whole grains requirement. The 100-percent requirement is problematic for them with some products and then some flexibility and discretion there. So again, my legislation will address both, but would certainly be willing to have a dialogue on what we can do in terms of working with you on that.

Secretary VILSACK. Well, we had provided flexibility on whole grain, understanding the challenges of the food processing industry. And again, we've been willing to provide flexibility where we think it's appropriate. We are concerned, Senator, about taking a step back. We don't want to do that. We think we're on the right track. We think we are headed in the right direction. We just don't want to take a step back.

Senator HOEVEN. Well, and I understand that. But we are going to be doing reauthorization this year, so we are going to, obviously, be reauthorizing the program. It's a logical time to look at that and then determine what certainty we can give the schools in terms of handling those two issues with your recognition that they need some help on both of them.

Is there a point person in your shop we should be talking to you on this issue?

Secretary VILSACK. Me.

BUDGET SAVINGS

Senator HOEVEN. Great. Thank you. One other question. Where do you see—as we work to the budget process and have to find some savings, give me your thoughts on where we do that.

Secretary VILSACK. Well, actually, my thought was that you need to be careful about the application of sequester on both the defense and nondefense segments, so I am not sure on the right person to ask that question.

I would point out, Senator, that this budget that we have submitted is less than the first full budget that we submitted in fiscal year 2010 and not too far from where we were in 2009. We, I think, have done a good job at USDA of trying to manage on limited resources without a lot of growth in our budget.

Secondly, we've got those four line items, several of which are going to increase. Fire suppression, that's got to get fixed. That's got to get fixed. Rental assistance has got to get fixed. Otherwise we're going to continue to see an erosion of all the other programs that you folks think are important and that we think are important.

Senator HOEVEN. Well, and I feel like we've worked hard to find savings in the farm bill that we passed last year and that ag has stepped up and been part of reforms and savings. And I think we'll be called on to do more, but I also want to note that we've worked hard to find real savings from agriculture and still produce a good farm bill and have farmers and ranchers out there that are producing the highest quality, lowest cost food supply in the world. Thank you, Mr. Chairman.

Senator MORAN. Thank you very much, Senator Hoeven. Mr. Secretary, thank you. You were saved by the bell, in a sense. We, I think, have had a satisfactory opportunity to ask you questions. I hope this hearing is not just a benefit to us. I hope it's a benefit to you to see what we are hearing and thinking from across the country, what are farmers, ranchers, or consumers are telling us. And we appreciate your testimony and your service. I think it's been a good hearing.

ADDITIONAL COMMITTEE QUESTIONS

For members of the subcommittee, any additional questions that you'd like to submit for the record should be turned into the subcommittee staff within 1 week, which is Tuesday, March 24. We appreciated if the Department could respond from USDA—a response from USDA within 4 weeks from that date.

And Mr. Secretary, on the two issues you mentioned, fire suppression and housing, if there's something that we need to know to help solve that problem, please make certain we do, or other issues that need our attention.

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

QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

CUBA

Question. Secretary Vilsack, I have been an advocate of lifting the economic embargo against Cuba for the past 15 years, and I am encouraged by the newfound momentum since the President's announcement in December. I recognize there is still a lot to be done to restore diplomatic relations, but the potential for US agricultural exports to Cuba is undeniably significant. U.S. wheat farmers believe they can supply two-thirds of the wheat Cuba is already importing from other countries.

Has USDA begun work to identify potential market access?

Answer. Although USDA does not have an on-the-ground presence in Cuba to assess the market firsthand, USDA's Foreign Agricultural Service monitors trade data on Cuba's agricultural imports that provides insight into the potential of the Cuban market.

If the embargo is removed, the United States could be poised to become a major agricultural trading partner with Cuba. Cuba depends on imports to feed its 11 million citizens. According to the World Food Program, Cuba imports about 80 percent of its food, which means the potential demand for U.S. products is significant. The United States has potentially huge advantages in exporting to Cuba, including lower shipping costs and transit times, especially compared to our current top competitors—Brazil and Europe.

In fiscal year (FY) 2008, U.S. agricultural exports to Cuba reached \$658 million. However, by the end of last fiscal year, they had fallen to \$300 million. At the same time, global agricultural exports to Cuba have doubled over the past decade to approximately \$2 billion. In fiscal year 2014, the largest U.S. agricultural export to Cuba was poultry, followed by soybean meal, soybeans, and corn.

U.S. agricultural exporters can capture the market in Cuba, but there are factors to be considered. Cuba is a country with limited foreign exchange. The United States is also behind foreign competitors in market development. USDA remains prohibited from providing export assistance and credit or guarantees for exports to Cuba. These restrictions in law apply to USDA's successful market development programs like the Market Access Program and the Foreign Market Development program. Another factor is Cuba's import policy requiring all U.S. agricultural imports be channeled through one state corporation, called Alimport.

Question. Since the U.S. government has had no formal relationship with Cuba for several decades, is there a lack of agricultural data available to accurately assess their markets?

Answer. Cuba last reported its trade data to the United Nations in 2006. In order to conduct more current trade analysis on the Cuban market USDA relies on export data to Cuba as reported by other countries to assess the dynamics of Cuba's import market. While direct and consistent import data from Cuba would be a preferable option, the use of export data to Cuba serves as good proxy to understand how trade patterns are changing in the country. However, there is very limited information available regarding Cuba's production and consumption trends. Elsewhere, FAS utilizes its network of overseas offices coupled with on-site assessments by Washington-based staff to gather comprehensive market intelligence. This type of comprehensive assessment has not been an option in Cuba. As the United States begins the process of re-establishing diplomatic relations with Cuba, including the opening of an Embassy, USDA is prepared with the expertise to provide on-the-ground assessments.

IT MODERNIZATION

Question. Secretary Vilsack, one issue that has been raised repeatedly by this subcommittee in recent years is the IT modernization effort at the Farm Service Agency. Despite significant investments by Congress spanning several fiscal years, the MIDAS project as we understand it has been abandoned. Your budget indicates that FSA is conducting a Business Strategy and IT Strategy to establish new objectives to seemingly replace MIDAS. What is the status of those efforts?

Answer. MIDAS has not been abandoned nor are there any plans to replace MIDAS. MIDAS remains at the core of the FSA IT modernization strategy. With any IT modernization effort there comes a time when the project must transition from the "development" stage to the "sustainment" stage. With the successful delivery of Product Master, Farm Records, and Business Partner, the MIDAS system has moved into sustainment. During sustainment MIDAS will receive incremental improvements to the deployed functionality and, in order to keep it operational for field office staff, ongoing maintenance of processes and technical infrastructure, including defect resolution and minor adjustments to maintain continuity with program business rules. Following the Business Partner release in December 2014, the U.S. Department of Agriculture (USDA) Executive Information Technology Investment Review Board recommended that additional functionality, such as the ability of agricultural producers to interact with FSA online, be developed separately in smaller, more modular, investments that reflect the current vision for FSA's role and opportunities to improve service, including provisions of the 2014 Farm Bill.

The FSA Farm Programs IT Plan for Expenditure that will be submitted in the coming weeks will provide details on the Farm Programs IT investments for fiscal year 2015. FSA Executive Leadership, in coordination with the Office of the Chief Information Officer, continues to leverage the Business Strategy, IT Strategy, and

Roadmap to refine IT investment plans for fiscal year 2016. A non-USDA independent third-party will be engaged to conduct an analysis of the enterprise solution to determine if the current enterprise solution provides the necessary functionality and identify a proposed strategic direction for modernizing and ensuring the most cost-effective means for delivery of IT Services in FSA's dynamic program environment. The results of this third-party analysis will be used to guide the development of additional capabilities for the current MIDAS system.

Question. While these IT challenges are ongoing for FSA, producers will soon be enrolling in the new Farm Bill commodity programs. Can the system currently in place handle the workload in a timely manner?

Answer. Following the deployment of MIDAS Business Partner capabilities in December 2014, one performance-related issue was reported and resolved. USDA recognizes modernization of the current national telecommunications architecture is required to further improve performance and enable efficient delivery of program services to farmers, land owners, and agricultural partners. In March 2015, the Service Center Agencies (FSA, RD, and NRCS) approved the USDA Client Technology Services plan to upgrade 1,035 offices. These sites were determined as most critical based upon bandwidth saturation thresholds coupled with site populations and customer traffic demands. In fiscal year 2015, 300 sites are being upgraded with an additional 735 Service Center Agency sites planned in fiscal year 2016. Sites that have been upgraded will be consistently monitored to ensure that the initial upgrade is sufficient to support the customer's changing application and data requirements. Sites not upgraded in the initial phase will be evaluated on a continuous basis to determine if saturation thresholds have changed based on new demands.

Question. Can producers rely on the security of the system to protect their financial information?

Answer. Producers can rely on the security of the system to protect their financial information. The USDA and FSA provides several layers of information security by implementing physical, network/server, application and business process security controls. Security controls are compliant with the Office of Management and Budget, the National Institute of Standards and Technology and USDA requirements for systems that process individual's personal and financial information.

IMPLEMENTATION OF NEW METHODS OF POULTRY SLAUGHTER INSPECTION

Question. Where exactly do you stand now regarding implementation of the modernized poultry slaughter program? Will implementation be completed during fiscal year 2016?

Answer. The implementation of the New Poultry Inspection System (NPIS) is moving forward as expected with 40–50 eligible plants expressing an interest in converting to the new system. Agency officials and union representatives are in ongoing negotiations at the present time. Full implementation is expected to be completed over a 5 year period.

Question. I understand that adopting these new methods is at the discretion of the plants. What is the level of interest in participation that you are seeing from the industry?

Answer. The level of interest we are seeing from plants is what we had predicted. At present, FSIS has between 40–50 eligible plants inquiring about converting to NPIS.

BIOTECH REVIEW IN APHIS

Question. One issue that has been raised by this Subcommittee is the backlog of applications for biotech products. I am pleased at the Department's efforts to clear out the backlog and hope those applications can be cleared by the end of this fiscal year. Moving forward, how can we further improve and shorten the process to put us on an even playing field with competing countries and give companies regulatory certainty?

Answer. Since 2012, USDA identified and implemented innovative ways to improve the biotechnology petition review process. The goal of these efforts was to significantly decrease the length and variability of the process without compromising the quality of the analysis that supports our decisions. Results of the 2012 process improvement are substantial. For example, published petitions are currently taking, on average, 1.8 years, a time savings of approximately 1.2 years over the petitions that did not require an environmental impact statement and were published between 2010 and 2012. USDA ensures that its environmental analysis and plant pest risk analysis documents are thorough, accurate, and can withstand legal challenges. The process improvement analysis revealed a minimum estimated timeframe of 13–15 months required to conduct quality analysis and solicit public input to support

regulatory decisions and protect plant health. These targeted timeframes are comparable to the average time it takes for product deregulation in other countries around the world. USDA appreciates the efforts of Congress to provide the necessary resources to USDA's biotechnology program and its continuing efforts to oversee certain genetically engineered organisms that might pose a risk to plant health. The President's fiscal year 2016 budget proposal for biotechnology regulatory services will provide sufficient funding to meet the new process timelines.

RICE ENTERING CHINA

Question. The U.S. Animal and Plant Health Inspection Service (APHIS) has been working with the China Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) since early 2007 to develop the mechanism to allow US rice entry into the China market. The current negotiation centers on a phytosanitary protocol, which sets out the technical requirements for US rice entering China. It is our understanding that the last official communication on the draft protocol was spring of 2014 when APHIS provided a response to the Chinese latest offer. In the last three scheduled bilateral meetings between APHIS and AQSIQ, one was canceled by the Chinese without explanation and at the other two AQSIQ did not have present the appropriate parties to negotiate on rice. It appears as though the Chinese are dragging their feet and not negotiating in good faith on this issue.

Since APHIS cannot compel their Chinese counterparts to negotiate, what more is USDA prepared to do to move this issue to an amicable solution?

Answer. To date, China has not authorized imports of U.S.-origin milled rice, but we understand that China is an important potential market for United States rice exports. The issue has been addressed in bilateral meetings with both Beijing-based and Washington-based USDA personnel. Since the spring of 2014, there were several letter exchanges with China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). The latest letter from AQSIQ, reworked the original language in the proposed draft protocol, but did not address a key USDA objection on the requirement of pest-free production sites. USDA shared the information with United States industry and rice producers, and together we are working to develop a solid technical response. From the USDA perspective, we expect to participate in on-going negotiations with China in fiscal year 2016, about the AQSIQ rice storage site requirement to more accurately reflect current pest management measures in U.S. rice storage facilities.

QUESTION SUBMITTED BY SENATOR SUSAN M. COLLINS

POTATO WART

Question. Potato wart is a serious, internationally-quarantined disease of cultivated potato that is not known to be present in the United States. The fungus is present, however, in Prince Edward Island, Canada, a region that is approved to export potatoes to the United States, which is the subject of significant concern to potato growers in Maine.

With few effective measures to control the fungus, potato wart is readily transmitted to new areas in a variety of ways: by tubers grown in infected soil, by tools used in potato cultivation, by footwear, and by manure from animals that have fed on infested tubers. Even more problematic is that infested tubers do not always show outward signs of infection.

Effectively controlling potato wart is possible primarily by appropriate production and handling practices, as well as statutory measures.

I commend APHIS for acting quickly in issuing the current Federal Order with respect to potato wart. I am concerned, however, that it does not address soil, machinery, or potato movement from PEI to other areas in Canada. Unrestricted movement of these materials from PEI to other potato producing areas of Canada is troubling because it risks spreading disease beyond PEI, including into the United States. This risk comes from the movement of these materials.

Will you evaluate the current Federal Order to help ensure that it is effectively protecting the potato industry in the United States, including in Maine, from being contaminated by this fungus that has the potential to devastate our industry?

