

THE STATE OF RURAL AMERICA

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

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THE STATE OF RURAL AMERICA

Tuesday, April 24, 2018

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

The Committee met, pursuant to notice, at 10:05 a.m., in 328A, Russell Senate office building, Hon. Pat Roberts, Chairman of the Committee, presiding.

Present: Roberts, Boozman, Hoeven, Ernst, Grassley, Thune, Daines, Perdue, Fischer, Hyde-Smith, Stabenow, Brown, Klobuchar, Bennet, Gillibrand, Donnelly, Heitkamp, Casey, and Smith.

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

Chairman ROBERTS. Good morning. I call this hearing of the Senate Agriculture, Nutrition, and Forestry Committee to order. If we can get our friends over here on my right from telling tales and enjoying themselves.

This morning, I would like to welcome Senator Hyde-Smith to the Committee. She is not present yet, but we are sure glad to have another farmer and a former State Agriculture Commissioner at the table.

Wait a minute.

Senator STABENOW. You should welcome her again later.

Chairman ROBERTS. I know. That is what I was going to say. She is not here yet, but I just wanted to make that—

Senator KLOBUCHAR. Perhaps you should do it when she is here. When she is here, that would be good. That would be nice, yes.

Chairman ROBERTS. Are you all planning a coup, or what is it? [Laughter.]

Chairman ROBERTS. Well, we are excited because we have our outstanding Secretary of Agriculture, Sonny Perdue, and today, as a matter of fact, marks a special day for the Secretary. On this day last year, the Secretary was confirmed by the full Senate. Happy 1-year anniversary, Mr. Secretary.

[Applause.]

Chairman ROBERTS. At the time of your nomination hearing last year, agriculture needed a voice, a champion, an advocate, at the highest levels of Government, and that is even more so today.

Producers in Kansas and all across the country, about everybody here at the table, are going through a rough patch in the agricultural economy. Over the past 5 years, prices for many of our major

commodities have dropped by over 40 percent. As a result, net farm income is expected to decline by 52 percent.

The ongoing pressure of low commodity prices continues the need for a high volume of sales. Now more than ever, our producers need certainty and predictability and a partner in Government that can help steady the ship and right the course.

Mr. Secretary, I am very pleased that you hit the ground running in year one and know you will continue to do so. A lot of your time has been devoted to sitting on the wagon tongue with producers and business owners on your “Back to the Roots” tour all across rural America to hear their concerns, and that certainly is a good thing, sir.

On the regulatory front, this administration has been proactive in trying to reduce unnecessary regulations that have hurt producers’ bottom lines. Mr. Secretary, we thank you for that. These reforms decrease unnecessary burdens. They reduce costs, and they provide certainty to allow producers to maximize their output while producing the safest, most affordable food supply in the world. I know that you are working to continue these efforts in the coming months.

Now, I have worked on a few Farm Bills during my time serving on the House and Senate Agriculture Committees. I might add, a privilege to do that. In fact, this is Number 7, and each of them has had a unique set of challenges.

This bill must, unfortunately, do more with less, and it should ensure programs that operate efficiently and effectively and serve their original intended purpose.

Senator Stabenow and I have spent well over a year traveling around the United States and holding hearings here in Washington, and what is apparent is that Farm Bill programs are absolutely critical.

To that end, this Committee is doing its work in a bipartisan manner to make tough choices and to provide producers from all regions and commodities with the certainty and predictability that is needed to be successful. That is our Number 1 issue.

Secretary Perdue, thank you for emphasizing the importance of reauthorizing the Farm Bill. In order for the Farm Bill to reach its full potential, U.S. agriculture must also be a reliable supplier around the world.

This obviously is not a new concept. In the early 1990’s, as Ranking Member of the House Agriculture Committee—part of the job was touting the benefits of the brand-new North America Free Trade Agreement, or NAFTA. Now, every trade agreement I have ever been associated with is both criticized and oversold, but there is a sweet spot.

But since 1994, when NAFTA went into force, the value of U.S. agricultural exports to Canada has increased by 265 percent—nobody predicted that—and to Mexico by 289 percent.

It just makes sense to take a look at agreements like NAFTA to make sure they are functioning as they should be over two decades later.

It also makes sense to work to hold trading partners like China accountable to their WTO commitments.

But trade actions like those we have seen on steel, aluminum, washing machines, and solar panels also put the United States at risk of retaliatory measures that harm jobs, not only to agriculture—they always come back to agriculture—but across all sectors in our economy.

History has shown us that far too often, it is agriculture that bears the brunt of that harm.

I hope that the United States and China can work aggressively to resolve these issues before we enter a full-blown trade war. Our producers need a trade policy that looks forward. We must protect and develop our existing markets, and we need new markets to sell what we grow.

It is absolutely critical that the administration support our effort with trade policies that grow and strengthen markets all around the world.

Now, with that, I recognize my colleague and distinguished Ranking Member, Senator Stabenow, for her remarks.

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

Senator STABENOW. Well, thank you very much, Mr. Chairman. I am also glad to welcome our new Committee member. So we will do that more formally at some point.

I am absolutely pleased to thank and welcome again Secretary Perdue. As the Chairman said, it is the 1-year anniversary today of your confirmation. We are glad to have you back before the Committee.

You have been very busy over the past year, and we are looking forward to hearing an update from you. In particular, you have been hitting the road on your RV tour, including two visits to my home State where you spent some time learning about the great things being done, including the great work at Michigan State University, my alma mater. I am very pleased that you were able to do that.

Today, I look forward to hearing your perspective on the State of rural America. I know that you and I both have small-town roots, and I think we can agree that rural communities are great places to live, raise a family, and start a business. However, many of these communities face unique challenges.

Mr. Secretary, I know you are well aware that the farm and rural economy has been in a tough spot. Economic hardship and the need for food assistance remain higher in many rural communities. You also know that low commodity prices have continued to plague our farmers.

As I am sure you heard in Michigan, our dairy farmers have been struggling with market instability, and for too long, they have not had a reliable safety net. After working with appropriations leaders for the last year, I am pleased that we were able to deliver much needed improvements for dairy farmers and cotton growers in the Bipartisan Budget Act, and I appreciate very much that the USDA has worked quickly to roll out the new and improved Margin Protection Program for Dairy we created.

Unfortunately, the struggles with low commodity prices have been compounded by uncertainty around trade, as the Chairman

has spoken about. I share Chairman Roberts' concerns on this. I believe we need tough trade enforcement when countries like China break the rules, but we must do everything we can to ensure that there are no unintended consequences for our farmers.

The impact of retaliatory tariffs would be felt by farmers directly and indirectly. It does not just impact, for instance, Washington State when that State can no longer ship apples to China. It makes it harder for Michigan farmers to market their apples at a price that keeps them in business.

We also need to address unfair trade imbalances as well. In Michigan, we are world-famous for our tart cherries. Unfortunately, a flood of imports from Turkey is harming the success of our cherry industry. Mr. Secretary, I have called on the USDA to protect our cherry growers from unfair import competition by approving a bonus buy, as you are aware, and I urge you to take action on their request. It is essential for our cherry growers.

Given the State of the economy, we need to be investing in the future of our farmers and rural communities. That is why I was disappointed that the White House decided to double-down on proposed budget cuts that would hurt agriculture and rural families.

I know, Mr. Secretary, at your confirmation hearing, you vowed to be a strong and tenacious advocate for rural America in this administration, and I believe you. Maybe we need to get you a megaphone because not everyone in the administration seems to be getting the message that we need to do more to improve the quality of life in rural America, not less.

Recognizing this, Congress acted to reject the harmful cuts and instead deliver much needed investments, and I am very proud we did that. In the recent bipartisan omnibus, we provided the USDA with \$600 million to expand high-speed internet. We know that is not a frill; that is a basic and absolutely critical for our farmers as well as businesses and families. We added over \$1 billion for much needed rural water infrastructure improvements. The bill also finally fixed the Forest Service's broken budget and provided new tools to protect rural communities from devastating wildfires.

On top of that, Congress worked on a bipartisan basis to give the USDA important resources to fill vacant positions at the Department, which will improve customer service.

I urge you to use all of these tools to ensure our farmers and communities are getting the service I know you are committed to providing.

We look forward to hearing more about your work to implement this bipartisan budget as well as your ongoing reorganization efforts at the Department, and we appreciate very much your being here today.

Thank you.

Chairman ROBERTS. I thank the Ranking Member for her comments.

We now turn to our witness for today's hearing, hailing from the great State of Georgia. Secretary Perdue is our Nation's thirty-first Agriculture Secretary, and he brings valuable experience as a farmer, agribusinessman, veterinarian, State legislator, and Governor of Georgia to that role.

Mr. Secretary, today marks 1 year since—and to the day since the U.S. Senate voted to confirm you to that role. We look forward to hearing your perspective on the State of rural America as well as the work you have done since then.

Mr. Secretary, please proceed.