Answer. I recognize your concern about preventing the introduction of potato wart into the United States. USDA has worked closely with the U.S. potato industry, States, and our Canadian counterparts to put in place a scientifically-based policy that allows for the safe importation of potatoes from Canada. As a result of the recent new detections of potato wart on Prince Edward Island (PEI), the Animal and Plant Health Inspection Service (APHIS) issued a Federal Order strengthening our

import requirements for potatoes from that province. The revised requirements apply to potatoes for consumption, processing, and seed from fields outside the regulated area, and were agreed upon by the U.S. Potato industry. The Canadian Food Inspection Agency (CFIA) quarantines infested fields and fields associated with them and conducts measures (monitoring, surveillance, and movement restrictions for potatoes as well as soil) to prevent further spread of Potato Wart within and from PEI to other parts of Canada or in exports. The measures also include prohibition of exports of potatoes from regulated fields to the United States and require that machinery used on regulated fields be cleaned and disinfected according to CFIA regulations before it can be moved. Under the Federal Order, potatoes from non-regulated areas of PEI must meet requirements to mitigate the risk of potato wart, such as washing to remove soil, sprouting inhibition, and phytosanitary inspection. Seed potatoes must originate from a field that has been tested and found free of the fungus that causes potato wart within 1 year of harvest. The Federal Order was put in place as an interim measure in response to concerns about possible risks from areas of PEI not regulated by Canada. APHIS and CFIA have committed to further technical discussions to review the current regulatory approach and if necessary, to make changes to the regulatory framework or other approaches to prevent the introduction of the disease into the United States while minimizing negative impacts on trade. Importation of PEI potatoes for non-propagative uses and for seed plays a significant role within the U.S. economy. USDA has worked to preserve this important import trade while protecting the U.S. industry from the risk of potato wart.

QUESTIONS SUBMITTED BY SENATOR STEVE DAINES

CONSOLIDATION OF FOOD SAFETY AGENCIES

Question. Earlier this month before this subcommittee, I voiced concerns I've heard regarding the President's proposal to consolidate food safety agencies into a new agency entirely within HHS. In that hearing, FDA Commissioner Hamburg stated that FDA and USDA have "very different approaches" and "different areas of expertise" as it relates to food safety.

Would you agree with Dr. Hamburg's assessment and the idea that USDA brings expertise and a unique perspective to the table regarding food safety?

Answer. While USDA does bring expertise and a unique perspective to food safety and while the U.S. food safety system is among the safest in the world, consolidating food safety functions is an essential step to reforming the Federal food safety system overall. A single Federal food safety agency would provide focused, centralized leadership, a primary voice on food safety standards and compliance with those standards, and clear lines of responsibility and accountability that will enhance both prevention of and responses to outbreaks of food-borne illnesses. It would rationalize the food safety regulatory regime and allow the Federal Government to better allocate resources and responsibilities.

Question. Are you concerned about the potential loss of expertise if USDA is removed from the food safety process?

Answer. The Budget highlights several opportunities for reorganizing and reforming government, including the new proposal to consolidate USDA's Food Safety and Inspection Service and the food safety components at FDA into a single new agency responsible for food safety inspection and enforcement, and foodborne illness outbreak prevention and response. The new agency would be charged with pursuing a modern, science-based food safety regulatory regime drawing on best practices of both agencies, with strong enforcement and recall mechanisms, expertise in risk assessment, and enforcement and research efforts across all food types based on scientifically supportable assessments of threats to public health.

Question. How would USDA ensure that agriculture's perspective and concerns are accounted for should such a consolidation occur?

Answer. While the Administration believes that this is an opportunity to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people, USDA will still work to ensure that USDA and agriculture's perspectives and concerns are taken into account when consulting with the new agency.

ENVIRONMENTAL CONCERNS WITHIN THE DIETARY GUIDELINES

Question. In the fiscal year 15 Omnibus, there was a Congressional directive that expressed concern that the advisory committee was "showing an interest in incorporating environmental factors into their criteria" and directed the Secretary to

“only include nutrition and dietary information, not extraneous factors” in the final guidelines.

As you know, the Scientific Report of the 2015 Dietary Guidelines Advisory Committee was just released last month. It included, and I quote, “environmental approaches are needed to complement individual-based efforts to improve diet and reduce obesity and other diet-related diseases.”

Is the advisory committee report compliant with the Congressional directive?

Answer. As noted above, the Congressional directive is aimed at the Departments, not the Advisory Committee. Congress did not mandate that HHS and USDA use an Advisory Committee to review evidence, so it does not specifically define or limit what the Advisory Committee considers. It’s worth noting that the Committee’s report is advisory in nature—it is not a draft of the Dietary Guidelines for Americans. Additionally, the 2015 Advisory Committee used the terms “environment”/“environmental” in a variety of ways in its advisory report.

Question. In a hearing before the House Agriculture Appropriations Subcommittee, you indicated that USDA needs to “color inside the lines” with regards to the directions you’ve received from Congress. Can you confirm that the final report will follow Congressional intent and focus only on nutrient and dietary recommendations, and not factor in environmental factors and other extraneous material?

Answer. Working with our colleagues at the US Department of Health and Human Services, we will follow the statutory parameters for the Dietary Guidelines for Americans, focusing on providing food-based dietary recommendations that are grounded in the strongest body of scientific evidence.

Question. Do you believe that environmental issues are within the purview of developing these dietary guidelines?

Answer. While environmental issues are important overall and are a priority for USDA elsewhere as they intersect with the food supply, I do not believe they are within the confines of our Congressional mandate for development of the Dietary Guidelines. As the National Nutrition Monitoring and Related Research Act of 1990 (NNMRRRA) stipulates, the Dietary Guidelines for Americans, published by USDA and HHS “shall contain nutritional and dietary information and guidelines for the general public,” and we will focus on food-based, dietary recommendations based on the strongest evidence on diet and health.

U.S. SHEEP EXPERIMENT STATION

Question. The U.S. Sheep Experiment Station in Dubois, Idaho, has improved the knowledge and understanding of how the interaction between domestic and bighorn sheep may impact wild sheep herds, which has resulted in improved health for both domestic and wild sheep. Last year, USDA attempted to reprogram funds and would’ve shuttered the program if Congress didn’t intervene.

Can you commit to not attempting to reprogram funds from the USSSES or make other efforts to close the station?

Answer. ARS’ ability to conduct innovative grazing research at the U.S. Sheep Experiment Station (USSSES) continues to be negatively impacted by changes in domestic sheep access to grazing lands. This reduction in access is the result of changes in the areas permitted for grazing by domestic sheep to minimize contacts with expanding bighorn sheep populations and conflicts within the grizzly bear habitat in the Greater Yellowstone area. A variety of other factors, including a continued lack of resources, both human and financial, and inadequate infrastructure have contributed to the unsustainability of the ongoing research program at the USSSES. USSSES will remain open and operational during fiscal year 2015 to allow further input to be provided by stakeholders. However, given the ongoing, serious challenges to operating USSSES, the fiscal year 2016 Budget for ARS does include a proposal to close the USSSES and reprogram the associated funding to high priority research at other ARS locations in Idaho as the program is not sustainable.

The proposed closure of the USSSES will not, however, negatively impact our research, knowledge, or understanding of sheep health, as sheep research will continue elsewhere.

QUESTIONS SUBMITTED BY SENATOR JEFF MERKLEY

HEALTHY FOODS FINANCING INITIATIVE (HFFI)

Question. Mr. Secretary, will you please discuss progress and successes to date of the Administration’s Healthy Foods Financing Initiative (HFFI)?

In the absence of funding so far for this program, USDA has developed background information and scoped out a path forward. USDA has discussed this program with other Federal agencies (Treasury and HHS) that deal with healthy foods to ensure coordination and to avoid/minimize duplication and with stakeholders. USDA has engaged with stakeholders and dialogue on best practices, models, ongoing policy efforts, areas where partners and agencies can collaborate, and other topics that would help inform the strategy for how the mission area can effectively deliver the HFFI program. Key areas discussed to date include:

- Process and selection of the National Fund Manager
- The role and duties of the National Fund Manager
- Process for soliciting and reviewing applications
- Contents of a regulation

What has USDA been able to do to support the HFFI under USDA's current authorities?

Answer. Without funding explicitly provided, USDA's ability to implement the Healthy Food Financing Initiative and to begin to finance retail food providers in areas with limited food access through a national fund manager has been severely restricted. The USDA and Rural Development have used existing programs and authorities to support efforts to increase access to healthy food. For example, in fiscal year 2014, USDA Rural Development through the Business and Industry Guaranteed Loan Program, Rural Business Enterprise Grant Program, Rural Business Opportunity Grant Program, Value Added Producer Grant Program, Rural Cooperative Development Grant Program, Small Socially Disadvantaged Producer Grant Program, and Rural Energy for America Grant Program was able to fund 231 projects totaling over \$77.4 million which assisted rural businesses in providing healthy food.

Question. This budget requests \$12.8 million for Rural Development's participation in the initiative. Please explain how these funds would be used and what you expect to accomplish.

Answer. The funds requested for the Healthy Food Financing Initiative would enable Rural Development to seed a fund that through a third-party fund-manager would provide loans, grants and technical assistance to low-income and moderate-income communities for investments that would increase access to healthy food. Rural development would write the rules and regulations for the program, but a third-party, the fund-manager would then run the program.

Ultimately, the awards made will support market planning and promotion efforts as well as infrastructure and operational improvements designed to stimulate consumer demand, enhance marketing, expand demand and retail outlets for farm products, and increase availability of locally and regionally produced foods.

Funding would be made available to the following entities with sound strategies for addressing the healthy food needs of communities: businesses, non-profits, public entities, and community development financial institutions.

The funds will be targeted to severely underserved low- and moderate-income communities. Most often low-income communities are less attractive, under the conventional financing, to retailers of healthy food. However, effective programs have shown that well-targeted financing and technical assistance can create viable business outcomes and access to healthier foods and create new markets for farmers, but also create jobs and support broader development efforts to revitalize distressed communities.

Organizations will use grants, below-market rate loans, loan guarantees and tax credits to attract private sector capital for an even greater investment in projects that increase access to fresh produce and other healthy foods. The goal is to support efforts to provide access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low-income communities.

USDA Rural Development will work in close coordination with USDA's Food and Nutrition Service and Agricultural Marketing Service in crafting and administering the program to ensure the goal of expanding healthy food access is achieved.

APHIS OVERALL BUDGET PRIORITIES

Question. Mr. Secretary, APHIS is charged with protecting the U.S. from invasive animal and plant pests and diseases. This budget reflects priority funding for: antimicrobial resistance activities in the Zoonotic Disease Management program; Agricultural Quarantine Inspections; "citrus greening" (huanglongbing); and expanded implementation of Lacey Act enforcement. These are laudatory priorities, but I have several questions.

In this era of severe resource limitations, please explain your review process through which these priorities rose to the top.

Answer. Our Blueprint for Stronger Service has saved American taxpayers a total of \$1.368 billion over the last several years while ensuring that the American people receive the best service possible. While developing the fiscal year 2016 Budget, USDA focused on areas that would have a broad, national or international impact and improve our nation's economy and agricultural health, assisting rural communities and ensuring access to safe nutritious food for all consumers. USDA is supporting a government-wide initiative to deal with antimicrobial resistance, which affects both animal and human health. The Animal and Plant Health Inspection Service (APHIS) will play an important role in this effort by monitoring for antimicrobial resistant bacteria among livestock. The other increases support APHIS' mission of protecting the health and value of U.S. agriculture and natural resources. These increases will allow APHIS to meet critical needs related to its mission, and they also fit into USDA's goals of supporting rural economies and ensuring access to safe and nutritious foods.

Question. Within the Specialty Crops Pests program, for citrus greening, you are requesting \$3 million in new funding plus \$4.5 million in redirected funding. However, total Specialty Crops Pests support would be reduced by \$10.8 million. Such a reduction would severely curtail control and eradication efforts on a variety of devastating pests including: European Grapevine Moths; Light Brown Apple Moths; Medflies; glassy-winged sharpshooters; and the spotted wing drosophila. According to your budget, in fiscal year 12 this program protected \$27 billion worth of specialty crop production in this country.

As you know, Oregon is a major producer of specialty crops. What assurances can you provide that this funding reduction will not impact our fruit, vegetable, nuts, horticulture and nursery crops production?

Answer. USDA is proposing decreases to three areas of the Specialty Crop Pests program: the Citrus Health Response Program, the glassy-winged sharpshooter program, and the light brown apple moth program. These proposed decreases are designed to allow for more equitable sharing of costs between the Federal government and those who benefit from these important programs. If cooperators are able to increase their contributions to the programs, they will continue to operate at their current levels. If contributions to the programs do not increase, APHIS would focus available resources on preventing the spread of the pests and diseases to new areas.

AVIAN INFLUENZA

Question. Recently new cases of highly pathogenic avian influenza have been detected in Michigan, Missouri, and Arkansas. This disease can be transmitted by wild birds and has impacted both commercial and backyard flocks. Selective trade restrictions have been imposed by numerous countries affecting U.S. poultry exports. However, this budget requests only a \$55,000 increase for the Avian Health program.

In the face of these newly detected cases of bird flu do you still believe this funding level is adequate to protect the U.S. poultry industry and maintain poultry exports?

Answer. We developed our fiscal year 2016 budget request before the bird flu outbreak escalated to the extent that it has today. We are monitoring this situation closely, and are keeping our trading partners fully informed. To address this issue, we are using appropriated and emergency funding carried over from previous years as well as funds appropriated in fiscal year 2015 to carry out response actions. These actions include indemnifying producers and conducting surveillance activities in areas near detections. If we find that we cannot adequately address the situation through these funding sources, we will pursue emergency funding sources.

Question. What access do you have to Commodity Credit Corporation funds to address emergencies of this sort?

Answer. I am authorized to quickly access and transfer funds from the Commodity Credit Corporation to any USDA agency in the event of an agricultural emergency. As part of the process, the Office of Management and Budget reviews the emergency funding request to ensure consistency with Administration priorities and apportions the funding accordingly.

IMPLEMENTATION OF NEW METHODS OF POULTRY SLAUGHTER INSPECTION

Question. Mr. Secretary, the Food Safety and Inspection Service is responsible for the safety and accurate labeling of domestic and imported meat, poultry and processed egg products. This is generally accomplished through in-plant inspections carried out by a cadre of FSIS inspectors. Your budget proposes to cut overall agency funding by \$4.9 million, chiefly relying on \$10 million in savings to be achieved by implementation of new methods of poultry slaughter inspection.

Mr. Secretary, you have been working toward implementing these new methods of inspection for several years. Have you made sufficient progress to achieve these savings in fiscal year 16?

Answer. With the publication of the final rule in August 2014, we plan on being able to begin implementation and anticipate the first plants converting by the end of fiscal year 2015. Our fiscal year 2016 estimate is based on the timeline in the final rule which estimated implementation going from fiscal year 2015 through fiscal year 2019.

Question. We continue to hear concerns that these new inspection methods will sacrifice food safety for expediency. What assurances can you provide that the safety of our food supply will not be compromised by this new process?

Answer. As a result of the new rule, the bacterial testing requirements for all plants, including those who elect to participate in the new system, as well as those who retain their existing system, will be required to perform both pre-chill and post-chill bacterial testing, effectively doubling the testing requirements for pathogens such as Salmonella and Campylobacter. The FSIS Risk Assessment based on the best science available, presents estimates that industry-wide adoption of NPIS would reduce the number of human illness, attributed to young chicken and turkey products by an average of about 3,980 Salmonella illnesses and about 840 Campylobacter illnesses annually. Our data has shown that the HIMP model plants, on which the New Poultry Inspection System is based, have food safety records that are as good as, or better than, that of the traditional slaughter plants.

Question. We also hear concerns that the accelerated carcass line speeds will jeopardize worker safety. I understand that those plants participating in the pilot program will continue to be allowed to move poultry carcasses at 175 birds per minute. That is an astounding speed—equal to three carcasses a second. What type of inspection can conceivably take place in 1/3 of a second? What studies have you undertaken and what information can you provide that these line speeds will not threaten worker safety?

Answer. In response to public comment, the maximum line speeds for plants that adopt the NPIS are capped at 140 birds per minute, consistent with the maximum speed under existing inspection programs. Plants that participated in the pilot program will be allowed to maintain line speeds of 175 birds per minute. USDA received numerous comments on the proposed rule related to work safety and has partnered with Federal agencies responsible for worker safety to address those concerns.

MERGING FOOD SAFETY RESPONSIBILITIES

Question. Mr. Secretary, there is a very brief write-up in the budget appendix indicating the President is asking for reorganization authority to merge all food safety responsibilities into one agency, to be housed in the Department of Health and Human Services (DHHS).

Will you please describe, in more detail than provided in the budget, what this proposal entails?

Answer. The Budget highlights several opportunities for reorganizing and reforming government, including the new proposal to consolidate USDA's Food Safety and Inspection Service and the food safety components at FDA into a single new agency responsible for food safety inspection and enforcement, and foodborne illness outbreak prevention and response. The Administration believes that this is an opportunity to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people.

Question. Is a legislative proposal forthcoming on this reorganization?

Answer. The Budget demonstrated examples of what the President would do if Congress reenacted broad reorganization authority. The Administration believes that this is an opportunity to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people.

Question. Can you provide assurances that the food safety expertise developed in the Food Safety and Inspection Service will not be eroded through this reorganization?

Answer. USDA and FDA have strong collaborative ties that have improved Federal coordination of the nation's food safety system. The new agency would be charged with pursuing a modern, science-based food safety regulatory regime drawing on best practices of both agencies, with strong enforcement and recall mechanisms, expertise in risk assessment, and enforcement and research efforts across all food types based on scientifically supportable assessments of threats to public health.

RENTAL ASSISTANCE

Question. Mr. Secretary, the Department's Rental Assistance program subsidizes certain tenants of affordable rural housing to pay no more than 30 percent of their adjusted household incomes on rent and utilities. Recipients of Rental Assistance are, generally, the elderly, disabled, or female-headed households, with average annual household incomes around \$10,000. This budget seeks an \$83.4 million increase in rental assistance.

In addition, the budget requests four program "reforms" that would appear to severely disadvantage very low income program participants. The Committee rejected three of these reforms in fiscal year 15 while accepting the fourth. However, now program advocates are voicing strong opposition to all four.

Please explain the four Rental Assistance program reforms and how their implementation would not jeopardize the security of very low income tenants.

Answer. The legislative changes the Administration has requested help ensure that the Rental Assistance (RA) program will continue to provide a safety net for the neediest rural residents and ensure the program's long-term sustainability. Prudent program management demands that Rural Development (RD) ask for adequate funding and seek authority to control program costs in times of budgetary constraints. On balance, the legislative proposals further concentrate the benefit of RA for the most disadvantaged rural households and extend the available funding to as many properties, and tenants, as possible.

No automatic renewals

Current statutory language requires that funding on an RA Agreement be automatically replenished when funds are exhausted. RD's estimating methodology on funding amounts ensures that all RA agreements have enough funding for the full 12-month period. However, the Department has experienced the need for a second obligation in the same 12-month period in 3—5 percent of the renewals in a fiscal year. These automatic renewals will need to be funded for 12 months again.

Having to fund these second renewals means some properties receive a disproportionate share of RA funds, to the detriment of other properties, during a fiscal year. Having this authority will allow the Department to more efficiently utilize RA resources; these actions will also eliminate same uncertainty of future program costs and provide budget greater predictability for the RA Program.

Selective renewals

Selective renewals and partial year agreements are two proposals designed to stretch available RA funding during periods of short-term continuing resolutions or sequesters. During such uncertain funding periods, every RA Agreement that requires full 12-months' funding cannot be accommodated. RD seeks the selective renewals authority to eliminate the current practice of renewing agreements on a first-come-first-serve basis, without regard to need. Selected renewals will provide to the Department the ability to prioritize or determine renewals for properties where the need may surpass that of other properties.

Partial year agreements

Current appropriation language and statutory authority requires RD to obligate the entire 12-month estimated amount of RA funding at the time the agreement is renewed. In times when the budget is uncertain, such as during a short-term Continuing Resolution, providing RD with the ability to obligate less than a full-year of funds will provide RD with an important management tool that will help ensure RA is available for those who need it most. The result will be that the agency is better able to continue to meet its mission of providing affordable housing to residents even in times of funding uncertainty.

Minimum rent

RD's proposal is to institute a minimum rent of up to \$50 per month, but plans to start with a minimum rent of \$25 per month. This authority is similar to rental assistance programs at Department of Housing and Urban Development (HUD). RD intends to provide hardship exemptions for applicants and tenants who cannot pay the minimum, and eviction of tenants is prohibited if they cannot pay the minimum rent. The Department believes this change will encourage a sense of ownership within the rental community by tenants, as well as contribute to the long-term availability of RA. The hardship exemption will ensure that the minimum rent requirement does not jeopardize the security of very low income tenants.

Question. The \$50 per month minimum rent reform appears focused on the very lowest income program participants. The budget states that waivers would be granted in cases of extreme hardship. The budget also contends this reform will save \$5

million per year. Please explain the situation in which \$5 million could be raised without imposing substantial hardship on tenants.

Answer. The 2016 Budget requests the authority to require a minimum rent payment of \$50 per month regardless of tenant income level. The proposal includes hardship exemptions for tenants that can demonstrate they are unable to pay the minimum. These hardships may include the loss of family income due to the termination of employment, termination of benefits from other programs, or the death of an income earner. The proposal also prohibits the eviction of tenants if they are financially unable to pay the minimum rent.

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

Ensuring the long term viability of the RA program is in the best interest of the tenants, who have come to rely on the program to help support their ability to live in affordable housing and allow us to stretch this much needed resource. The hardship exemption will ensure that the minimum rent requirement does not jeopardize the security of very low-income tenants.

Question. Is the agency working to develop other cost containment strategies that would not endanger the security of very low income rural residents?

Answer. The well-being of low and very-low income rural Americans is a top priority for this Administration and the Department of Agriculture. The cost containment strategies included in the President's 2016 budget request are intended to provide USDA with the tools for managing a program that provides essential support to rural Residents during a time of reduced budgets. The legislative proposals presented as cost containment strategies are a response to both budget reductions due to sequestration and legislatively-mandated changes—such as reducing the duration of RA agreements—that have forced USDA to manage the portfolio and growing need amidst an overall reduction in funds.

MULTI-FAMILY HOUSING PRESERVATION PILOT

Question. Mr. Secretary, over 16,000 affordable multi-family housing projects in rural America have been financed using USDA loans. These projects include over 475,000 housing units for low and very low income rural households. However, the average age of these projects exceeds 25 years.

With projects this old, what is the Department doing to maintain their physical condition and to mitigate issues of deferred maintenance?

Answer. USDA has long recognized the need to revitalize its existing Section 515 housing. The primary means of revitalization has been through the Multi-Family Preservation and Revitalization (MPR) program, which provides flexible financing tools that can be tailored to provide the best financing solution to each property's needs and ability to repay. To stretch the Department's dollars further, MPR revitalization is typically done through a public/private partnership that includes Low Income Housing Tax Credits and third party financing, along with MPR funds. The Department also works with Section 515 property owners to transfer aging properties to new owners ready and able to invest in the modernization of the property. USDA works to mitigate the risk of deferred maintenance by closely monitoring each property through onsite physical inspections and review of property financial conditions. This oversight ensures that properties are in safe and decent condition, and financial resources are set aside to address maintenance needs as they arise.

Question. Some years ago the Committee created a pilot program to address property rehabilitation needs and to protect tenants if projects prepay and leave the program. This budget indicates the Department will submit legislation to make that pilot a permanent program. What is the status of that proposed legislation?

Answer. The fiscal year 2016 budget request included the proposal to make permanent the Multi-Family Preservation and Revitalization (MPR) program. The 2016 budget follows similar requests to make the MPR program permanent in the fiscal years 2014 and 2015 budget. USDA believes the MPR program fills a critical need for flexible financing that can revitalize our rental housing without the need for significant increases in tenant rents to pay for it. The Department has delivered the legislative proposal to OMB for their consideration and transmission.

Question. What changes will the proposed legislation include compared to the existing pilot?

Answer. The proposal to make the MPR program permanent will provide the same financing tools Rural Development has been using in the pilot program. These tools include providing zero percent loans, soft second loans, grants for health and safety

repairs, and modification of existing loans. These tools have been very successful in meeting the needs of properties that have participated in the MPR program.

Question. Have you worked with housing advocates, owners, and other interested parties in the drafting of this proposal?

Answer. USDA has met frequently with housing advocates, owners, and other interested parties over the years in relation to the MPR and other Multi-family housing programs. I believe the proposal that has been drafted meets the needs of our Multi-family stakeholders.

Question. One concern we frequently hear is that the Department is unable to expedite the transfer of a property from the current owner to a non-profit purchaser. These transactions typically take 18 months or more, which places incredible burdens on the buyers in terms of holding together financial packages. What is the Department doing to streamline and accelerate this process?

Answer. RD has consulted with its customers and they have identified the process for transferring properties as one of the most in need of streamlining. RD has been working with stakeholders in a Lean Six Sigma improvement process to identify barriers to making the transfer process more efficient. Stakeholders have also recommended process improvements that will reduce processing times, provide transparency into the transfer process, create a consistent set of transfer requirements, and create predictability. Currently, Rural Development is working to implement several of these process improvements. These include: 1) providing buyers, sellers and other parties with a preliminary assessment tool they can use to test the terms of their transfer prior to submission to Rural Development; 2) developing a simpler, easier to use underwriting tool that incorporates more industry standards in transfer underwriting; and, 3) revising Multi-family handbooks to formalize these changes in underwriting policy.

Question. Tenants currently residing in two Section 515 financed properties located in Merrill and Myrtle Creek, Oregon are in danger losing their Rental Assistance subsidized housing this summer due to the underlying mortgages reaching maturation. Will you commit to using your authority to extend these mortgages for a short period of time to give the willing and qualified sellers and buyer's sufficient time to preserve these two properties?

Answer. Rural Development is preparing to issue guidance to Multi-family Housing staff, outlining steps to take on maturing mortgages, including the ability to offer short-term or long-term mortgage re-amortization to keep properties in the MFH portfolio and continue to provide affordable housing to residents. Owners will also be encouraged to participate in the MPR program, which would enable them to take advantage of a long-term debt deferral. If owners decline both of those offers, we strongly suggest they request prepayment, which would enable the property's tenants to receive offers of an RD Voucher.

Question. Is there anything this Subcommittee can do to assist you with these issues?

Answer. The Department currently offers portable housing vouchers to tenants of affordable housing projects that were financed with USDA loans, and whose owners pre-pay and leave the program. The Administration has proposed to expand eligibility to tenants of projects whose mortgages have matured and been paid off in the 2016 budget.

We would appreciate the support of the Subcommittee for this proposal. In addition, constituent stakeholders interested in purchasing a maturing project, should contact the RD State Office and submit a transfer application. Once the State Office receives a complete application, it can prioritize the processing. If the potential purchaser is not familiar with RD's transfer process, our State Office stands ready to help.

HOUSING VOUCHERS

Question. Mr. Secretary, the Department currently offers portable housing vouchers to tenants of affordable housing projects that were financed with USDA loans, and whose owners pre-pay and leave the program. The Administration proposes to expand eligibility to tenants of projects whose mortgages have matured and been paid off.

This budget requests \$15 million in fiscal year 16. Is that sufficient both to renew all expiring vouchers and to fund new vouchers stemming from pre-payments and maturing mortgages?

Answer. RHS believes that the \$15 million level will be sufficient to renew all expiring vouchers and allow for funding prioritization for new vouchers as demand warrants, including the proposed expansion of the Voucher program to tenants in properties with maturing mortgages. With the Department's initiative to retain as

many maturing mortgage properties as possible, we believe the proposed funding level will accommodate the need for new vouchers for these tenants.

Question. Do you expect the demand for vouchers to grow significantly due to including tenants in maturing mortgage properties?