STATEMENT OF THE HONORABLE SONNY PERDUE, SECRETARY, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Secretary PERDUE. Thank you, Mr. Chairman and Ranking Member Stabenow. It is a pleasure to be with the Committee again. I want to thank you again for your kind treatment last year and the confirmation that marks our 1-year anniversary. I appreciate it very much. It is a fascinating job, even more broad and vast and deep and wide and impactful than I could have ever imagined in so many ways, and we have enjoyed getting across into many of your districts across there. I think we are at 36 States now, and we are going to click off about 5 more in the next couple of months. So we are trying to move around.

We realize that most of our constituency lives outside the Beltway here. Your constituency lives there, and we want to hear from them. That is what we are trying to do.

You have my written remarks, so I am going to be as brief as I can this morning to give time for your questions. My relative on your Committee knows that I have an older sister. She did not let me talk much, so I do not need to say a whole lot.

[Laughter.]

Secretary PERDUE. Nonetheless, it has been an interesting year. I want to thank you again for the omnibus budget. We are going to do everything at USDA we can to implement that in the intention and the spirit of the language and the intentions of Congress to optimize those dollars for your constituents out there in agriculture but also your consumers out there who benefit from a viable agricultural community.

Mr. Chairman, you are fond of saying we are in a “rough patch,” and I certainly agree with that. But I fear that it has moved to the whole farm, not just one patch in the farm. There is a lot of anxiety out there. You have enumerated some of that.

It is somewhat cumulative, frankly. We have seen this is a very different environment over this Farm Bill in 2018 than it was in 2013 and 1914 with commodity prices. We have seen them continue to decrease, and that has added a cumulative stress over the ag community and the producer community. Then you had trade disruptions there, whether it be trade disruptions in NAFTA or China or KORUS or other things. It kind of creates a cumulative thing.

You all know that we serve some of the strongest, most optimistic, most persevering citizens in the United States on the farms and fields, forests of America, but they are under a lot of duress right now.

We see that very much in the dairy industry, and I appreciate what opportunity you gave us in the Margin Protection Program. We are going to implement that as quickly as possible and make that retroactive to January, which will help some farms, but still

some of the dairy farms are under a lot of duress, as many sectors in agriculture are.

So I appreciate the opportunity to come and give a report. I think it is probably better done in a dialog from a perspective of your Committee's questions, and I look forward to doing my best to answer each one of them honestly and forthrightly as we are able to.

[The prepared statement of Secretary Perdue can be found on page 42 in the appendix.]

Chairman ROBERTS. Secretary, thank you, and thank you for being an advocate for agriculture throughout the Government over the past year.

The administration has taken several trade actions that from a historical perspective have been very concerning in regards to potential negative consequences for U.S. agriculture. Mr. Secretary, in your view, where does U.S. agriculture rank as a priority regarding trade policy decisions that both have been and will be made?

Secretary PERDUE. Well, we certainly—and beginning last summer, as we began the weekly trade meetings, we have—and the President's comments regarding NAFTA, we early on, shortly after confirmation, were in the Oval Office and heard his comments there, and he relented, thankfully, in that. I am hopeful that we will see a successful NAFTA conclusion here shortly. That is never done until it is done, never over until it is over, but I am hopeful that we will do that.

I can tell you from his perspective and the Cabinet's perspective, they have heard about the ag economy all year long. They understand very clearly that any type of trade action—and I applaud the President for calling China's hand over their unfair trade practices that you mentioned had been really done since they joined the WTO in early 2000's, that they really have not played by the rules—intellectual property theft, forced transfer, many other types of things.

You are aware, Mr. Chairman, that even that has affected agriculture with—I think in Senator Ernst's area, having some people convicted of actually pulling up corn seed and trying the reverse engineering, the technology there. Agriculture depends on a lot of technology now. So our agricultural community has been victims of this technology transfer and intellectual property theft as well.

But the administration knows full well they have got a lot of support in the farm area. They want to be with them, but there is concern that over their livelihood and really I think a legitimate anxiety that we have communicated to the President and to the Cabinet.

We have discussed, obviously, your proposal that we want trade, and we want to open new markets, rather than aid, but I think it is my responsibility, incumbent upon me also, to look at any kind of mitigation strategies from a USDA perspective in case those negotiations do not take effect.

So we are encouraging the President, now that he has gotten China's attention, to get to the table, and let us resolve this the way we would resolve any trade dispute and lay things on the table that we feel like we must have.

Chairman ROBERTS. Well, the President has on several occasions discussed existing trade agreements and their renegotiation, obviously NAFTA.

Ambassador Lighthizer is here in Washington along with his counterparts, with Canada and Mexico as I am speaking, and I hope that we can reach some positive conclusion.

The point I would like to make is that in the realm of negotiation, any statement that is being made, even though it is not conclusive with regards to finalizing any negotiation, is market-sensitive, and I can recall when I was at the White House with many of our colleagues here. We have had several meetings. It was in response to some very public negotiation statements by the President and others, and the markets reacted with regards to what China said they would do—and this situation was with washing machines and solar panels.

That same day, we had the Kansas sorghum producers in my office, and they were pretty pleased with the export market with China because sorghum is a feed grain, as you well know. We are the Number 1 producer, and on that very day, an announcement was made or a statement was made by the President with regards to solar panels and washing machines. China responded, and it was a retaliatory move that was even-steven, as far as they were concerned, to come back.

That particular day with the market, why, one producer, when I came back from the meeting, indicated that he just lost 80 cents on the dollar. Now, I do not know where he was in contracting or when he had to sell his product or whatever, but that is the kind of thing that I think worries us all, regardless of what is the problem I am talking about. So that kind of thing has real consequences.

I think you could even say that in some cases, we are using farmers, ranchers, growers as a pawn with regards to try to get there from here on a better trade agreement. Now, those are pretty strong words. I do not mean that in an accusatory fashion. That is just the way it is.

So what is the path forward for foreign trade policy plans, in your view? How can we avoid that?

Secretary PERDUE. Well, again, I think it has to do with negotiations. Again, we have tried over the years—other administrations have tried—to get China's attention, and there is a lot of talk and no action.

I think President Trump does have a unique negotiating style. We will all acknowledge that, but to some degree, it has been successful. I think, hopefully, it will be successful with North Korea as well as other countries.

But farmers have a right to be legitimately anxious over the future because that is their livelihood. As you know, the sorghum industry that you mentioned that is probably Number 1 in Kansas there had benefited by the lack of a TRQ in China. So the sorghum prices had been elevated above corn, which is not traditional anywhere. Usually, it is traded as a discount to corn, but because China had chosen to import sorghum rather than corn, it had a very beneficial position they have enjoyed since 1913 on that.

So our position actually is to—and I have to go back to the President looking me in the eye and saying, “Sonny, I know that farmers out here are worried about what we are doing, but you need to tell them that I am not going to let them be the casualties in this trade dispute.” We are not laying out the playbook about all the authorities or what we would do, and I am with you, Mr. Chairman. I would rather have trade than aid, but at some point, when people are not doing right, farmers understand. They do not like thieves. They do not like people who steal or cheat. They like people who play by the rules, and that is what the President is doing in calling China’s hand.

Now, did he understand there was probably going to be some discomfort and some anxiety in the meantime? I think we all did, but it has to be done. But nonetheless, while the sabers have been rattled, there is time to get out on the table, and I am hoping we will take advantage of President Xi’s, I think, rather conciliatory remarks about wanting to do some things and get back.

It is a dangerous thing to think about the Number 2 economies in the world being at trade war, and that is not what the President wants, I do not think. But he wants them to play fair, and I think the American people want them to play fair and to play by the rules.

We would love to have a fair, reciprocal trade arrangement with every country in the world. As you know, our farmers have been so productive and successful. We are at a disadvantage almost everywhere in the world we go with our agricultural products getting in. There are barriers and walls built up for protectionism that protect them, and we let these other products come in almost at will.

So the challenge is to right—rebalance over things that have evolved over a number of years, and that always has some discomfort and anxiety associated with us.

Chairman ROBERTS. Senator Stabenow.

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

To talk more about trade, I mean, obviously trade is very complicated. My basic philosophy is that we want to export our products, not our jobs. So how do you get that level playing field to make sure that farmers are getting markets to be able to do that.

I think we all agree that our farmers and ranchers can compete with anybody if it is a level playing field, so I want to talk about the level playing field piece because there are several pieces to it. As we know, farmers need markets, and we not only have China breaking the rules, but there are other countries, as I had mentioned.

So, Mr. Secretary, as we look at NAFTA renegotiation, Canada is undercutting our dairy exports. That is making it exceptionally difficult for our farmers.

I have talked to our Trade Representative, Mr. Lighthizer, several times and our Ag Negotiator, Gregg Doud, about this and how critical it is to come to a conclusion on NAFTA where we address what has been a significant dairy problem.

At the same time, I mentioned the unfair competition with imports from Turkey that relates to cherry producers.

Other countries also continue to erect unscientific barriers to many of our products. We need markets with a level playing field and strong trade enforcement.

What role have you and the USDA played in efforts around trade enforcement up to this point, both in the context of updating trade agreements like NAFTA and in other ways as well? Will you advocate to make agriculture a priority in these conversations and to hold our trading partners accountable on that piece of the equation?