Answer. There will be a small increase in demand, which we have accounted for in our estimates. In 2015, we have focused our efforts on outreach to owners of properties with maturing mortgages, working with them to find ways to keep them in the program if they are willing. So we believe going forward we will be more successful retaining our Section 515 properties in the program.

RD's initial efforts have succeeded in 2014, where 10 of the 14 properties expected to leave have remained in RD's portfolio. As the initiative gains momentum and visibility, we believe more owners will take advantage of the incentives we offer.

SELF-HELP HOUSING PROGRAM

Question. The Department's self-help housing program provides grants to non-profit organizations that coordinate small groups of families aspiring to achieve homeownership through the self-help method. These families jointly work on their houses, contributing sweat equity that ultimately lowers their purchase prices.

Mr. Secretary, this is one of the most popular programs in this bill. Please explain why this budget slashes the program by 64 percent?

Answer. The Mutual and Self-Help Housing Program has played an important role in providing opportunities for affordable housing for low and very low-income families in rural America for 50 years. The requested 2016 funding level for Mutual and Self-Help housing grants would, paired with balances from prior years, address the reduction proposed in this program. However, because of budget constraints, funding for this program in 2016 it would not support the anticipated demand associated with the increased program level in Section 502 Single Family Direct.

Question. It is our understanding that these families are the stars of your housing programs, in terms of making timely payments and achieving successful homeownership. Do you know of any other Federal program more effective than this in accomplishing these objectives?

Answer. The Mutual and Self-Help Housing program is unique among Federal housing programs, serving the lowest income families who would otherwise be unable to attain homeownership. The Mutual and Self-Help Housing Program has played an important role in providing opportunities for affordable housing for low and very low-income families in rural America for 50 years. There is no other Federal program.

BROADBAND PROGRAM

Question. Mr. Secretary, USDA has had the responsibility for some years of expanding access to high speed broadband services across rural America.

Please discuss your view of the success the Department has achieved to date in this effort.

Answer. The most significant success the USDA has achieved was the delivery of the Broadband Initiatives Program (BIP), a Recovery Act program. There are 255 active infrastructure projects and approximately \$2.7 billion has been advanced for construction. As a result of Recovery Act funding, more than 213,000 households, 15,000 businesses, 570 public safety facilities, 460 healthcare providers and more than 700 schools and libraries are receiving new or improved broadband service.

The Department also runs two other successful programs to deploy broadband. The Rural Telecomm Program and the Community Connect Program. In our infrastructure program this year, we have approved \$190 million in financing that will enhance broadband service to over 65,000 customers. Community Connect provided \$20.3 million to fund broadband in unserved communities in fiscal year 2014. The rules for the 2014 Farm Bill Broadband Program are in progress and the program will start once the new regulation is published later this year.

Question. The fiscal year 14 Farm Bill required changes to the USDA loan program. Please let us know the status of those regulation changes, and when you expect that revised program to be in operation.

Answer. USDA, specifically the Rural Utilities Service (RUS), continue to work closely with OMB to finalize the regulations for the broadband loan program. USDA anticipates this process to be finalized in the summer of 2015 and will begin to immediately start accepting applications once the NOSA is posted on the Federal Register.

Question. What can this Subcommittee do to help you promote high speed broadband access in rural America?

Answer. The Subcommittee could provide funding for the Farm Bill broadband program in line with the President's fiscal year 16 budget request to help fund broadband in unserved and underserved rural areas.

RURAL CHILD POVERTY PILOT INITIATIVE

Question. Mr. Secretary, this budget seeks \$20 million for a pilot initiative to address severe rural youth poverty.

Please describe how this initiative will work.

Answer. The Administration's fiscal year 2016 Budget proposes \$20 million for a new program to support innovative strategies that combat rural child poverty by focusing on both children and the parents with a bundled services approach. This approach incorporates three elements:

- Pilot program to create better coordination of current Federal programs designed to help poor kids and families, with a focus on helping the parents obtain employment and increase their income;
- Human resources to perform critical coordination and outreach work; and
- Rigorous evaluation to determine the efficacy of the approach for broader implementation.

Eligible uses would include educational or job training instruction for parents coupled with child-focused programming and support relating to health and early learning. The pilot will educate families on resources available, build local capacity for assisting families in rural areas through AmeriCorps or VISTA programs. Additionally, the pilot will support development and maintenance of an integrated client and services tracking system to instantly determine client eligibility across Federal programs and better meet the array of client needs. The resources in this pilot would complement other dollars in the budget that assist communities and nonprofit organizations to finance the physical infrastructure needed to deliver services, particularly through the Community Facilities grants and the Distance learning programs. Applicants could include local governments (but not States), educational institutions (including community colleges as well as historically black, tribal, or Hispanic institutions), and community action agencies. Pilot program funds would be provided exclusively to projects that are located in areas of high poverty and that have embraced a bundled service, "two-generation" approach that focus on both the children and parents of low-income rural families. The maximum amount of the grant would be \$500,000. The grants would encourage or require collaboration and partnerships of key entities at the local level. For example, the applicant may be a community action agency that traditionally delivers temporary assistance to needy families (TANF) resources and Early Head Start, and a Women, Infants, and Children enrollment center and in its application includes the local community college to deliver workforce development programs.

Question. What empirical metrics have you identified to evaluate the success of the pilot?

Answer. An outside evaluator group will be contracted to:

- develop (in conjunction with Rural Development) appropriate measures to allow an evaluation of the pilot program, and
- implement experimental and quasi-experimental impact evaluations to evaluate the program's effectiveness.

The evaluation work will identify best practices and provide information and recommendations on potential expansion of Federal investment around the "bundled" service delivery approach.

Question. Will you have enough time to demonstrate that these activities can be successful?

Answer. If the funding requested is provided in fiscal year 2016, USDA plans to announce, select and fund "bundled" service projects in 2016. Projects will provide services in 2016 and 2017. Pilot project evaluation will take place in 2018.

COMMUNITY FACILITIES GRANTS

Question. Community facilities loans and grants can be used for almost any essential community facility, including; schools; hospitals; clinics; libraries; public buildings; child and elderly day care facilities; health and safety vehicles and equipment; etc. This budget requests a 285 percent increase in the regular community facilities grant program.

What is the purpose of this huge increase in these grants this year?

Answer. Additional Community Facilities (CF) grant funds will enable RD to support investments in critical community infrastructure in high need, high poverty areas such as Promise Zones, the Coal Community Revitalization initiative and Strike Force among others, where there is limited ability to carry a loan. The in-

crease in the grant program is comparable to the increase the CF direct loan program has experienced in the recent years. These additional CF grant investments will be targeted to those communities that need help the most.

The USDA Community Facilities program has proven a particularly effective tool for fostering partnerships and leveraging other sources of funding. Additional grant dollars will only increase RD's ability to do this while ensuring that these investments are made in places where they are needed most.

Question. Do you plan to pair these grants with the large (\$2.2 billion) loan program to achieve a more effective combination loan/grants Community Facilities program?

Answer. CF grant funds will be targeted to those communities that need the help the most, i.e. Strike Force, Promise Zones, and other high poverty areas. Applicants with the financial capacity to repay a direct loan at reasonable rates and terms may leverage loans funds with competitive grant funds to help reduce total project cost and strengthen the financial viability and project sustainability. Some of these grant funds may be paired with loan funds, but it is expected that communities in high poverty areas will be unable to afford much debt, so most of these additional grant funds may not be paired with loan funds.

LOCAL AND REGIONAL PROCUREMENT

Question. According to a 2013 Cornell study of three countries, food aid recipients were unconditionally more satisfied with LRP compared to US shipped commodities. This sentiment was most pronounced among the poorest "less-well-off" recipients.

What steps are being taken to ensure that commodity foods shipped are compatible with local tastes and dietary needs?

Answer. The McGovern—Dole International Food for Education and Child Nutrition Program is USDA's primary international feeding program. The school meals and take home rations provided under McGovern-Dole address dietary deficiencies. McGovern-Dole projects are conducted by non-profit charitable organizations, cooperatives, the United Nations World Food Program and other international organizations. These implementing partners that USDA works with on the ground are instrumental in determining the proper foods to ship. All proposals submitted must provide a justification for the commodities being recommended as well as a full explanation of how the commodities meet the dietary needs of the beneficiaries.

Additionally, USDA's implementing partners and their sub-recipients often go to the recipient country to develop and test recipes that are suitable to the local tastes and dietary needs. USDA's implementing partners also work with local communities and farmer groups who provide local commodities to add to the school meals, thereby helping to tailor the meals to local preferences. Many schools have gardens, with the produce used to complement the U.S. commodities in the school meals.

Question. If U.S. shipped commodities are not found to be compatible with local tastes and dietary needs, what steps are taken to address this problem and ensure beneficiaries are actually utilizing U.S. commodities?

Answer. USDA's implementing partners and their sub-recipients often go to the recipient country to develop and test recipes that are suitable to the local tastes and dietary needs. USDA's implementing partners also work with local communities and farmer groups who provide local commodities to add to the school meals, thereby helping to tailor the meals to local preferences. Many schools have gardens, with the produce used to complement the U.S. commodities in the school meals.

Question. When coupled with existing programs that strengthen local community systems and infrastructure, LRP can be adopted by knowledgeable beneficiaries with consideration given to impacting local markets. Given that most food assistance programs include a local capacity building component (McGovern/Dole FFE, Title II non-emergency programming) has there been any consideration for use of LRP to help transition to locally available products in these programs?

Answer. USDA's food aid programs, particularly McGovern-Dole, are intended to ultimately be transitioned to host country governments. As such, there is every hope and intention that the LRP will help in assisting this transition by using locally available products as a source for food aid programs that will ultimately spur economic development in countries where these programs are implemented.

Question. If appropriated, how would the \$20 million for LRP be utilized?

Answer. The \$20 million for LRP requested in the President's budget is expected to support three to four development programs, similar to those in Bangladesh, Nicaragua and Mozambique supported by the LRP pilot program, and completed in 2012. The program will serve as a complementary tool to existing food aid programs, especially the McGovern-Dole international School Feeding Program. Under the LRP program, grants will be provided to eligible organizations including private vol-

untary organizations, cooperatives, and the World Food Program to implement projects involving local farmers, farmer organizations, parent groups and local governments.

Question. Besides working with McGovern-Dole programs, do you see an opportunity to pair the new LRP program with Title II non-emergency programs?

Answer. USDA and USAID communicate regularly on programming decisions to avoid duplication and understand areas for potential collaboration. For USDA's LRP funding, the two agencies will continue to explore opportunities to leverage our respective programs. For example, one possible area of collaboration would be if McGovern-Dole school feeding programs bought a portion of the commodities for school meals from associations supported by Title II non-emergency or Bureau of Food Security programs. Such opportunities would need to be evaluated on a country by country basis.

FOOD FOR PROGRESS

Question. Please provide the subcommittee with the average time it takes to put out a solicitation for a Food for Progress grant, review bids and award a grant to an implementing partner.

Answer. Grants under the Food for Progress program fund non-emergency, agricultural capacity building projects. Food for Progress projects, which are usually multi-year, have trained farmers in animal and plant health, improved farming methods, developed road and utility systems, established producer cooperatives, provided microcredit, and developed agricultural value chains. Program participants have included private voluntary organizations, foreign governments, universities, and intergovernmental organizations.

The average duration between publishing the Food for Progress (FFPr) grant solicitation to signing the agreement is approximately 190 days, including 90 days for interested organizations to submit proposals, and 100 days for USDA to review proposals and negotiate agreements.

Question. How does the length of time between solicitation and award for Food for Progress differ from Food for Peace?

Answer. USAID's average award time for non-emergency programs under Food for Peace is 228 days, while the average Food for Progress (FFPr) award time is 190 days.

Question. If there are delays of over 6 months between bids and awards, what are the major constraints that contribute to these delays?

Answer. The typical time between proposal receipt and award is 100 days. In fiscal year 2014, FAS negotiated the proposals within that timeframe. Complexities of projects and negotiations with implementing partners can impact the time to complete the agreement.

Question. Does Food for Progress have a policy that grants must be turned around in 120 days, similar to Food for Peace?

Answer. FAS is committed to ensuring that grants are turned around as quickly as possible, but does not have a policy that grants must be turned around in 120 days. Since these are development, not emergency, programs, and since the requests for Food for Progress greatly exceeds the limited resources, FAS has put in place an extensive review process to ensure that the awards are made to the best proposals that reach the greatest number of beneficiaries and have the highest degree of success.

Question. How many staff work on Food for Progress programs?

Answer. There are nine full-time equivalent employees working on Food for Progress programs. They are responsible for all aspects of Food for Progress projects, including planning, programming, monitoring, and grants management activities.

Question. Is there a staff shortage at Food for Progress that causes delays in processing of grants?

Answer. In late 2014, USDA initiated a human capital assessment of the Food Assistance Division that aimed to provide an independent assessment of workforce requirements for Food for Progress programs. The Foreign Agricultural Service is implementing the results of this independent assessment to ensure efficient and effective food aid programming.

Question. How does the number of staff at Food for Progress compare to other grant making offices in USDA? Or USAID?

Answer. There are nine full-time equivalent employees dedicated to planning and implementing the Food for Progress program. There are nine full-time equivalent employees who program the McGovern-Dole Food for Education and Child Nutrition

program. And 64 full-time equivalent employees working in USAID's Office of Food for Peace.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

USDA ASSISTANCE TO CALIFORNIA

Question. California is going into another year of drought. Ground water, snow pack, and reservoir levels are dangerously low. Communities like East Porterville are running out of drinking water, and both farmers and farm workers are suffering.

Are the funds requested in your fiscal year 2016 Budget sufficient to address California's worsening drought disaster?

Answer. The challenges facing drought-stricken areas are so severe that we will undoubtedly need to leverage Federal dollars and find innovative partners to help us provide as much relief as possible. Across USDA, we are actively working to address the needs of communities facing this historic drought. The Department is committed to assisting rural communities and we also know our partners are being innovative about what resources they can bring to the table.

Specific to the fiscal year 2016 request, the President's budget requested \$10 million in additional appropriated funding for Emergency Community Water Assistance Grants. While this increase may seem small given the magnitude of the problem, it is being coupled with application process improvements and the granting of priority to drought impacted communities. Collectively, these efforts should go a long way in providing safe, reliable drinking water in drought-stricken communities.

In addition to the increase within Rural Development, the fiscal year 2016 President's Budget includes a continuation of many other USDA programs that will assist producers in drought-stricken areas. For example, the permanent livestock disaster programs provided by the 2014 Farm Bill will be continued. Targeted conservation assistance for drought-stricken areas is another example of a successful program the Department plans to continue.

Question. What additional steps can your Department take to address this disaster across California?

Answer. Last year, President Obama and I travelled to Fresno, California to outline a drought relief action plan aimed at mitigating the impacts of this natural disaster for farmers, ranchers and residents alike. I'm proud to say that USDA met or exceeded the commitments we made over a year ago to these communities and I'm proud of the progress we've made. Unfortunately, the relentlessness of the drought has made the challenge confronting the Western U.S. increasingly serious. We continue to collaboratively deploy the resources made available to us and believe our budget request will position us to do even more in the year ahead. That said, the challenges facing these drought-stricken areas are so severe that we will undoubtedly need to leverage these Federal dollars and find innovative partners to help us provide as much relief as possible. Across USDA, we are actively working to address the needs of communities facing this historic drought.

PATHOGEN STANDARDS

Question. I am pleased your Department proposed new pathogen standards for poultry products in January. I believe these standards will improve food safety.

Can you tell me what date these will be finalized and implemented?

Answer. On January 26, 2015 FSIS issued a notice and request for comments on performance standards for chicken parts and the new standards for comminuted chicken and turkey. While I cannot provide a precise date when the new standards will be finalized and implemented, let me assure you that these standards are an Agency priority, and we will move as quickly as possible.

Question. Secretary Vilsack, I remain deeply concerned about the persistent rates of foodborne illness. While the Department has moved to update pathogen standards for poultry products, standards for beef and pork products are either non-existent or outdated.

Can you commit to me that your Department will update beef and pork pathogen standards?

Answer. The Food Safety and Inspection Service (FSIS) has taken steps to collect the type of data necessary to conduct a risk assessment to ascertain whether the establishment of one or more pathogen reduction performance standards for beef and pork is likely to result in public health protection. As with the recently proposed standards for poultry products, any new proposed performance standards will be designed to achieve the Healthy People 2020 (HP2020) illness reduction goals, public

health goals that FSIS and the Department of Health and Human Services worked together to create. We continuously strive to eliminate foodborne illness, and we will continue working toward that goal by utilizing a stepwise approach grounded in a shared national objective.

USDA continues to review information on how inspection and inclusion of different lymph nodes in ground beef affects Salmonella contamination in the product, including our agencies partnering with each other (FSIS and ARS) to explore the potential public health impacts of Salmonella in lymph nodes. Findings will be incorporated into future revised slaughter guidance materials.

By May, FSIS will begin exploratory sampling of a variety of pork products, including finished products packaged and ready to be sold to the consumer, to determine which products (for example, intact parts or ground) might harbor Salmonella contamination. The results of this sampling will inform plans to collect more extensive data with which to develop public health benefit-based performance standards in alignment with HP2020 goals.

WILDFIRES IN CALIFORNIA

Question. Secretary Vilsack, California is primed for a wildfire disaster given the ongoing drought across the state. What is the Forest Service doing to be prepared to respond quickly to wildfires in California?

Answer. The Forest Service maintains a robust response (personnel and equipment) capability in California at levels that ensure an appropriate, risk informed and effective response to all wildland fires. The Forest Service also works extensively with our partners at CALFIRE and other local firefighting organizations, to support wildland fire management operations and meet operational objectives. Significant planning occurs throughout the year to establish response expectations for when wildfires do occur, as well as establishing roles and responsibilities for the Forest Service and our cooperators. The Forest Service works with CALFIRE throughout the fire season to pre-position assets where the risk of fire is highest. We also coordinate responsibilities for asset availability and training to be sure our response minimizes the risk to people, communities, and other high valued resources.

AIR TANKERS

Question. Secretary Vilsack, the National Defense Authorization Act of 2014 transferred seven C-130H tankers from the U.S. Coast Guard to the U.S. Forest Service for use in firefighting operations. Can you provide me an update on the transfer and retrofitting of these aircraft, and when they will be operational for fire suppression?

Answer. One HC-130H is expected to be in limited operation for the 2015 fire season. The aircraft will be equipped with a Modular Airborne Fire Fighting System (MAFFS). A second HC-130H may be available later in 2015, depending on Air Force maintenance schedules. This aircraft will be used for flight testing and evaluation only and will not be equipped with a MAFFS unit. Ownership for both aircraft will be retained by the Coast Guard until all required maintenance is completed and a retardant delivery system is installed. Once that is completed ownership will be transferred to the Forest Service.

The first aircraft with the new gravity retardant delivery system installed is expected in 2017 and the second in late 2017. Three more are expected in fiscal year 2018 and the final two in fiscal year 2019.

ANTIMICROBIAL RESEARCH

Question. Secretary Vilsack, I am pleased to see that your Department has requested increased funding to collect data on antibiotic use patterns and antibiotic resistance. This data will be critical for monitoring public and animal health.

What type of studies and surveys does your Department have planned?

Answer. If funding is provided as requested in the 2016 President's Budget, NASS proposes to develop annual surveys for Cattle on Feed, Hogs and Pigs, and Poultry. This new data can be used to establish a baseline for these livestock and help track this growing problem. The baseline survey will do several things to respond to Antimicrobial Research or Combating Antibiotic Resistant Bacteria (CARB) problem:

- Establish data to measure the extent of the problem (broad approach);
- Strengthen the knowledge and evidence base to allow for other agencies (that do more in-depth research work) to use NASS collected data as a starting point and go forward with more probing type questions;
- Develop trend analysis;

—Check the status of CARB with annual data collection surveillance to show whether the problem is growing worse, unchanged, or improving.

NASS is working with Economic Research Service (ERS) and Animal and Plant Health Inspection Service (APHIS)—to institute an annual, national antibiotic use survey and to enhance the APHIS National Animal Health Monitoring System (NAHMS) surveys. Questions could be added to provide national, population-based estimates on antibiotic-use practices from the voluntary NAHMS survey. In addition, a sufficient number of operations could be sampled and tested for the presence of zoonotic pathogens (e.g., Salmonella, Campylobacter) and commensals (e.g., Enterococcus, E. coli) to provide national, population-based estimates on prevalence and antimicrobial resistance in these organisms.

ERS is collaborating with other USDA science and program agencies through the USDA Antimicrobial Resistance Action Plan Committee to examine the economic implications of efforts to combat antimicrobial resistance. ERS research draws on data from the Agricultural Resource Management Survey (ARMS) to examine how antibiotics are used in livestock production; to estimate the effects of antibiotics used for disease prevention and growth promotion on farm-level costs and productivity; and to identify alternative production practices used on operations that eschew the use of antibiotics for those purposes. In fiscal year 2016 analysis from the farm-level ARMS will explore the extent of use by livestock species, stage of production, and purpose, as well as the impact of use on growth and recent policy issues.

Question. Do you have the cooperation from livestock producers necessary to make these surveys and studies successful?

Answer. NASS has contacted the industry for broilers, cattle on feed, and hogs & pigs. NASS needs to do more outreach to get more cooperation from the industry, however, those contacted realize the importance of collecting this information. NASS realizes that without industry cooperation these surveys will not be a success.

Question. Secretary Vilsack, the Food and Drug Administration (FDA) is implementing new policies to eliminate non-therapeutic antibiotic use in agriculture and to move antibiotics under veterinary oversight.

What additional steps can your Department take to educate veterinarians on these new FDA policies and to improve antibiotic stewardship in agriculture.

Answer. USDA will continue to conduct outreach as appropriate, in coordination with FDA, to ensure veterinarians are aware of FDA's policies.

SPECIALTY CROP PEST PROGRAM

Question. Secretary Vilsack, I am deeply concerned that your Department proposed to cut the Specialty Crop Pest Program. California continues to battle many agricultural pests and diseases, and there is increasing risk that new pests and diseases will be introduced to the state via international commerce. In fact, the Glassy Winged Sharpshooter, a devastating pest to grapes, was found in Marin County this month.

What additional steps can your Department take to combat agricultural pests and diseases like the Glassy Winged Sharpshooter?

Answer. I certainly recognize your concern about the risks posed by invasive pests and diseases to California agriculture. I can assure you that preventing the entry of pests and diseases into the United States and detecting any new introductions early remains one of USDA's highest priorities.

In addition to using appropriated funding, APHIS is using funding provided under Section 10007 of the 2014 Farm Bill to enhance early detection and emergency response efforts for plant pest and disease management and disaster prevention programs. In developing the spending plan each year, APHIS seeks suggestions from States and U.S. territories, universities, other Federal agencies, nongovernmental organizations, private companies and tribal organizations for projects that would provide a direct and meaningful impact in managing pests and diseases, as well as disaster prevention.

In fiscal year 2014, APHIS funded 382 suggested projects across the United States, as well as in Guam and Puerto Rico, with 30 projects in California. The projects in California included surveys for exotic pests that attack citrus, tomatoes, nursery stock, and a variety of other specialty crops, training for detector dogs to find exotic pests in mail and cargo, as well as projects focused on best practices for nurseries in preventing the introduction and spread of diseases like Phytophthora ramorum and other invasive pests. These efforts allow APHIS and State partners to continue strengthening protections against agricultural threats. APHIS will release the fiscal year 2015 spending plan in spring 2015.

In regard to the recent detection of a live glassy-winged sharpshooter (GWSS) on a nursery shipment that was being unloaded in Marin County, county inspectors or-

dered all of the plants to be reloaded and then sealed the trucks. The trucks returned to Ventura County the next morning. The California Department of Food and Agriculture (CDFA) and Marin County officials placed additional traps at the location where the insect was found and will continue to monitor the area for a month. Through this program, APHIS, CDFA, and the grape industry work to prevent the spread of GWSS into the major grape-producing counties of California. The program will continue using proven regulatory protocols and inspections to prevent GWSS from expanding its range. The Agency's fiscal year 2016 budget proposes a decrease for the GWSS program to encourage cooperators to put additional resources into this program that benefits them. If cooperators are able to devote additional resources, programs will continue to operate at the same level as in fiscal year 2015. If cooperators cannot increase contributions, APHIS and CDFA will prioritize the remaining funds to address the highest risk threats.

ANIMAL WELFARE ACT

Question. Secretary Vilsack, the Inspector General (IG) published an audit in December that found troubling inconsistencies in enforcement of the Animal Welfare Act. This follows a 2010 IG audit that identified similar problems. I am also concerned that your Department is not fully utilizing the existing enforcement authorities provided in the Animal Welfare Act, such as seeking a temporary restraining order or injunction against violators who place animals in extreme danger.

What additional steps can your Department take to improve enforcement of the Animal Welfare Act?

Answer. USDA uses all available enforcement options to ensure licensees and registrants are appropriately penalized for their violations of the Animal Welfare Act (AWA). USDA places special emphasis on the investigation and enforcement of cases where alleged animal suffering has occurred or when the lack of proper handling causes concern for the safety of the animal.

Cases warranting formal prosecution may be resolved by license suspensions, license revocations, issuing cease-and-desist orders, imposing civil penalties, or combinations of these penalties. Concurrently, APHIS continues to exercise its authority to confiscate animals that are suffering when a licensee or registrant fails to comply with the AWA regulations and standards. Since 2010, the Agency has confiscated 218 animals using this authority. When appropriate, USDA may also work with licensees to move their animals to another facility when a licensee is unable to meet the animal welfare standards or can no longer provide appropriate animal care. In doing so, a licensee may agree to the suspension or revocation of their license or permanent disqualification from engaging in AWA-regulated activities. For example, in fiscal year 2013, APHIS issued 22 settlement agreements that resulted in the placement of more than 2,900 animals as well as sanctions involving AWA licensing. USDA undergoes a review process prior to issuing a license or registration. USDA will deny or terminate a license if the applicant or licensee is determined to be unfit and attempting to conduct business contrary to the purposes describe in the AWA.

Where circumstances warrant, USDA has issued penalties at or near the \$10,000 maximum authorized, particularly in cases involving research facilities and carriers (neither of which are subject to license suspension or revocation). Beyond seeking higher monetary penalties, we have pursued administrative litigation against chronically non-compliant entities, allowing us to seek strong sanctions.

In November 2014, the Department of Justice revised the United States Attorneys' Manual to designate a central coordinating division to support USDA cases related to the welfare of animals regulated under both the AWA and the Horse Protection Act. As a result of this new collaborative relationship, USDA is better positioned to use enforcement authorities such as temporary restraining orders or injunctions to protect the lives of animals facing immediate danger while other administrative or legal actions are proceeding against a violator.

ADEQUACY OF THE THRIFTY FOOD PLAN

Question. At a time when more than one in six Americans struggle to put food on the table, it is imperative that our nutrition assistance programs provide access to an adequate diet. According to the Institute of Medicine (IOM), however, current Supplemental Nutrition Assistance Program (SNAP) benefit levels based on the thrifty eating plan are insufficient in most circumstances and leave many households hungry by the end of the month. Research also demonstrates that, while it is possible for many households to shop for healthy foods using this budget, it requires an additional 6 hours per week, which is especially challenging for low-income families.

How does USDA's 2016 budget aim to address the insufficiency of current SNAP benefit levels based on the thrifty eating plan to provide access to adequate nutrition?

Answer. FNS is currently addressing the sufficiency of SNAP benefit levels through our annual research budget by initiating the research that was recommended by the Institute of Medicine expert panel that looked at SNAP benefit adequacy.