Secretary PERDUE. Absolutely, Senator. That is what I think we tried to do to the best of our ability.

I have been a principal at the trade discussions, at really weekly trade meetings, that have been conducted throughout the last summer of 1917, the fall, and even into now regarding our strategies. I have been in touch on a regular basis, probably weekly, if not more often at that, with Ambassador Lighthizer.

As you know, the statutes give the USTR Ambassador the role of negotiator and enforcer of U.S. trade regulations.

Senator STABENOW. Right.

Secretary PERDUE. But nonetheless, we can, from a USDA perch, make them understand the implications of not only what is done, but what is being said regarding that as well.

You made a good statement, I think, that is really driving some of the President's decisions over this because while I am mostly concerned with the U.S. ag economy, he has to be concerned with the overall economy. Just your State, as you know, has been affected by a loss of jobs, while agriculture has been a beneficiary of NAFTA. It has been a detriment in some industries there, and he obviously looks at the job loss, particularly in the auto, auto parts sector, to Mexico and wants to correct that.

We think some of the provisions we had there created an exodus of U.S. jobs into Mexico. We believe—we are trying to keep them mindful of the fact of ag manufacturing jobs that are here. You know, you can export a factory; you cannot export a farm. That is what we are trying to keep them ever mindful of, the impact and the integrated impact the U.S. agriculture and value-added processing has into the overall economy that goes right with the steel and aluminum issues, not only the retaliatory issues, but the higher cost of products and consumer products.

Senator STABENOW. Well, there is no question that this is complicated, but that is why it needs to be done. I am sure you would agree in a very thoughtful way, so that we do not have agriculture in the middle, as the Chairman was talking about, with all of this.

On a different subject, Mr. Secretary, you have consistently stressed the importance of customer service at the USDA, but we have seen a hiring freeze for a long time at the USDA. In Michigan, we are seeing significant vacancies in conservation and farm program field offices. Farmers are very concerned now, as they are going to their local offices, that there are fewer staff when they are trying to sign up for the new and improved dairy program.

We have also heard there are significant vacancies in the National Organic Program, which is making it harder to meet consumer needs and also protect against fraudulent imports, which is another area around trade.

As we put together the Farm Bill, we need to be sure that the USDA has enough employees in place to be able to quickly implement new or improved programs.

So will you commit to hiring up to the full levels allowed under the funding provided in the 2018 Omnibus, which is higher than the President's 2018 and 2019 budget request? It is full funding that we have come together to give you to meet those customer service needs that I know that you want to fulfill. So can we count on you to hire up to the full levels that we have given the funding for in the budget?

Secretary PERDUE. As I have expressed appreciation for the budget money and the certainty of that, while the technical freeze was over last spring actually, what we have tried to do—what I would rather commit to you, Senator, is that we will hire the number of people that it takes to serve your constituents in the way that I think they want to be served.

We have asked our Under Secretaries—and by the way, I need to put in a point. We still need some more, and I hope we can get confirmation of those soon, but I have asked every Under Secretary to give us a strategic hiring plan about where the right people ought to be in the right place at the right number with the right expertise in order to do the kind of customer service that we are committed to do.

I cannot tell you right now whether that will expend all the money. As a farm boy, I try to get the job done, not just spend all the money. So if it takes some money, we are going to spend it. If we can again put the right people in place where you do not hear any kind of customer service complaints from your constituents, I think we will have been successful, and I hope that is ultimately what we all want to do, is to have the people on board that can get the job done, with expertise and with the number in the right places.

Senator STABENOW. Well, I could not agree more. We just want to make sure that you in fact have the people in place to meet the customer service needs and have the ability to move quickly on implementing programs, which I know we both want to do.

Secretary PERDUE. We are moving out on that with our Under Secretary in FPAC, Bill Northey, who was delayed, as you well know. We are moving there.

We have gone through his strategic hiring plan. He is beginning to populate that in those areas. There have definitely been some holes there in our FPAC offices, and we hope to cure that very quickly.

Senator STABENOW. Great. Thank you.

Thank you, Mr. Chairman.

Chairman ROBERTS. Thank you, Senator.

I might point out that this Committee is not the bump in the road. We have confirmed 11, the 11 we have received. There are three in waiting. There is still some paperwork, I think, and some vetting to do on those three. It might be productive that the leadership on both sides could agree to get something done, at least anything done, without filing cloture.

I think if a rabbit crossed the Senate floor that the distinguished leader of the Minority would probably either file cloture on the rabbit or shoot it, and so that is a real problem.

Senator STABENOW. Unfortunately, that has been a pattern for a number of years under both majorities, and so I am glad that our Committee moves quickly together, Mr. Chairman, to get things done.

Chairman ROBERTS. We did not used to do that. We really did not used to do that, and I do not mean that to be the focus of this hearing. But it is a heck of a problem.

Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman.

As we go into the Farm—on trade, you and I have talked, and your efforts on behalf of our farmers are appreciated. We know you are going to continue to be advocating for them and to try to reduce uncertainty and get the very best position that we possibly can. I just would like your comment on that.

Secretary PERDUE. Well, again, Senator, I think, again, trade is on everyone's mind. We are trying to open new markets. We have had some success over the last year. Most notable, obviously, is beef back into China after 13 years. We just announced pork back into Argentina since 1992. We have negotiated U.S. rice into China for the first time ever. We have still got some technical details to work out there. Lifted South Korea's ban on poultry imports. We have eased the regulations on U.S. citrus in the EU, and we have resumed distillers grains back into Vietnam, hope to get back into China after this upset is, and the reentry of chipping potatoes into Japan.

Thankfully, the position you all have approved in the 1914 Farm Bill for the Under Secretary for Trade, Ted McKinney is on the worldwide tour, not just a domestic tour, all around knocking on doors in India and in the Indo-Pacific region as well as South America, looking to build that relationship and that demand there because we need—we cannot just depend.

We should not be just depending China, anyway, regardless. We have got to depend on those other populations, growing populations into Indonesia, Malaysia, Vietnam, the Philippines in the Indo-Pacific region.

So it is really an effort to try to continue to build those. The challenge is here right now with what is happening with TPP and the EU trying to go across the country, across the world, and gain those markets. It will be difficult if we do not get ahead of them to regain that.

So we are making those efforts, using that position that you all authorized to try to gain more market share.

Senator HOEVEN. Well, we appreciate your advocacy, and we want to help you in that advocacy to open markets for our producers any way we can.

On the Farm Bill, No. 1 priority is crop insurance. Do you share that as a No. 1 priority—or talk about the importance of crop insurance in this Farm Bill.

Secretary PERDUE. I think it is the No. 1 priority from a risk management tool. I think the evolution that we saw, the revolution that we saw in the 1914 Farm Bill and producers participating in

the risk management activities is more palatable for the public, and we think it is appropriate that we continue that.

There is probably some fine-tuning that needs to be done in specialty crops. There were some other crops that we realized in the hurricane that we did not have the actuarial data and maybe the premiums where they should be. We hope to fine-tune that.

I think in dairy, while the MPP is helping, I think the Farm Bureau probably has another product that may help dairymen even more in the crop insurance area as well.

So, absolutely, I do believe that crop insurance is at the top of the list as far as risk management tools for the safety net.

Senator HOEVEN. Would you agree that strengthening and flexibility in ARC and PLC would be a good thing as we go into this Farm Bill?

Secretary PERDUE. I would, yes.

Senator HOEVEN. Okay. Would you agree that we have to have ag research that has to be a priority?

Secretary PERDUE. No question about it.

Senator HOEVEN. Then the average age of our farmers now is 60 years old, and of course, I think that is pretty young myself, you know, but—

Senator KLOBUCHAR. For the Senate.

[Laughter.]

Senator HOEVEN. For the Senate, yes. As Senator Klobuchar said, for the Senate.

But we need to get young farmers out on the land. I have got—

Chairman ROBERTS. You are on dangerous ground here. I just want to let you know.

[Laughter.]

Senator HOEVEN. Our young farmers need access to capital. So the beginning farmer loans, beginning rancher loans are important, but also, I am working on a provision. Matter of fact, I have worked on it with Senator Klobuchar, and that is we need to expand the FSA guarantee. We are looking to take it to \$2.5 million, and the direct loan from \$300,000 to \$600,000, we would like to include that in the Farm Bill. Your thoughts on capital and young farmers?

Secretary PERDUE. I would encourage that, Senator.

The guarantee loan lenders have been very good underwriters, very good partners in the ag community, and we depend on them.

You remember, may remember back in the 1970's and 1980's, I think the old Farmers Home Program was too liberal. We need good underwriting, but also, we need access. As you understand the barrier, the financial barrier, the capital barrier to entry is so high today. The levels that we had in 1908 need to be indexed up from a direct and from a guarantee position. So I would encourage you to continue.

Senator HOEVEN. Thank you, Mr. Secretary.

Thanks for coming to our State as well. Our producers really appreciated having you out there. Thanks so much.

Chairman ROBERTS. Senator Klobuchar.