Last fall, FNS awarded a contract to an external organization to conduct a study that will assess the individual, household, and the environmental factors that limit adequacy of the SNAP allotment. This study is developing a new data collection to survey SNAP participants to determine these factors. The survey includes questions about cooking skills, shopping patterns, nutritional literacy, financial literacy, time available for preparing food, and other constraints. The final report is expected in 2017.

In addition, before the end of fiscal year 2015, FNS anticipates awarding another contract to an external organization to determine whether the current parameters of the SNAP eligibility determination and benefit level calculations adequately match the real costs that low-income households have in regards to household budgets and food expenditures. This study will use existing data to examine spending patterns among low-income households to assess whether current SNAP parameters are based on realistic assumptions regarding household expenditures for food, shelter, medical care and dependent care. The final report is expected in 2016.

ASSISTANCE TO DROUGHT IMPACTED COMMUNITIES IN CALIFORNIA

Question. What additional steps can your Department take to accommodate drought impacted communities in California, where families are reporting spending as much as 7 percent of their SNAP benefits on water because fresh drinking water is no longer available in their home?

Answer. Feeding low-income families across the United States is at the heart of USDA's mission. The USDA nutrition assistance programs, such as the Supplemental Nutrition Assistance Program (SNAP) and The Emergency Food Assistance Program (TEFAP), are designed to respond to needs such as those resulting from the drought.

SNAP is USDA's primary nutrition assistance program to address the needs of those experiencing economic difficulties. SNAP is designed to respond to deteriorations in local economic conditions, as more people lose jobs they become eligible for the program.

For example, in March 2015, FNS awarded an Employment and Training Grant in the amount of \$12 million to Fresno County Department of Social Services to offer multiple career-driven services, including education, job training, support services, subsidized and unsubsidized employment, retention services, ongoing case management, and financial incentives for clients for milestone achievements. The grant will provide SNAP recipients with new or better skills to improve their employment opportunities. This would also help residents receiving SNAP who have been displaced because of the drought.

TEFAP is also designed to meet emergency food needs for those experiencing hard economic times. Through TEFAP, food and administrative funds are made available by USDA to States. States provide the food to local agencies that they have selected, usually food banks, which in turn, distribute the food to soup kitchens and food pantries that directly serve the public. Each TEFAP State has the discretion to allocate TEFAP resources to participating recipient agencies within the State as it sees fit. Such TEFAP resources allocated within the State are used to help individuals in need, including individuals impacted by emergency situations, such as a drought.

Additional information on steps the Department is taking to accommodate drought impacted communities in California is provided for the record.

USDA made \$76.7 million available through TEFAP to food banks in the State of California to help families, including those that may have been economically impacted by the drought. In fiscal year 2014, California was offered \$35.2 million in food and \$6.6 million in administrative funds through TEFAP, based on a Federal funding formula which accounts for the State's share of national poverty and unemployment. Additionally in fiscal year 2014, California received \$34.9 million of USDA bonus (i.e., market support) purchases of USDA Foods. In fiscal year 2015, USDA offered California \$42.8 million in foods and \$6.5 million in administrative funds through TEFAP, based on the above referenced funding formula. Additionally in fiscal year 2015, \$14.2 million worth in bonus purchases made by USDA have been received in California year-to-date.

In 2014, USDA worked with the California Department of Education to target efforts to expand the number of Summer Food Service Program meal sites. Over 3,600 summer meal sites operated in California in 2014. Also in fiscal year 2014, USDA, in collaboration with the California Department of Education, created a goal to establish 600 summer meal sites in drought stricken areas. The agency exceeded this target and by summer's end had 725 sites in the region. In 2015, FNS will continue to work with the California Department of Education and other states to ensure summer meals are available in areas affected by the drought.

In 2014, USDA participated on the California Drought Task Force as an advisor on USDA nutrition assistance resources available and will continue to participate on the Task Force in 2015, as needed.

USDA continues to work with the California Departments of Social Services, Education and Public Health as well as California's food banks to provide referrals and information on FNS programs such as eligibility, how and where to apply, and meal sites and hours of operation for the Summer Food Service Program, so that children up to the age of 18 can get a free meal.

MILITARY FAMILIES RECEIVING SNAP BENEFITS

Question. The national food bank network Feeding America estimates in their 2014 Hunger Study that 20 percent of the 15.5 million households receiving food assistance from them nationally include someone who has previously served in the military, and roughly 4 percent of households include someone currently serving in the military. In San Diego, roughly 10 percent of households seeking food assistance from the Feeding America Network contain an active duty military member.

There are also food pantries on military bases across the country. The 2015 Military Compensation and Retirement Modernization Commission (MCRMC) report cites estimates from USDA that in fiscal year 12, between 2,000 and 22,000 military service members received SNAP benefits. Estimates of SNAP usage by military members vary widely because states that administer these benefits are not required to collect data on the actual number of active-duty service members in households receiving SNAP.

Clearly there is a need for food assistance among military families, but these numbers indicate that military families who need Federal food assistance may not be fully served by the program. The same MCRMC report recommends ending the military's Family Subsistence Allowance (FSSA) program and favors the enrollment of needy military families in SNAP, but these families continue to face barriers accessing SNAP. Namely, military families who live off base are reviewed differently than military families who live on base in terms of how their military-provided housing is recorded when determining SNAP eligibility and benefits. In addition, military families could face additional barriers to accessing SNAP depending on their station location under recent proposals to convert SNAP into a block grant program.

In order to adequately plan for the SNAP program, how does USDA's fiscal year 16 budget assess the number of military households currently enrolled in SNAP and the number of military households who are potentially eligible for SNAP?

Answer. While military families not stationed overseas are eligible to receive SNAP, few do, because their incomes at most ranks make them ineligible for benefits. While data is limited, the best estimates suggest only about one or 2 percent of individuals currently on active duty receive SNAP. Our SNAP budget projections are based on total expected caseload and benefit levels, which includes any military families that are eligible to receive SNAP and choose to participate in the program. FNS expects to have sufficient funds to serve any military households that are eligible and wish to receive SNAP benefits.

FOOD INSECURITY IN MILITARY HOUSEHOLDS

Question. How does USDA's fiscal year 16 budget make an effort to address food insecurity in military households and increase their access to SNAP?

Answer. SNAP continues to be a vital nutrition assistance support program for low-income households, including those with eligible military service men and women, and veterans. In addition, SNAP provides employment and training (E&T) services to participating unemployed or under-employed individuals, including veterans, that enhance or supplement existing services. USDA provides \$90 million to States for the cost of administering and operating a SNAP E&T program each year and reimburses States for 50 percent of additional administrative costs and participant expenses associated with these programs. States can design their E&T programs to meet the unique needs of targeted populations, such as veterans and those experiencing homelessness.

Under SNAP rules, able-bodied adults without dependents (ABAWDs) are required to work or participate in a work program at least 20 hours a week in order to receive SNAP for more than 3 months within a 36-month period. The ABAWD population invariably includes some of the most at-risk veterans. In order to serve this group, USDA allocates a portion of an additional \$20 million to each State that pledges to provide qualifying E&T services to all at-risk ABAWDs so that they may continue to receive SNAP benefits while searching for work, participating in training, or gaining work experience.

Lastly, USDA's fiscal year 2016 budget request includes \$25 million in additional SNAP E&T grants to help States to offer targeted employment and training services to ABAWDs. This additional funding will ensure that ABAWDs continue to receive nutrition assistance while improving their skills and preparing to enter the labor market.

SUMMER ELECTRONIC BENEFIT TRANSFER (EBT) DEMONSTRATION PROJECTS

Question. More than one in five American children is in a household struggling with hunger, an astonishing number. Child hunger is often most prevalent in the summer when school is out of session.

Despite the impressive progress that USDA continues to make in expanding access to the Summer Food Service Program (SFSP), only 2.1 million children were served in July 2003, which is only about 14 percent of those who received free or reduced-price school meals during the previous school year.

One of the most promising programs to supplement the SFSP—especially for rural areas like the drought-affected Central Valley, where access to summer sites is especially difficult—is the Summer Electronic Benefit Transfer (EBT) demonstration projects piloted by USDA. The evaluations of this program to provide nutrition assistance in the form of EBT cards has proven to dramatically reduce summer hunger, including reducing the most severe forms of child hunger by approximately one third. Moreover, this program has very low administrative costs, and it benefits local jobs and economies through grocery spending.

Given the existing pilot data proving the strength of summer EBT, as well as new academic research about the lifelong impact of even one incidence of hunger, how does USDA propose to scale up the summer EBT program so that it is part of our national response to the summer child hunger crisis?

Answer. While the school meal programs serve about 21 million low-income children each school day, summer meal programs, including the Summer Food Service Program and the National School Lunch Program Seamless Summer Option, reach only about 3.7 million (or about 16 percent) of these children in the summer—a time of increased food insecurity for children.

Summer Electronic Benefit Transfer for Children (SEBTC), funded by Congress in 2010 as a demonstration project, has shown clear results in reducing very low food security among children, the most severe form of food insecurity. The SEBTC evaluation showed it reduced the most severe form of childhood hunger by a third. It also showed that SEBTC can reach a significant proportion of children eligible for free and reduced-price school meals. Across the 14 pilot sites, SEBTC reached between 30—75 percent of children eligible for free and reduced-price meals in the summer. Furthermore, SEBTC children ate more healthfully. They ate about 13 percent more fruits and vegetables, 30 percent more whole grains, and 10 percent more dairy.

Congress provided \$16 million to continue these demonstration projects during the summer of 2015. FNS offered the 10 grantees that previously administered the SEBTC pilots the opportunity to continue providing benefits to children previously served and to expand the program in rural areas. Eight grantees continued their participation in SEBTC for summer 2015: Cherokee Nation, Chickasaw Nation, Connecticut, Delaware, Michigan, Missouri, Nevada, and Oregon. Two grantees from previous years, Texas and Washington, declined participation due to prohibitive logistical constraints or implementation barriers based on the late notice of funding. Because of uncertainties in receiving a final 2015 budget, FNS could not inform sites until late spring that they would receive summer funding. Combined with funds remaining from previous years, FNS was able to provide nearly \$23 million to these eight grantees to continue and expand the program for the summer of 2015.

USDA is requesting an additional \$50.9 million in fiscal year 2016, for a total of \$66.9 million to continue SEBTC demonstration projects. Funding in fiscal year 2016 will allow FNS to continue the program in several States, benefitting as many as 200,000 families.

Question. How, if at all, are any of these additional investments targeted toward California, home to more poor children and homeless children than any other state?

Answer. California was not one of the original 10 grantees selected to participate in the SEBTC demonstration project. Due to limited additional funding, FNS has been unable to solicit additional requests for proposals allowing new States to participate.

However, FNS has provided targeted technical assistance to California for the past two summers in order to increase participation in the USDA summer meal programs. We saw increases in meals served in both summer 2013 and 2014, with almost 825,000 more meals in 2014 than the summer before (5.75 percent increase). California continues to build on this success and aims to increase the number of meals served by 5 percent in summer 2015. And, as noted in our response on the question related to drought, we are also focusing additional attention on drought impacted areas of the state.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

BUDGET RECONCILIATION

Question. Do you share my concerns that a reopening of the Farm Bill as part of budget reconciliation would be devastating to the work your Department has been doing to implement the new Farm Bill authorities and provide certainty to program participants, crop insurance recipients, SNAP recipients, and agricultural producers who are just now going into the 2015 crop year and making sign up decisions?

Answer. The new Farm Bill builds on historic economic gains in rural America over the past 5 years, while achieving meaningful reform and billions of dollars in savings for the taxpayer. It has allowed USDA to achieve record accomplishments on behalf of the American people, while providing new opportunity and creating jobs across rural America. It has enabled USDA to further expand markets for agricultural products at home and abroad, strengthen conservation efforts, create new opportunities for local and regional food systems and grow the biobased economy. It has provided a dependable safety net for America's farmers, ranchers and growers and maintained important agricultural research, and ensure access to safe and nutritious food for all Americans.

The Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and other critical programs that reduce hunger and help families meet their nutritional needs. To ensure these needs are met, the budget includes mandatory funds to fully support estimated participation levels for the Supplemental Nutrition Assistance Program (SNAP). SNAP is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of millions of low-income Americans, the majority of whom are children, the elderly, or people with disabilities. SNAP kept over 5 million people, including nearly 2.2 million children, out of poverty in 2013.

Although the Farm Bill included several reforms to the Federal crop insurance program; there remain further opportunities for improvements and efficiencies. The President's 2016 budget includes two proposals to reform crop insurance, which are expected to save \$16 billion over 10 years. This includes reducing subsidies for revenue insurance that insure the price at the time of harvest by 10 percentage points and reforming prevented planting coverage, including adjustments to payment rates. These reforms will make the program less costly to the taxpayer while still maintaining a quality safety net for farmers.

AGRICULTURAL RESEARCH SERVICE

Question. I understand that the Agricultural Research Service has financial needs relating to the upkeep of its facilities. While I want the Service to have the resources it needs to maintain its facilities I am concerned about ARS potentially shifting funds from existing programming lines to address this need. Can you provide the Committee with more details about the needs of its facilities and provide reassurance that ARS is not pulling back resources from partnership programs to fund this work?

Answer. ARS annually requests funding specifically for the repair and maintenance (R&M) of often dilapidated facilities to ensure that no funds are pulled back from research in order to fund R&M work. In fiscal year 2015, ARS requested and allocated \$20 million of a \$1.13 billion appropriation to carry out the research mission of the agency for repair and maintenance. This is less than 2 percent of its appropriated budget.

The fiscal year 2016 budget request includes an increase of \$20 million to help address the backlog and extend the life span of ARS research laboratories and facilities, provide opportunities for longer term savings, and ensure the capacity to con-

duct safe, quality research. These funds will be distributed on a priority basis across the agency's entire facility inventory. The cost for most of these repair and maintenance projects ranges from \$50,000 to \$500,000.

The ARS facility infrastructure is valued at more than \$3.7 billion, with many of these facilities established in the 1950s and 1960s. The backlog of repair and maintenance (R&M) needs exceeds \$320 million for work such as the repair or replacement of: HVAC, electrical, plumbing, roof, building envelope, site utility system, fire protection system, and other safety systems. Many of these systems and items have reached the end of their service life and no longer meet compliance or safety requirements.