Senator KLOBUCHAR. Thank you very much, Mr. Secretary, for your leadership, and thank you, Mr. Chairman and Ranking Member Stabenow, for their leadership.

I really enjoyed the coffee you had, by the way, with the Secretary and his team. I wish we did that in every Committee. It was a really good idea.

So the Farm Bill is just so incredibly important this year, and we are looking at a very bipartisan way in the Senate. Is there any way you can use your cheery influence to get the House to see that in that way? Because I am just so concerned about the divide that is going on over there.

Secretary PERDUE. Next on your Senate list.

[Laughter.]

Senator KLOBUCHAR. I do not really have—it is more of a statement. I just hope whatever you can do to urge them to drop some of these ideas and proposals because it is just going to make it hard to get the bill done.

You know how important renewable fuel standard is in Minnesota, and we have all been working on that over here. Recent reports indicate that dozens of small refiner waivers have been granted to large refining companies, effectively reducing the 15-billion-gallon target for the RVO.

Senator Grassley and I led a letter to Administrator Pruitt expressing our concerns with some of these actions. Did Administrator Pruitt brief the President on the small refinery waivers, and has USDA sought any information from the EPA on these refinery waivers?

Secretary PERDUE. We have requested that information. It is our understanding that probably at last count, a billion-one-two gallons were waived in that regard. As you well know, our concern is that is just direct demand destruction. The RVO is there statutorily for a reason, of 15 billion gallons.

The President last fall directed the Administrator to leave that at 15 billion gallons, and we are concerned over the waivers. We believe that is adequate compensation for RIN prices, where that the Administrator could then extend the E15 waiver for all 12 months, and that would be a good move, obviously, and good faith effort, having issued these waivers that gets us below the blend wall.

We think the RIN game is being played really against big oil and little oil. For the people who can blend, the refiners who can blend, we think they are using a nontransparent market to hurt their smaller competitors in that regard from hoarding RINs and driving up RIN prices—

Senator KLOBUCHAR. Mm-hmm.

Secretary PERDUE [continuing]. and I think that is as much a factor as the blend wall.

Senator KLOBUCHAR. Okay. Okay. Thank you.

Senator Grassley and I are going to expect answers, and we appreciate your advocacy here because we have seen an unprecedented number of waivers that used to just be a small number every year, and so we are very concerned about that.

I recently had a conversation with Ambassador Lighthizer about the NAFTA negotiations—it is really important to ag; you know that—as well as something Senator Stabenow raised, and that was just the dairy issue with Canada and how we would like to resolve that. I can put those questions on the record, but just having been

out in the rural parts of our State the last few weeks, there is just a lot of concern about the trade war. That is not new news to you.

The Margin Protection Program for dairy, we know that falls short of being an effective safety net. Given the challenges with the original MPP, what outreach efforts have you and your team undertaken to educate dairy producers about the recent changes that we just made?

Secretary PERDUE. We have. We understood that there would be some reticence over the rejoining the MPP, but the good news is most farmers are ahead of us. They understand the enhanced provisions, and they also are pretty smart business people. They can go back to January retroactively and calculate. They are going to benefit from that.

Senator KLOBUCHAR. Do you know a timetable for implementing the new insurance products?

Secretary PERDUE. Yes. We hope to have that done in June. The sign-up will be there, and it will be June, retroactive back to January 1.

Senator KLOBUCHAR. Okay. Thank you.

I join Chairman Wicker—Senator Wicker in introducing the Precision Agriculture Connectivity Act to identify gaps in coverage and encourage broadband deployment on farms and ranch land, a lot of work. As you know, this is the future, and it is not going to work or we are not going to be part of that future if we do not have adequate broadband.

Would better data on broadband deployment on crop and ranch land speed up the deployment of precision ag technology?

Secretary PERDUE. It would, and I think everyone understands that the FCC maps coverage are not exactly correct, and I think we have got to start with good facts and data.

The \$600 million you all approved for pilot projects at USDA—

Senator KLOBUCHAR. Mm-hmm.

Secretary PERDUE [continuing]. We hope to use that very quickly and use it with private partners in the sector, whether they be co-ops, rural electric co-ops, telephone co-ops, or other private sectors that want to participate, even municipalities and communities there, to leverage that \$600 million for coverage.

We are not interested in pilots that just do a little hot house, greenhouse kind of focus, but something that can be expanded ubiquitously across the country because—

Senator KLOBUCHAR. Exactly.

Secretary PERDUE [continuing]. We need it everywhere.

Senator KLOBUCHAR. Great. Very good. Thank you again.

Secretary PERDUE. Thank you.

Chairman ROBERTS. Senator Perdue.

Senator PERDUE. Well, thank you, Mr. Chair.

To the Ranking Member, her suggestion about giving the Secretary a megaphone, having grown up with this man, that is not what we want to do.

[Laughter.]

Senator PERDUE. I want to say this before we get started, though. It has been a year, and I am very proud of the way that this Secretary has gotten out of Washington and gone to see the real people, and I am also proud of this Committee. This is the

most bipartisan committee that I am on, and I think this is a model for the rest of the Senate about how to get things done. We do not have all the answers, but we have got a great working relationship. I thank the Ranking Member for that.

Mr. Secretary, as I look at the U.S. economy—and I know job one is growing the economy—by far, the largest opportunity we have is in our ag area in terms of growth and growing jobs and opportunities in the U.S.

There are four risks that I see right now to doing that. One, we talk about trade, and I have got a question on that if we have time, but the other three are a little bit more within our own grasp. That is water, labor, and infrastructure. Will you talk to us just a little bit about labor? It just seems to me that with the urbanization of America—our State is a perfect example. When you were elected Governor, I think over half the State lives south of Atlanta. Today, over 60 percent live north of Atlanta, and a lot of people have left the agricultural communities.

I know you have a very strong heart for developing rural America, but help us understand H2A and what the Ag Department can and is doing to help us deal with this limiter or this risk for growth in the ag industry.

Secretary PERDUE. Thank you, Senator. You have hit on really three important things.

When we go around—and as we have done—what we hear from you and your colleagues, but mostly your constituents, there are three primary issues. Trade, we have talked about. Labor is probably Number 2, and regulations is Number 3. Some of that regulation has to do with water, obviously, but labor is critical.

Over half of the American farm workers are foreign-born. It is critical that we have a legal work force out here.

I know that some communities have experienced trouble with ICE coming in, and there is a fear out there. Many of these people have been here over the years, but the H2A program has been essentially ineffective because it is so onerous and complying with all the rules and regulations. Most smaller producers just give up.

There are two ways. We have encouraged the Congress to look at Chairman Goodlatte's bill on the House, and when you all deal with a comprehensive immigration bill, I certainly hope that agricultural labor will be in there.

Second, while we cannot really wait for that, we are working in a regulatory fashion with the Department of Labor, Department of Homeland Security, and the Department of State, the other three agencies that have equities in this field, to help to smooth that out.

We have been volunteered to be a portal for farmers to apply to get those early things out of the way to qualify themselves for H2A workers. It really right now just does not work for farmers, and it needs to be retooled.

Senator PERDUE. Have you engaged with Department of Labor about the interaction that your two agencies could have to streamline H2A?

Secretary PERDUE. On an ongoing basis, and we have one young female attorney who is very knowledgeable in this area. This is her primary function, and we have been very encouraged, frankly, be-

tween the White House and a policy coordinating committee that has been assigned to do that.

We have had a formal process between those four agencies discussing it and the NEC as well.

Senator PERDUE. You mention the successes you have had—or the country has had in China, Argentina, South Korea, and others.

I just was in South Korea, and they are delighted that the week after we were there—we had nothing to do with it, but we have a new FTA, Free Trade Agreement, with them. It is a much more level playing field, and thank you for your role in that.

Also, I know that the President's first predisposition was to blow NAFTA up, just like it was to back out of NATO, and then we would get a better deal with NAFTA. I know you had a strong role in convincing him that that might not be the best road, and here we are on the cusp, hopefully, of having a true NAFTA deal.

I want to talk about India. India is another one of those countries that has some real imbalances here. Pecans, which is the U.S. has 80 percent of the world's share of production in terms of pecans, they still have a 36 percent tariff. Are we entering—and by the way, other nuts are only 10 percent going into India. That is a stubborn topic with those guys. Have we made any progress in that?

Secretary PERDUE. We have dispatched Under Secretary McKinney there twice. You have dealt with India yourself. You know while it is a democracy, it is a very unusually closed society and very difficult to do business there.

We think over a billion hungry mouths there that would love American food, we are going to take that on as a challenge to try to crack that pecan nut, if you will not mind the—we are going to try to crack that-to get more products into India. It frankly, historically, has been very difficult. I do not know how successful we will be, but we are going to continue to knock on the door.

Senator PERDUE. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Heitkamp.

Senator HEITKAMP. Thank you, Mr. Chairman, and thank you, Secretary for coming. Again, thank you for coming to North Dakota.

This is the challenge that we have. Poverty rates, one out of every three rural counties have poverty rates in the percentage of 20 percent. We have seen net farm income decrease by about 50 percent. We have aging work force, including our farm work force, which is at 58.3 percent or 8 years of age. Challenges, challenges, challenges.

We need a robust pro-agricultural vision. I think you present that. Unfortunately, we do not hear the same thing coming out of the White House, and I want to take up trade first.

TPP, NAFTA, the wash machine/solar panel tariffs, steel and aluminum tariffs to the Chinese, potential Chinese tariffs, all showing a trend of trade disruption and trade retreat, especially as it relates to agriculture, none of it good. So I do not want to just focus on the Chinese tariffs. I want a better understanding of what direction this administration is heading in trade policy because I

do not think these messages are appropriate in a country or in a world where we are only 5 percent of the population.

So I know—I think the first three words you said to me during our visit was “trade, trade, trade” because you know and I know we are not going to be successful in agriculture unless we open up those trade markets.

I want to just move from trade and talk a little bit about the Farm Bill. We need to understand the administration’s position on the House Farm Bill, what do you agree with, what do not you agree with, how can we help bridge the gap, because once we get done, we think it is incredibly important that we be able to move quickly.

The third thing I want to talk about—and this disturbs me as much as the trade, the lack of sensitivity to what trade disruption has meant for agriculture, and that is the administration’s budget in comparison to what you think you need to run USDA.

We are obviously in a shortage of workers in my State for our farmers to go to the FSA office. We know that the future of American agriculture is in research. It is in trade promotion, yet those programs get zeroed out.

The future of the American agriculture is in beginning farmer, beginning worker programs, but yet we do not seem to see any movement in that direction.

So I said all these things kind of in its entirety because I think it is really critically important that we understand that you cannot evaluate that the challenges that we have in rural America, looking at just once piece of this pie. So it is budget, it is trade, it is RFS, which I have not even talked about, but Amy did a good job talking about, and it is implementation of these policies.

Now, I trust you to protect agriculture, but I want to know what you can do within your role as Secretary, beyond what you have done, to try and really get people to understand, including people like Mick Mulvaney, the incredible challenges that are ahead for American agriculture if we do not send the right signals right now.

Secretary PERDUE. Thank you, Senator.

I think let us address the trade issue first. I guess while we have acknowledged that President Trump has a unique style of trade negotiations, if you look at KORUS, that really was completed I think to the benefit of the U.S.

Senator HEITKAMP. Could you tell me what was in the renegotiation for agriculture?

Secretary PERDUE. Not a lot, but——

Senator HEITKAMP. Yes.

Secretary PERDUE [continuing]. you know what the demand was, do no harm——

Senator HEITKAMP. Yes.

Secretary PERDUE [continuing]. in that area.

Senator HEITKAMP. I know, but that was not a net positive for agriculture.

Secretary PERDUE. Well, I think in light of the threat of withdrawal, it was a net—I believe it was a net——

Senator HEITKAMP. I agree with that.

Secretary PERDUE [continuing]. not withdrawal, although we were able to do that. I think NAFTA, we got the dairy issue, and hopefully, we will get other things in NAFTA from——

Senator HEITKAMP. I think there is some concern that the dairy will not be taken care of in NAFTA.

Secretary PERDUE. I have concerns as well——

Senator HEITKAMP. Yes.

Secretary PERDUE [continuing]. as well about that, but we continue to advocate on that, on that behalf.

I think, again, I have listed some of the examples that we have been successful, even this year, in light of that, but we will continue.

I do believe that the President understands the contribution of the ag economy, and I think he understands the legitimate anxiety that is out there about that. We have got to look at the end of the road.

Senator HEITKAMP. Just with my short period, I mean, I understand that, and I think that the addressing of the E15 problem was probably to try and stabilize some of the things that are going on. But yet we run into a roadblock at EPA. We have got to get these things done, and we got to get them done sooner rather than later, or we are going to see a dramatic effect on commodity prices at the same time that we are challenged with weather in my State and I think weather across the board.

So I want to tell you that I am so incredibly grateful that you are there because I know you are a thoughtful, fierce advocate for American agriculture. We need to step it up here, and we need to continue to beat the drum right from this Committee and from Congress on how important agriculture is to the future of this country. But I want to thank you because I know you are doing your best.

Secretary PERDUE. Thank you, and I would welcome all the help we can get.

Chairman ROBERTS. Senator Ernst.

Senator ERNST. Thank you, Mr. Chair, and thank you, Secretary Perdue, very much for your advocacy. I certainly do appreciate it.

As many of my colleagues have Stated, the ag industry, extreme importance to us, and we are in uncertain times, truly. So, again, I want to thank you for being such a great advocate and voice for our farmers and ranchers.

They are working around the clock for all of us, and we know that in the morning, they face certain adversity. In the evening, they are looking at a lot of anxiety. So the stressors that are with our farmers and ranchers, day in and day out, is really unprecedented in recent history.

So I know a number of colleagues have talked about the RFS. They have talked about trade. I am going to dive in a little bit more because I know Senator Klobuchar, I think, addressed a piece of the RFS.

We were at the table a couple weeks ago with the President, a roundtable situation, and I appreciate the input that you have been able to give to President Trump. But there is a concern with EPA Administrator Scott Pruitt and the small refinery waivers, and I am very, very upset about this action that the Administrator has

taken that would destroy our demand for biofuels. The moves that he is making will ultimately kill the RFS, and the EPA has granted about 25 small refinery hardship waivers.

Some of these refineries are neither small nor facing hardships. So these waivers to me are unacceptable, and last week and again today, you agreed that these waivers, like the one Andeavor received, constitute demand destruction for biofuels.

So what will you do specifically to ensure that the EPA is not deliberately circumventing the RFS?

Secretary PERDUE. Well, Senator, you know statutorily, I do not have any kind of hammer. What I do have is the power of persuasion with the Administrator and the President to make sure that they are aware that we are aware—and we had to dig pretty deeply to get the number of gallons that had been waived this year—and with the President and his team, let them understand how the instructions that he was given last fall over maintaining the RVO obligation at 15 billion gallons has essentially been circumvented by the waivers. That is what it is.

We have no legal statutory authority to do anything other than that, other than letting the administration know, as well as the Administrator know, that our farmers and our biofuel producers are very concerned about that.

Senator ERNST. Mm-hmm. Well, and I do appreciate that and the power of persuasion that we do have, and of course, letting the administration and Administrator Pruitt know how displeased we are in that area, especially when he made the commitment to me specifically to uphold the intent in the letter of the law. I do believe that he is trying to work his way around that.

During our conversation at the White House, the President also offered up support for E15 year-round, which would address refiner concerns over RIN prices, while also increasing biofuel demand, and thank you for the role that you have played again in that. I think that will be very important if we can move that forward.

Have you spoken with Administrator Pruitt regarding the E15 waiver—the RVP waiver year-round? Have you spoken with him recently, and how is it that we can move ahead with that?

Secretary PERDUE. Multiple times. Obviously, the Administrator's position was his concern over RIN prices. My words to him is these waivers have been the anecdote to RIN prices in what he has already done. So I would encourage him and actually exhorted him to do the E15 waiver, as I have the Administrator—the President.

The President will probably make that call, and you heard what his statement was in the meeting which we attended. I am encouraging the President to go ahead and make good on that commitment to do that, while letting the industry, the petroleum industry know that the waivers granted had been the essence of any kind of RIN cap, an effective RIN cap that they have enjoyed this year already.

Senator ERNST. Yes. I appreciate it. Thank you.

My time is expiring, but, Secretary Perdue, thank you for being such a great advocate. I appreciate your many, many conversations with us and with the administration. Thank you.

Chairman ROBERTS. Senator Bennet.

Senator BENNET. Thank you, Mr. Chairman. I appreciate very much the hearing.

Mr. Secretary, 13 months ago during your confirmation hearing, I told you that if you could break the Gordian knot of fire funding, you would be a hero in Colorado. Now 1 year later, the Forest Service is moving forward with 8 years of budget certainty, starting in 2020, that will unlock resources for hazardous fuels treatments in wildfire mitigation projects. I want to bring you the thanks of a grateful State for your work.

The omnibus package also included several new forest management tools that build on our work in the last Farm Bill. It provides more flexibility for stewardship contracting that can spur job creation and expands good neighbor authority to restart stalled forest health projects.

Nevertheless, there are millions of acres of unfinished NEPA-approved hazardous fuels projects in the West. I wonder whether you could tell us whether the resources will be unlocked to deal with those projects and if you could describe the steps the Forest Service is taking to implement these new forest management tools.

I thank you again for your leadership.

Secretary PERDUE. Well, I want to thank you and your colleagues for giving us the opportunity. The ball is in our court now regarding what we are going to do with those authorities that you have given us, from forest management as well as a certainty of funding where we do not have to take from the forest budget to fight fires.

We know this year is looking like it may be another serious fire, funding with some of the droughts in the Southwest beginning. Unfortunately, it probably will move up California and up your State as well. But we want to deploy these resources as quickly as possible.