RURAL HOUSING

Question. In many rural communities, the only available source of affordable rental housing is funded through the Section 515 Rural Rental Housing Loan Program. Today, nearly 400,000 of America's most vulnerable families live in housing financed under Section 515 and nearly 94 percent of Section 515 tenants earn very low incomes.

However, after years of significant budget cuts for the program, in 2012, the Department halted financing the construction of new rental housing. Current funding for the Section 515 Rural Rental Housing Direct Loan Program is used only for the much needed rehabilitation and maintenance of the existing portfolio.

How does the Department's proposed budget assist the rural Americans who are not looking to become homeowners, but are in need of an affordable place to live with their families?

Answer. The 2016 budget seeks to assist rural Americans in need of rental housing in a number of ways. First, it provides rental assistance to support more than 250,000 rural residents in need of safe, decent and affordable housing. Second, it increases funding in the Section 515 and MPR program to help preserve and revitalize Rural Development's existing rental housing portfolio. Third, it proposes to increase funding in the Section 515, Section 538 Guaranteed, and Rental Assistance programs for the construction of additional affordable housing, particularly in persistent poverty areas such as Strike Force and Promise Zones that are most in need of that housing. And fourth, the 2016 budget proposes to extend housing vouchers to residents of Section 515 properties with maturing mortgages, to the extent possible, so eligible tenants in those properties will be given the same protection from potentially significant rent increases that is currently provided to tenants in Section 515 properties prepaying their mortgage.

Question. Unfortunately, funding for new construction of rental housing in rural America is not included in this budget. For rural communities facing housing shortages and shrinking state budgets, what role do you see the Department having in addressing the need for additional units of affordable rental housing in rural America, if not through funding?

Answer. The 2016 budget includes funding for new construction in the Section 515 program, as well as in the Section 538 and Farm Labor Housing programs. In recent years, the Department has focused on using its Section 515 program to help meet the need to revitalize its existing housing portfolio, due to the age of the 515 portfolio and the expected preservation needs. However, the fiscal year 2016 budget includes some funding that would help provide additional affordable rental housing in persistent poverty areas where the housing needs are greatest.

Rental Assistance would also be available to support tenants in that new housing. The Section 538 guaranteed program provides another avenue for new construction of affordable housing; nearly all of the program's housing includes Low Income Housing Tax Credits, which ensures that only low income residents qualify for the housing.

FOOD SAFETY MODERNIZATION ACT

Question. I am very worried about the potential impact the new FDA food safety regulations could have on our small farms in Vermont. That is why I pushed for the authorization of the new Food Safety Outreach Program in FSMA, because your USDA staff and extension agents are best suited to help small and mid-size farms and small local food processing facilities comply with the new food safety regulations. I believe that if we do not educate before we regulate, we are just setting the FDA up for failure.

Can you tell me how USDA will use the \$2.5 million in fiscal year 15 funds to help farmers comply with this onslaught and burden of potential fees, paper work, and confusing rules? And do you think there are enough resources being allocated

to help our produce farmers and those involved with any value-added or on-farm processing to understand these complex new rules?

Answer. The U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture's National Institute of Food and Agriculture (NIFA) have joined in a collaborative partnership to administer a competitive grant program designed to develop a comprehensive food safety training, education and technical assistance program for those affected by the Food Safety Modernization Act (FSMA). Specifically, the program will address the needs of owners and operators of small and medium-sized farms, beginning farmers, socially disadvantaged farmers, small processors, or small fresh fruit and vegetable merchant wholesalers. Although these entities will be directly impacted by new FSMA guidelines, many lack access to the resources needed to implement those guidelines. Both FDA and USDA recognize that food safety training, education, and technical assistance for these entities are critical to ensuring awareness and compliance with new produce safety standards and preventive controls for human and animal food proposed under FSMA future appropriation.

The joint program will award grant funds that enable awardees to establish a National Coordination Center for Food Safety Outreach and four Regional Food Safety Training Centers (Regional Centers). The National Coordination Center will provide overall leadership for support and coordination of the Regional Centers, while ensuring that food safety training, education, outreach, and technical assistance across the entire program are consistent with FSMA guidelines. Each Regional Center will lead, manage, and coordinate the regional development and implementation of food safety training, education, outreach and technical assistance programs for the intended audiences. Both FDA and NIFA will work with Regional Centers and the National Coordination Center to help establish and maintain an effective and sustainable program that will meet the ongoing needs of intended audiences affected by new FSMA guidelines.

While the \$2.5 million appropriated in fiscal year 15 will enable NIFA, in coordination with FDA to begin building an infrastructure that will support a national food safety training, education, extension, outreach, and technical assistance system and provide significant opportunities for partnerships with stakeholder groups that include produce farmers and those involved with value-added or on-farm processing, additional funds, such as the \$2.5 million increase requested in the President's 2016 budget, will strengthen and further expand the infrastructure in ways that will benefit multiple stakeholder groups.

NATIONAL ORGANIC STANDARDS BOARD RECOMMENDATIONS

Question. This year marks 25 years since the first Organic Farm Bill was signed in to law. At the time, many in the Senate dismissed it as a niche activity that was never going to amount to much.

Organic product sales in the United States are now valued at \$35 billion a year and have posted double-digit growth year after year after year. The only way this growth can continue and our farmers can benefit, is if we can assure consumers that the USDA Organic logo stands for something strong. There is a lot of confusion among consumers today and one area of particular interest to me is surrounding regulations on how animals are raised and their access to pasture. This is a basic tenet of organic production. Livestock must have access to fresh air and sunshine whenever possible.

In 2011 the National Organic Standards Board put forward a recommendation that the Department move forward with a rulemaking process laying out the standards for livestock healthcare and living conditions, including access to the outdoors.

What assurances can you give me that the Department is moving forward to finally respond to the recommendations put forth by the National Organic Standards Board?

Answer. The National Organic Standards Board (NOSB) has provided over 200 recommendations regarding the National List of Allowed and Prohibited Substances as well as over 150 recommendations concerning other aspects of the USDA organic standards. The Department has implemented 222 of the National List recommendations and 127 of the general organic standards recommendations and incorporated them into the USDA organic regulations. USDA plans to respond to the outstanding National List recommendations from October 2014 and NOSB recommendations regarding the prohibition of sodium nitrate in organic production within the next 2 years. An additional 13 recommendations will be addressed through current initiatives, which include rulemaking on origin of livestock, aquaculture, pet food, apiculture, and animal welfare. USDA is also establishing a Hydroponics/

Aquaponics Task Force that will report to the NOSB regarding their Greenhouse recommendation.

USDA WILDLIFE SERVICES

Question. The USDA Animal Plant Health Inspection Service (APHIS) is the charged with, among other things, protecting agriculture and fisheries from nuisance and invasive species. For many years APHIS was the lead agency in controlling the double crested cormorant (cormorants) populations on Lake Champlain in Vermont and New York as well as across the region including the upper Saint Lawrence River, the Finger Lakes of New York, Lake George and other large water bodies. Cormorants are considered a nuisance species in this region and peer reviewed scientific studies have shown that in some cases cormorant predation can have a negative impact on commercial and sportfish stocks. The birds also have an easily observed devastating impact on public and private property where they roost and nest.

In recent years, however, APHIS cormorant control activity on Lake Champlain has been greatly reduced and this correlates with an increase in cormorant numbers. I am hearing from concerned Vermonters that in the time since the USDA Wildlife Services has cut back on resources being directed to reduce cormorant numbers on Lake Champlain we have seen a dramatic spike in this migratory birds population, which has an easily observed negative impact on terrestrial habitat and many feel is also having a severely detrimental effect on game fish populations.

What amount of funds does the USDA propose to allocate to cormorant control activities on Lake Champlain in New York and Vermont in fiscal year 16?

Answer. USDA plans to spend \$15,000 in fiscal year 2016 to reduce the impact of the cormorant population in the Lake Champlain region.

Question. Will this funding be sufficient to enable APHIS to control cormorant populations on Lake Champlain at a level that mitigates the worst damage to private and public property and to commercial and sportfish stocks of Lake Champlain?

Answer. If USDA funding is not sufficient to fully address the issue, APHIS could provide additional cormorant control on a requested basis if cooperative funding were made available through other Federal or State sources, grants, or agreements with non-government entities.

TREE AND FOREST PESTS

Question. When I look at the request in your budget for the Animal Plant Health Inspection Service (APHIS) Tree & Wood Pests work and another massive cut in its funding I am shocked. While they may not get the sort of news coverage that the forest fires out west often do, the invasive pests in our forests are a critical threat to our forests and our economy.

Despite the increasing risk and impacts, funding for the "Tree and Wood Pest" account has been reduced by nearly 30 percent since fiscal year 11. The President's budget now proposes cutting the program further, from \$54 million to \$46 million. Even at current funding levels for this budget account, APHIS cannot maintain efforts to curtail spread of insects that are already established, much less respond to new threats every year.

With the funding level requested in your budget will the Department continue to focus on the eradication of the Asian longhorned beetle that threatens Vermont's forest industry and our sugarmakers? And with this proposed \$8 million reduction in spending what work is the Department proposing to cease related to tree and wood pests?

Answer. The Asian long-horned beetle (ALB) is a serious, invasive tree pest that threatens roughly 30 percent of U.S. trees that are potential hosts. APHIS continues to focus on the eradication of ALB. Since APHIS began the ALB eradication program in 1996, the Agency has successfully eradicated infestations from Jersey City, Middlesex County, and Union County, New Jersey; Islip, Staten Island and Manhattan, New York; and Boston, Massachusetts. In addition to these northeast States, APHIS has also successfully eradicated ALB from an infestation in Chicago, Illinois. The Agency is currently conducting ALB eradication activities in northeast forests in New York and Massachusetts, as well as in Ohio.

APHIS is proposing decreases to two areas of the Tree and Wood Pests program: the ALB eradication program and emerald ash borer program. These proposed decreases are to allow for more equitable sharing of costs between the Federal government and those who benefit from these important programs. If cooperators are able to increase their contributions to the programs, they will continue to operate at their current levels. If contributions to the programs do not increase, APHIS would

focus available resources on preventing the spread of pests and diseases to new areas.

QUESTIONS SUBMITTED BY SENATOR TAMMY BALDWIN

MARGIN PROTECTION PROGRAM FOR DAIRY

Question. As we look back at the first round of signups for the new Dairy Margin Protection Program, we saw just over half of the dairy farmers in the country sign up, and about 55 percent of those bought up to higher levels of coverage beyond the base, catastrophic level. Wisconsin's sign up percentages were only slightly better than the national average. What is USDA planning to do to make it easier for farmers to sign up for 2016?

Answer. The Margin Protection Program for Dairy (MPP-Dairy) is a significant change for dairy producers that were accustomed to the Milk Income Loss Contract (MILC) program, since MILC did not require fees or premiums to be paid. The first year enrollment for MPP-Dairy compares very favorably to the initial enrollments for other risk protection programs such as initial crop insurance offerings.

USDA will build on our successful outreach efforts including partnering with Extension Services to ensure all dairy producers are informed about the coverage options provided under MPP-Dairy. Current participants also will receive a reminder letter providing them with their previous coverage options and applicable forms that can be mailed back to the Farm Service Agency (FSA) county office, along with their applicable fees, for continuous coverage into 2016 without requiring another trip to the local FSA office.

Question. One of the things that I am hearing from back in Wisconsin is that it would be very helpful for USDA to allow dairy cooperatives to deduct the premiums for the MPP program from their producers' monthly milk checks, and submit the payments to USDA on their behalf. Currently, farmers' options are to pay their MPP premiums in one lump-sum annual payment or two annual payments. That can result in some big payments and cash flow challenges that might deter some farmers from participating fully in the program. This may be particularly true for next year, because prices are much lower than during the last sign up, so farmers have less cash on hand. Will USDA be modifying the rules for the 2016 sign up to allow for monthly payments of MPP premiums through their cooperatives?

Answer. USDA supports providing additional MPP-Dairy premium payment options to provide more flexibility to producers. Even in the first year, FSA provided an initial option that allowed producers to pay premiums later in the year after coverage had begun and back loaded the premiums so that only 25 percent was due initially. Even with this additional producer friendly option, 60 percent of producers paid the premium in full in 2014. With respect to cooperatives, there is no prohibition on another party paying the fees on behalf of a producer. A private arrangement between a cooperative and a producer would be possible now as long as the cooperative met the same deadlines for premiums being paid.

We understand that cooperatives may not be interested in assuming the role of aggregating premiums and potentially prepaying for their members. We are therefore exploring the possibility of allowing monthly payments of premiums either directly or through cooperatives. We believe this would be a favored enhancement to the program that would increase participation. While this option will not likely be available during enrollment, we are exploring the option in some form for the 2016 premiums later this year.

Question. As we think about the next sign up, one thing that would be very helpful is to have data about what decisions farmers made for 2015. Currently, we know what percentage of farmers in every state signed up, and what percentage bought up to higher levels of coverage. What we don't know is a breakdown of what buy up coverage levels they purchased. A farmer that buys up has an option of purchasing protection for a \$4.50 margin protection level, all the way up to an \$8 coverage level. This information would be extremely helpful information to have. Is that something you could provide to us in the near future?

Answer. The coverage level breakdown for 2015 MPP-Dairy is available at http://www.fsa.usda.gov/Internet/FSA_File/ta_2_mpp_ct_ops_by_cvge_lev.pdf. The information is provided below for the record.