Obviously, fire load, fuel load, management thinning, the multiyear contracting will give us an opportunity to help rebuild a timber ecosystem that depends on harvesting and marketing in a way that is the ultimate solution for healthy forests, whether it is recreation, whether it is wildlife, or just hiking. All these things are important, and we are committed to putting the resources back on the ground to get those things done.

Senator BENNET. Sometimes around this place, it seems like months, sometimes years go by without anybody actually getting anything done that is useful for the American people. So I want to congratulate you that in your first year, you were able to do something that for some reason has eluded us for a long time, and it will really make a difference if we can help you from Colorado. I hope you will let me know.

I heard that Senator Perdue mentioned the issue of immigration while I was out of the room. I had a meeting earlier this year, just a couple months ago in Greeley, where I had two different fruit and vegetable growers hand me flyers. I have them here.

Actually, Mr. Chairman, I would like to ask that they be included in the record.

Chairman ROBERTS. Without objection.

[The following information can be found on page 46 in the appendix.]

Senator BENNET. Thank you, Mr. Chairman.

Flyers advertising the sale of their equipment. One of the farmers runs an operation started by his father in 1944 that had grown sweet corn for over 70 years, but last month, he stopped growing sweet corn and auctioned off his equipment. He said he was forced to throw away perfectly good produce because he cannot find the people to harvest it. The farmers in that room said the best they can do is just steal from each other.

We have dairies in Colorado that I am afraid are going to have to shut down, and all of it stems from the immigration policies of this administration. All of it stems from the President's harmful rhetoric around information.

I know you answered the question. If you have got an answer to what I have said, I would be pleased to have it, but I want you to know that in real time, at these commodity prices, we are destroying the livelihoods of farmers in Colorado because of the immigration policies of the United States.

I would ask that you take this to the President so that he can hear from the voices of people in farm country in Colorado about what the real effect is.

I do not know if you want to comment on that or not, Mr. Secretary, but I certainly—

Secretary PERDUE. Well, obviously, we have told you that is one of the top three things we hear continually. These examples, unfortunately, are not limited to Colorado. You see them across the country, people having to make decisions because they cannot find the labor.

This is a comprehensive immigration issue. We, most of all, want a legal farm work force for America. Farmers want that. They do not want to be looking over their shoulders. They do not want to be in the shadows. So, hopefully, we can get that done sooner rather than later.

Senator BENNET. Well, I would—I have 30 seconds left. I would commend to you, Mr. Secretary, the work that was done in 2013. I negotiated a bill with Senator Rubio from Florida, Senator Hatch from Utah, Senator Feinstein from California. It was the first ag jobs bill that was ever—it actually gave the Secretary of Agriculture the authority to house the farm program on immigration, which I think would be a step forward, and I hope you will maybe look to that for guidance.

Final point, Mr. Chairman, I will make, just to reiterate the points you have made on trade. We had a conversation with Mr. Lighthizer in the Finance Committee where he said our farmers and ranchers, when I raised this, had his "sympathy"—that was the word he used—because he knew they would be the first people retaliated against if we do not have the successful trade resolution, and I said to him, "We do not need your sympathy. We need you to act responsibly." I know you will be a voice for responsible behavior when it comes to our trade policy, and I hope you will count on this Committee to help you do that.

Thank you, Mr. Chairman.

Secretary PERDUE. Thank you.

Chairman ROBERTS. Thank you, Senator.

Just from a historical perspective, a bill very similar to yours was introduced in 1996 by a Congressman from Kansas, as I recall,

and we lost it by one vote. If you had just been there at that particular time, a lot of this would not have been necessary.

Senator BENNET. I apologize.

[Laughter.]

Chairman ROBERTS. Senator Fischer.

Senator FISCHER. Thank you, Mr. Chairman.

Mr. Secretary, welcome.

As you are well aware, there is a lot of anxiety in farm country. In Nebraska, one in four jobs are tied directly to production agriculture. We have seen current net farm income down 50 percent in the last 5 years, coupled with this uncertainty that is surrounding our international trade and the RFS. Farmers and ranchers are feeling scared, and they are feeling vulnerable.

So it is imperative that we provide them the necessary tools and technology that allows them to provide for their families and to protect their livelihood.

Two weeks ago, you and I sat together in the Cabinet room at the White House, and we were directly across from President Trump. We discussed the importance of international trade to rural States like Nebraska.

In 2016, Nebraska was the fifth largest agricultural exporting State in the country, exporting nearly \$6.6 billion in agricultural goods. So the access to those foreign markets is clearly important. It is imperative to our State.

I was also very pleased to recently host Under Secretary Ted McKinney in Omaha at the very beef plant that sent the first shipment of U.S. beef to China. Nebraskans understand accessing new markets provides a trickle-down effect for growth opportunities in numerous sectors across our economy.

I know we have talked a lot about trade today. We continue to talk about it every single day, the importance it has for our agricultural communities, but I would like to ask you, sir, what actions is the USDA taking to promote foreign market development and access because we do have opportunities there in your Department.

Secretary PERDUE. Sure. As you mention your delight in being with Under Secretary McKinney, he had not just been in Nebraska. He has been around the world, India twice, Japan, China, Indo-Pacific region, really knocking on doors. I view him as our chief salesman around the world, and we have got a lot of products to sell actually that people want. The challenge is knocking down those protectionist barriers in many countries, such as India we were just talking about and other places. But we have got to be very aggressive.

We really, probably from a business perspective, should not be that reliant on China alone, anyway, but we want to go around the world. He has been to the western hemisphere and South America as well as all of the eastern hemisphere looking for sales.

Senator FISCHER. Which is helpful.

Do you see any programs that you have in the USDA that you specifically believe we need to be focused on to increase that foreign market development?

Secretary PERDUE. I think one of the things that you all did in the omnibus that was helpful was the MAP program, or Market Access Program. These deal with collaborators and various industries.

Many times, they are matching these from 1:1 to 7:1 over in-country types of representatives to help keep the U.S. products in the forefront all the time, and certainly the market development programs as well. Both of those are very helpful as we try to build up capacity and the opportunity to promote U.S. products around the world.

Many people feel like we are still at a disadvantage, that other countries are doing more, but we are utilizing those funds and leveraging them as much as possible.

Senator FISCHER. Also at the meeting that you and I were at with the President, he did bring up E15 to be sold year-round. I know many members here today have already expressed concern about where Administrator Pruitt is headed on that. I would echo Senator Ernst's words to you just a few minutes ago about the Secretary's commitment that he gave to her. He also gave such a commitment to me that he would uphold the letter of the law.

We will continue to advocate to the President on that situation. I thank you for your information that you provide to the administration about, first of all, following the law and what the law is with concern to the RFS. It does not expire until 2022, and many of us here know that and will continue to bring that to everyone's attention. But also, we appreciate the information that you give to the President on that.

I have got to welcome you to our ranch about a year ago in May, May 20th, woke up to snow on the ground, and we had a great meeting with many of our neighbors. You got to see the Nebraska Sand Hills, and we need you to come back.

But if you remember at that meeting we had in our barn, we had a lot of people soaked to the skin because it was pouring rain at the time too. But I asked you to open up your phone to see if you had cell service, and you did not. We do not have cell service at our ranch and in many places across the State of Nebraska in these rural areas where we have a sparsely populated group.

But I would stress to you the importance of broadband deployment and ask you what the Department is doing to help see that brought to fruition through many, many rural areas across America, but there are urban areas that need it as well. So what are you looking at?

Secretary PERDUE. Well, Senator, we appreciate the \$600 million that was placed in the omnibus that will give us an opportunity to develop pilots with the idea of not a concentrated laser focus, but pilots that demonstrate how this can be deployed across the United States. It is not going to be done for \$600 million, but we hope to use that as money to optimize and to leverage other money from the private sector, be they rural utility co-ops, rural telephone co-ops, or the private sector in order to reach areas like yours that depend on broadband connectivity.

It is the interState highway of the 21st century, and we are going to continue to see rural demise and demographic changes in those areas if we do not provide those kind of amenities.

Senator FISCHER. Thank you, sir.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Gillibrand.

Senator GILLIBRAND. Thank you, Mr. Chairman.

I want to continue along the line of questioning that my colleague started because obviously rural broadband is absolutely necessary for our farms to compete to sell their products worldwide, to submit their Federal forms, and it is very, very troubling that lots of swaths of this country do not have access to this basic human need.

I have introduced bipartisan legislation amending the Farm Bill to include a grant program for rural broadband deployment that would be used in conjunction with the USDA's rural broadband loan program. Do you believe that such a grant program is needed as part of the reauthorization of the Farm Bill?

Secretary PERDUE. I would like to see the details, Senator. I think, again, we believe in grant—loan programs seem to have been the most effective in the past in doing that. So I am a believer in skin in the game. I think people who have investments in their community and the passion to get that done through a loan-grant combination would be most effective.

Senator GILLIBRAND. Well, typically grant programs do not pay for the full cost, so it is always a skin-in-the-game process. It is just to pay back loans for rural communities is sometimes unaffordable, and so the broadband does not get built. So if you can match, matching funds is sometimes much better than just straight-up loans.

Secretary PERDUE. I understand.

Senator GILLIBRAND. So it is not a lack of skin. It is just a different way to deliver support.

Secretary PERDUE. Well, I understand that.

You mentioned grants. Grant is a—again, I think what we are really talking about are loan-grant combinations.

Senator GILLIBRAND. Yep. Thank you.

Turning to dairy, we talked a lot about dairy in your confirmation hearing, and one of the questions that I asked you to come meet with some of our dairy farmers, which I will extend again.

Milk prices have fallen another \$2.24 in the past year, and some New York farmers are seeing \$13 in their milk checks. I hope you will come to New York to meet with some of our smaller producers so you can see and understand why these pricing programs are not working and why the insurance programs are not working for small dairy farms in America today.

Secretary PERDUE. I promise you I will be back. I am not sure why we were not able to connect last year, last summer when I was there, but I did have the opportunity to go to Kings Dairy in New York, a very innovative dairy that were doing things. I went to another smaller dairy there to see them, but the challenges still remain, the oversupply of fluid milk along with the unfair trade practices, your neighbor to the north in Canada, create a real emergency in the dairy business.

I think what you all did in the MPP and the recent act will help, although I think there is probably some other things that need to be done in the Farm Bill.

Senator GILLIBRAND. So another idea for you is to do what you did for dairy with what you did for cotton. As you know, you used your authority to restart the cotton ginning cost share program.

Cotton and dairy often go together in funding discussions, as they did in the 2018 continuing resolution.

Given the extraordinary strain on our dairy farmers, surely they deserve the USDA's support as well. Will you and your staff present me with a plan to stabilize and support milk prices and dairy farmer income by the end of next month? I am particularly interested how you can use existing authority under the charter of the Commodity Credit Corporation to provide some relief.

Secretary PERDUE. The problem economically is the dairy industry is much more widespread, and the problem is much more severe from a market perspective.

We have tried to use Section 32 in the FAS, and it has a very limited effect on market prices. We have an oversupply of milk that the industry has to work through in that way to really stabilize prices, but I can assure you, USDA will do what it can in order to support the dairy industry.

Senator GILLIBRAND. Some of the oversupply issues, though, do relate to trade, and so I hope you can look at this issue.

Adding to the strain on New York dairy farmers is the loss of the Canadian market for ultra-filtered milk. You spoke about trade with members of the Senate Agriculture Appropriations Subcommittee 2 weeks ago, and I would appreciate an update.

What is the current status of NAFTA negotiations to reopen access to the Canadian market for UF85 milk, and do you feel confident that the U.S. Trade Representative will be successful in eliminating the Ontario Class 7 pricing scheme?

Secretary PERDUE. Well, I am optimistic we will get a NAFTA discussion. I do not know how optimistic I am regarding the dairy conclusion to our liking in that area. We continue to mention that to Ambassador Lighthizer regarding dairy and to Ag Representative Doud in that regard. That is one of the issues, as you mentioned, the Class 7 milk.

Canada has a managed supply system. They have been allowed to over-manage and allow their producers to depress world prices and really knock out the ultra-filtered market.

Senator GILLIBRAND. Mr. Secretary, my last issue is SNAP. I am very concerned about the House bill. I am very concerned that you support it, and I will explain why.

The House bill says we want to make sure there is more stringent work requirements. Most people on SNAP are already working. In fact, if you look at the entire recipients of SNAP, less than 5 percent are able-bodied who are not working. You know job markets in some communities are very difficult to find a job and get a job.

So I want you to look at this issue again. The thing about the House bill is the required paperwork. They are requiring that you certify that you are working every month. If you require people to certify every month that they are working, all you will do is assure more people who deserve it and need it will not get food stamps because they will stop going in to do their monthly report.

Paperwork requirements are stupid. So please relook at that. We would like to change that in the Senate version of the bill. You are just pushing people off of food stamps because they are not filling out their paperwork, not because they are not working.

Secretary PERDUE. Senator, I think you probably know we did not write the Farm Bill for the House.

Senator GILLIBRAND. I know.

Secretary PERDUE. We provide them information, just as we would you. I think, again, our data shows 9 million able-bodied working adults not working there. So we will be happy to compare numbers with you in that regard.

But again, I think the education and training—I believe the Supplemental Nutrition Program ought to be a ramp up out of dependency, not a permanent lifestyle, and whatever we can do, both in the version that you all pass and as it is reconciled with the House, then we are going to implement to the best of our ability.

Senator GILLIBRAND. Thank you, Mr. Chairman.

Chairman ROBERTS. Cindy, we already introduced you, so this will be the second time around. I would like to now officially welcome Senator Hyde-Smith to the Committee. We are glad to have another farmer, a former State Agriculture Commissioner, at the table, and we will all benefit from your perspective. You are recognized.

Senator HYDE-SMITH. Thank you, Mr. Chairman, for convening this important hearing to discuss rural America with Agriculture Secretary Sonny Perdue, and I am honored to be here, honored to serve on the Committee, look forward to working with you and the Ranking Member Stabenow and all the distinguished members of this Committee.

Mississippi has been well represented on the Senate Ag Committee for many years now, and I truly am grateful of this opportunity because obviously Mississippi's Number 1 industry is agriculture. It employs roughly 30 percent of the State's work force and contributes more than \$7.5 billion to the economy on an annual basis.

As the Committee continues to work on the 2018 Farm Bill, I look forward to making many meaningful contributions, hopefully, that will result in responsible farm policy that meets the American needs of farmers and ranchers.

Secretary Perdue, I just want to thank you again for appearing here before this Committee. I appreciate what I consider your very good leadership over the past year as Ag Secretary and the strong commitment you have shown to our Nation's farmers, ranchers, and overall quality of life in rural America.

On behalf of the Mississippi farmers, I would like to thank you for two things in particular—USDA's elimination of the regulations that were burdensome to us and the cotton ginning cost-share program assistance for cotton producers. These actions alone have made just a tremendous impact on Mississippi farmers and the ability to maintain business and continue producing the high quality of food and fiber in this world.

But in the light of time, I just want to hit on a couple of things. The broadband issue obviously is a concern to Mississippi as well, and we are excited about the funds that were put in the appropriations bill for that because technology is so important to us. We have equipment that breaks down in the field, and when you can go online and get that repair done online instead of waiting 2 days

for a part to be shipped or more information to be transferred, that is very important to Mississippi.

The farm safety net, USDA projects over the next 10 years that commodity prices for most crops will remain below the 10-year average, and as you know, the Price Loss Coverage program established under the 2014 Farm Bill is designed to provide assistance to producers when prices are low.

Given USDA's future price projections, do you think it is important to maintain the structure of the Price Loss Coverage program and ensure that the 2018 Farm Bill does not weaken PLC program assistance in any way?

Secretary PERDUE. I do. I do believe that probably that we—the PLC program will be chosen by more farmers and the opportunity for them to switch from the ARC, the PLC is very important for their planning and safety net.

Senator HYDE-SMITH. Great.

The President's infrastructure plan, I was pleased to learn that a large portion of the President's infrastructure plan is intended for rural America, and there is a great need to rebuild roads, bridges, and provide affordable utilities in many parts of rural Mississippi. Can you elaborate on the potential benefits that the President's infrastructure plan may bring to rural and underserved areas in our country?

Secretary PERDUE. Well, obviously, you mentioned some, but some you may not have mentioned were the inland waterways that your State participates in and all that commerce that drains the fertile Heartland of American down through your State to the ports there that are—or New Orleans that are extremely important in that way.

So we want to make sure our ports and our inland waterways that support the ag commerce are also included as well as broadband.

Senator HYDE-SMITH. Thank you so much.

Chairman ROBERTS. Senator Casey.

Senator CASEY. Mr. Chairman, thanks very much.

Mr. Secretary, good to have you here. Thank you.

I have been in and out of the hearing this morning. I know a number of members of the Committee have raised issues that relate to broadband and in particular rural broadband.

I live in a State where we have 67 counties, but 48 of them are rural counties. In those rural communities, the last number that—and this gets updated, as you know, by the FCC, I guess on an annual basis. The last number I saw was 471,000 rural Pennsylvanians—just rural Pennsylvanians—do not have access to high-speed internet. So it is a huge problem.

It is a problem in the context of small businesses, obviously, in the context of the ag economy. It is also a problem for children in schools that happen to be in rural Pennsylvania, and I know you understand that.

It is positive news that the \$600 million initiative was passed for broadband grant, the broadband grant and loan pilot program, to be administered by the Rural Utilities Service. We are grateful that happened for so-called unserved as opposed to underserved, and all the terminology is important here.

But what I wanted to ask you was in particular—and I know you are developing—you are in the course of developing a framework for the pilot program. Can you discuss, A, your priorities as you are developing these rules, and B, the timeline that you have in mind for issuing the rules and accepting applications and then disbursing funds?

Secretary PERDUE. Last question first. Sooner rather than later. We do not move very fast sometimes in Washington, but this is important. We want to be very quickly about utilizing and deploying that \$600 million in a way that pleases you all so you will give us more, and the strategy behind that is to use partners, whether we go with rural electrical co-ops, rural telephone co-ops, or private sectors or communities.