[The information follows:]

TABLE 2—COUNT OF DAIRY OPERATIONS BY COVERAGE LEVEL FOR 2015 MARGIN

State	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00	\$7.50	\$8.00	Total
Alabama	14	.....	1	.....	1	.....	.....	.....	.....	16
Alaska	2	.....	.....	.....	.....	.....	.....	.....	.....	2
Arizona	46	.....	.....	.....	33	1	.....	.....	.....	81
Arkansas	24	.....	4	.....	13	19	2	.....	.....	66
California	794	5	70	14	168	42	1	18	.....	1,112
Colorado	59	.....	4	1	15	9	.....	.....	4	93
Connecticut	17	.....	1	.....	10	48	3	11	.....	90
Delaware	15	.....	.....	.....	1	4	.....	.....	.....	20
Florida	57	.....	.....	3	19	5	.....	.....	.....	87
Georgia	99	.....	1	3	36	21	6	17	3	186
Hawaii	1	.....	.....	.....	.....	.....	.....	.....	.....	1
Idaho	255	2	7	5	34	41	5	10	1	360
Illinois	225	3	11	4	79	143	17	46	6	534
Indiana	273	7	8	3	57	78	4	16	8	454
Iowa	325	4	14	14	144	315	36	100	12	964
Kansas	96	2	2	5	28	45	1	14	3	196
Kentucky	165	1	7	4	80	86	7	41	3	394
Louisiana	41	.....	2	1	10	14	3	7	1	79
Maine	99	3	2	3	10	62	4	6	.....	189
Maryland	113	1	6	3	36	42	.....	14	1	216
Massachusetts	19	.....	1	3	9	34	12	33	1	112
Michigan	563	9	42	38	175	173	22	42	19	1,083
Minnesota	704	12	54	40	360	1,232	73	174	35	2,684
Mississippi	37	.....	1	3	7	13	1	2	1	65
Missouri	123	3	16	10	98	228	31	103	13	625
Montana	28	.....	6	.....	8	8	.....	1	.....	51
Nebraska	72	.....	4	4	30	38	3	3	2	156
Nevada	16	.....	.....	.....	1	2	.....	.....	.....	19
New Hampshire	13	.....	.....	.....	12	24	5	15	.....	69
New Jersey	17	.....	1	.....	6	15	3	1	2	45
New Mexico	73	.....	6	.....	51	3	.....	.....	.....	135
New York	1,037	16	75	69	371	692	39	107	28	2,434
North Carolina	87	1	3	4	27	39	.....	13	4	178
North Dakota	30	.....	1	1	6	22	.....	4	1	65
Ohio	607	2	31	22	131	170	15	54	4	1,036
Oklahoma	67	.....	.....	.....	10	17	1	4	1	100

TABLE 2—COUNT OF DAIRY OPERATIONS BY COVERAGE LEVEL FOR 2015 MARGIN—Continued

State	\$4.00	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00	\$7.50	\$8.00	Total
Oregon	111	1	5	3	10	20	1	8	.....	159
Pennsylvania	902	12	84	53	380	570	33	111	20	2,165
Puerto Rico	32	2	3	.....	4	1	.....	.....	.....	42
Rhode Island	2	.....	.....	1	1	5	.....	1	.....	10
South Carolina	16	.....	.....	1	3	3	.....	4	.....	27
South Dakota	89	.....	4	2	30	71	6	6	1	209
Tennessee	148	.....	4	1	22	64	3	18	2	262
Texas	148	.....	15	13	101	58	7	22	7	371
Utah	114	.....	5	4	19	23	2	1	1	169
Vermont	207	1	15	7	83	203	18	54	.....	588
Virginia	129	.....	15	2	60	124	12	32	6	380
Washington	129	.....	8	12	58	83	7	12	1	312
West Virginia	11	.....	1	.....	8	3	1	4	.....	28
Wisconsin	2,635	47	198	147	973	1,544	118	294	69	6,025
Wyoming	2	.....	1	.....	.....	.....	.....	1	.....	4
Total	10,888	136	741	505	3,828	6,457	502	1,430	261	24,748

ORGANIC RESEARCH

Question. The double-digit growth in annual demand for organic products in this country is very exciting. But that demand is far outpacing growth in domestic production, requiring us to import greater amounts of organic product to meet consumer needs. I believe, and I think you would agree, that these are jobs that we can and should keep in this country.

Organic research funding has also not kept pace with the growth in the organic sector. One of the great things about organic research is that much of it is useful to conventional farmers as well. For instance, research into ways to manage livestock herd health without the use of antibiotics may be an organic priority, but is has great utility for conventional livestock farmers too.

Last year, USDA's National Organic Standards Board put out a list of unmet organic research priorities, many of them to tackle issues that have either hindered domestic organic production, or would help increase domestic production of organic products.

I believe this makes the case for us to increase USDA funding for organic research, either by increasing overall funding for programs such as the Organic Transitions Program (within NIFA), or to do more organic research within the larger AFRI program. Without adequate research into the challenges facing U.S. organic farmers, it will be very difficult for us to keep pace with the exploding demand.

Wisconsin is the number 2 state in the nation for organic production and in terms of number of producers. (California is number 1). I believe there is great potential for growth in organic farms in Wisconsin, but research is key to that goal.

Could you provide for the record an accounting of how much organic research has been conducted through the AFRI program over the last 5 years, with the trend lines?

Answer. The information is provided for the record.

[The information follows:]

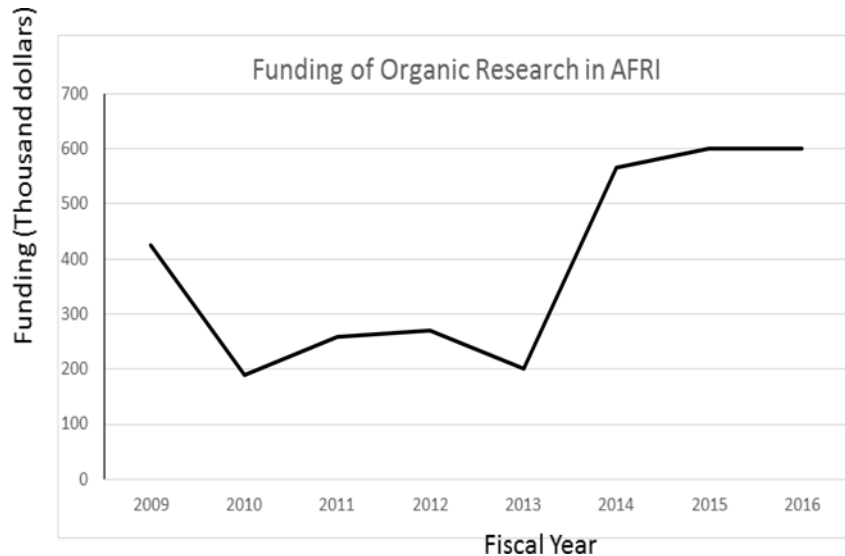
AGRICULTURE AND FOOD RESEARCH INITIATIVE ORGANIC RESEARCH

Fiscal Year	NRI/AFRI Funding Amount (in dollars)
2009	\$425,000
2010	\$189,000
2011	\$258,000
2012	\$271,000
2013	\$200,000
2014 ^a	\$566,000
2015 ^b	\$600,000
2016 ^b	\$600,000
Total, AFRI Organic Research	\$3,109,000

^aThe amount for fiscal year (FY) 2014 is the current program estimate.

^bThe amounts for fiscal years 2015 and 2016 are straight lined based on the fiscal year 2014 current program estimate.

TREND LINE TABLE



Awards are based on applications received and highly meritorious projects recommended for award. Therefore, fluctuations will occur.

The variation represents a decline of one grant between 2009 and 2010 followed by static funding through 2013. Due to the small sample size (i.e., one to two grants funded per year), this is a normal variation in funding for any topic.

Question. Can you also speak about the importance of organic agricultural research to meeting USDA's own stated goals for growing the organic sector?

Answer. There has been double-digit growth in annual demand for organic products. Domestic production has not been able to satisfy this demand and imports have filled this void. While it might make sense to import products that are typically not grown domestically like olive oil, coffee, coconut, banana etc., large quantities of other products like organic livestock feed and organic soybean, for instance, continue to be imported although they could be produced domestically.

In part through research, USDA is committed to assisting the organic sector. The recent 2014-2018 USDA strategic plan stresses the need for USDA to "support research and education that enables organic production." (Goal 1) This emphasis in the USDA Strategic Plan is reflected in the 2014 Research, Education, and Economics (REE) Action plan (Goal 1A) as it calls for action to "Develop more sustainable production systems for conventional, organic and low input crops ..." Goal 7 calls for the need to "Develop and share knowledge to help stakeholders implement successful organic production and marketing systems in response to growing consumer demand."

USDA, in particular NIFA and ARS, has invested in research to achieve these goals. The two major competitive programs that support organic agriculture research within NIFA are: ORG—Organic Transitions and OREI—Organic Agriculture Research and Extension Initiative. Since 2001, both programs have received 1,026 proposals of which only 186 were funded within available resources. Organic agriculture research has been encouraged in many programs within the Agriculture and Food Research Initiative (AFRI).

ARS scientists conduct organic agriculture research focused on understanding the scientific basis of biological and physical processes innate to plants, soils, invertebrates, and microbes that naturally regulate pest problems and soil fertility to improve product quality, economic competitiveness, and supply to meet increasing demand for organic products. Since 2008, ARS organic research activities have been conducted as part of the Agricultural System Competitiveness and Sustainability National Program. ARS organic research activities are coordinated with other agencies through the USDA Organic Working Group.

There is a clear need for research in organic agriculture. This work is critical to address the challenges facing producers and processors who have already adopted

organic standards as well as those who are adopting organic practices. This is widely recognized by the organic community as a major constraint to domestic production. They maintain a long list of research priorities that are essential to meet producers' needs, including, but not limited to, developing cultural practices and other allowable alternatives to substances recommended for removal from National Organic Programs' National List of Allowed and Prohibited Substances; conducting advanced on-farm crop, livestock, or integrated livestock-crop research; and strengthening of organic crop seed systems, including seed and transplant production and protection, and plant breeding for organic production, with an emphasis on publicly available releases.

NATIONAL ORGANIC PROGRAM SUNSET POLICY CHANGE

Question. One of the unique things about the organic sector is that the Organic Foods Production Act (OFPA) lays out a very rigorous process for considering what synthetic materials can be used in organic production and handling, to make sure they meet a stringent list of scientific, environmental and compatibility criteria. The National Organic Standards Board (NOSB) is in charge of this process, which has helped to build trust in the USDA organic seal.

For a synthetic material to be used in organic production, USDA's long-standing interpretation of the law has been that at least 2/3rds of the NOSB members must vote in favor of adding that material to the "National List" of allowed materials. Once on the List, the USDA policy required that the material be reviewed every 5 years and relisted again by a vote of at least 2/3rds of the NOSB. Most materials have garnered the necessary votes in order to remain approved. However, the sunset review process changed dramatically in September of 2013, when USDA's National Organic Program announced a major shift in this policy, without undertaking a full notice and comment process.

I am hearing a lot of concern from the organic community about both the process and substance of this policy change for such a critical and unique aspect of the USDA organic program, which is tied to the integrity of the organic label.

Until USDA's policy change, the same high hurdle of scientific scrutiny used to consider a material's usage in organic when it was first allowed was also used to review it after 5 years. The policy required a 2/3rds vote of the NOSB for the initial placement of a material on the "National List" to allow its usage in organic, and also required a 2/3rd vote of the NOSB after 5 years to allow the material to be renewed and remain on the List for another 5 years. Now, under the new policy, once a material is on the List, it stays on the List unless 2/3rds of the Board members vote to remove it from the List of allowed materials. This is a reversal of the previous policy and procedure.

Can you explain why USDA would make such a big policy change in this process, and reinterpretation of the law, without any notice and comment process?

Answer. USDA strongly supports organic agriculture, and is committed to establishing a level playing field that protects all organic farms and businesses. Public participation is vital to USDA's work in organics, and we always encourage all members of the public to take part in opportunities to do so.

On September 16, 2013, the National Organic Program announced a revised sunset review and renewal process that would help protect organic farmers and consumers. We also increased public engagement and transparency, allowing more opportunity for public comment by providing two public comment periods for each substance undergoing sunset review.

This matter is currently under pending litigation and we are not able to comment further.

FOREST MANAGEMENT

Question. In the budget request, the Forest Service talked a lot about ecological resiliency. This is important to Wisconsin stakeholders, given that their livelihoods and way of life depends on a healthy forest. But economic resiliency is also fundamentally important in Wisconsin. In contrast to other states, in Wisconsin we are fortunate to have a forest products industry that can partner with the Forest Service to accomplish Federal goals for timber management, forest restoration, ecosystem services, and infrastructure repair.

The Forest Service is not doing enough to address the economic resiliency of our communities which are dependent on the forest. Our industry partners, and many conservation partners, are frustrated with the agency. They would like to see more transparent communication from the forest and region about timber sale goals. They would like to dialog with the agency about the content and timing of upcoming sales, so that industry can plan other work on non-Federal land, and ensure our

hardwood and pulpwood mills have a steady supply of material. They would like to see more work done.

What tools in the budget are most important to accelerating active forest management in Wisconsin? What tools does the agency need to achieve this goal?

Answer. Forest Products, Vegetation Management, and Roads budget line items are critical in supporting all activities for the timber program and to increase the pace and scale of restoration. Resources to support the road system, including replacement/repair of bridges, are critical to achieving the forest management goals. These budget line items have been negatively impacted by increased fire suppression costs over the years. The primary tool that the agency needs to address accelerated forest management in Wisconsin, as elsewhere, is the fire cap adjustment. Funding extraordinary fires outside the agency cap will free up resource dollars under the Interior bill's currently tight discretionary funding caps. This will help fund key restoration, fire preparedness, and infrastructure programs, including Integrated Resource Restoration, CFLRP, Suppression, Landscape Scale Restoration, and it allows high levels of investment in Hazardous Fuels to be maintained from prior years. These restoration programs help create healthier, more resilient, and more fire-adapted landscapes where fire can visit a site with less than devastating consequences and communities are better able to live with fire and other disturbances.

SUBCOMMITTEE RECESS

Senator MORAN. I thank everyone again for attending today's hearing, and we are adjourned.

[Whereupon, at 11:11 a.m., Tuesday, March 17, the subcommittee was recessed, to reconvene subject to the call of the Chair.]