The person that we have chosen to administer the Rural Utilities Service program and rural development was an executive, chief executive in a rural co-op in Missouri that laid 3,000 miles of fiber serving their customers without any Federal help. So we are hoping that we can take in these—and the statute specifically said “unserved.” So we are going to do it without duplication in those areas that are a priority.

We will accept a request for proposals here very soon. I think our people told me the other day that it would be June. So, hopefully, we will have a program out and designed, where we can begin taking applications and get that money on the ground.

Senator CASEY. I appreciate that.

Then just on the priorities itself, I mean, just what you hope to achieve by the implementation pilot program.

Secretary PERDUE. Well, to demonstrate that this can be done in less dense areas in an economically sustainable way. We do not want—I am not looking for an episode of success. I am looking for a sustainable model, pilot project to demonstrate this is long-term sustainable through subscription fees in an affordable way. So that would be one priority.

Senator CASEY. Well, I appreciate that.

I know as we work to come together on a Farm Bill, one of the areas we are going to be concentrating on—and I will give you maybe a statement or a question for the record on this—is the Conservation Reserve Enhancement Program, so-called CREP. I will give you a fuller statement and a question on that because I know we are running out of time.

I did want to ask you about the opioid crisis. I just left a hearing in the Health, Education, Labor, and Pensions Committee. We marked up a huge new piece of legislation on the opioid crisis. It is a great produce, bipartisan, and probably because it is bipartisan, it is an indication of how grave the problem is.

The horror of opioids in my State, as it is true I am sure of a number of States, it is very bad in urban areas and suburban areas. It is actually worse in rural areas, at least by the measurement of overall overdose deaths compared from 1915 to 1916. 1916 to 1917, we do not have complete numbers yet, but just the overdose death rate.

So I would ask you about that in a broad context, in the context of your concerns about folks living in rural America, rural Pennsylvania.

But in particular, what would you hope would happen as part of the Farm Bill if we have an opportunity in that bill to address the opioid crisis or beyond the bill itself? What would your hope be? New policy or improved policy on the opioid crisis?

Secretary PERDUE. Well, as you have mentioned, Senator, there is a lot of despair in rural areas, and it is one of the drug epidemics that did not miss rural America. We see that by the avenue of prescription drugs and other types of ways.

Farming is not a safe industry. There are medications used out there that sometimes lead to opioid addiction, and we would hope that we would have the opportunity to participate through rural development in mobile treatment centers, rural-type treatment centers, where sometimes there is also a lot of pride in rural America, where they do not want to go to a center. But we have got to go where they are. So those are the kind of authorities that we think from USDA could help in conjunction with HHS.

We have no core competency in the treatment of that, but we also have equity in getting that treatment to the people.

Senator CASEY. Mr. Secretary, thanks, and I will send that question for the record.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Grassley.

Senator GRASSLEY. I will bet you understand that ethanol is pretty important in Iowa, and I am probably the—every member has probably asked this, but you have been very helpful to us on the Reid vapor pressure thing and E15, and I just wondered if you had any insight into when the program might be put in place so that we would be able to sell E15 every month out of the year.

Secretary PERDUE. I wish I did, Senator. You heard the same thing that I did, and I felt like the President was prepared to move. Probably some other voices have spoken in his ear since that time, but I want to encourage him and—we all could encourage him to move forward on that. I believe that is ultimately the answer over building demand as well as lowering RIN prices here that could have an effect.

We have talked about the waivers that have been issued as well. We think that is really the answer to RIN prices. They have already seen them come down, and there has been some demand destruction there that we want to see restored back up to 15 billion gallons.

Senator GRASSLEY. I want to visit about trade, and it involves China and what sort of a problem that might be for agriculture. I surely appreciate the President's leadership on this whole thing of trying to get a more level playing field with China on trade.

I was one of five Members of Congress that went to China 3 weeks ago, and I came away with what I think we already know, that China will do anything moral or immoral or ethical or unethical or legal or illegal to get ahead of the United States and to stay ahead.

Also, I think that we are somewhat oblivious to the cunning relationship they have with us, to think that they are friendly and want to work with us and everything, but I think that is how they operate, and that we are not attuned to some of their conceit.

So the President has his program of brinksmanship, and when you get to the brink, if you do not go over, he may be successful. But if he is not successful, then we know that agriculture is usually the first to retaliate, not just because of Trump, but that was true of George W. It was true of Reagan. It was true of Carter. So it is a pattern that we know is a fact of life.

So could you share any details on how the assistance that the President has alluded to, to help farmers, if prices drop dramatically because of going over the brink, how it would be administered, this sort of assistance that they have talked about in a very general way?

Secretary PERDUE. We have purposely been general, Senator, not to keep from you, but obviously from the people that you just described who do not play fair. We are not sure that it is good to lay out the playbook.

We all are aware—the press has reported—some of those authorities have to do with Section 32 and the CCC authority we are given here. We have got to be very careful in how we administer that, though, because farmers, as you know, would rather have a fair price for a good crop than a Government check. So we do not want to set a precedent of expectation that we cannot live up to.

We are trying to evaluate this on a weekly basis, what is the trade dispute damage out here and when do we act. Sorghum probably is at the tip of the spear right now with the recent 178.9 percent tariffs that way, and we are meeting with the sorghum people, trying to determine what are the long-term effects.

Pork, important in your area, dropped down, but it has also come back up a little bit. So we are trying to see what are the longer-term effects.

My economists tell me they have models that can tell them what is the impact of the specific trade disruption, and that is what we want to account for, not just regular market forces.

Senator GRASSLEY. Thank you, and I will yield back my time.

Thank you, Mr. Secretary.

Chairman ROBERTS. Senator Brown.

Senator BROWN. Thank you, Mr. Chairman.

I guess today is your 1-year anniversary of being—

Secretary PERDUE. It is, indeed.

Senator BROWN [continuing]. Secretary of Agriculture. Congratulations, Mr. Secretary.

Thank you for visiting my State earlier this month. We are proud of our agriculture sectors. I think everybody in this Committee would say that about their State.

I am particularly pleased that you visit Central State University, the Nation's newest 1890 land grant. It was a long time coming. It should have happened earlier. President Jackson-Hammond and her team are making us proud, so it meant a lot, substantively and symbolically, that you went there, so thank you for that.

At your confirmation hearing, we talked about one of the most pressing agricultural and environmental issues affecting my State of Ohio, and that is harmful algae blooms in the Western Basin of Lake Erie.

As I pointed out, Lake Erie, near Toledo, is only 30 feet deep, contrasted with Lake Superior being 60 feet deep, and Lake Supe-

rior is fed by mostly forested land. Lake Erie in the Toledo Basin is fed by the largest drainage basin, if you will, 4 million acres with lots of agriculture, lots of people, lots of commercial and industrial development.

Between a combination of programs like USDA and EPA and the GLRI, we are making strides. There is obviously still much to do, yet efforts in the House to slash conservation funding in the next Farm Bill will not help Ohio farmers, most of whom are committed to significantly reduce runoff, and they rely on the longstanding partnership with NRCS and FSA. You know all this. I wanted to emphasize it.

Senators Ernst and Grassley and Casey and I recently introduced the GROW Act to make a number of improvement-to-conservation programs. The part of the bill that holds significant potential for improving water quality in Lake Erie, the shallowest lake, is the Clean Lakes, Estuaries, and Rivers program to better target CRP spending in the continuous program.

The USDA already has some authority to implement these targeted practices today. My first question is, what is USDA's plan to implement these targeted practices in the Western Basin of Lake Erie, and does the administration support codification of the CLEAR program?

Secretary PERDUE. Well, certainly our educational programs and nutrient management and helping with detection—we were at Penn State, and there is some new technology coming on over being able to have on the farm, measurements of phosphorous and nitrogen runoff from there. Cover crops and no-till practices and those kinds of things is what NRCS is working on, our best conservation efforts, and help to reduce the nutrient runoff into the waterways.

Senator BROWN. Okay. We thank you, and we need your strong voice and continued support on that, on conservation program funding.

On GLRI, the administration is—well, made more than noises—has attempted to cut GLRI. Senator Portman and I and other Great Lake Senators, including around the table, in both parties have fought back against it.

In 2016, I worked with Senators Donnelly and Stabenow and USDA on a special initiative in the Western Lake Erie Basin. The program targeted producers who wanted to take steps to reduce runoff at their farms.

It is my understanding that funding for this program has ended. We cannot walk away. Will you commit to finding additional resources for this critical water quality program?

Secretary PERDUE. I will commit to looking.

Senator BROWN. Okay. Looking really aggressively?

[Laughter.]

Secretary PERDUE. Very aggressively, Senator.

Senator BROWN. All right. It is important. As I said, it is important on this side of the table. Senator Donnelly has part of Lake Erie, and Senator Stabenow has four of the five Great Lakes in her States.

Senator STABENOW. That is right.

Senator BROWN. Last question—

Secretary PERDUE. My answer is limited by the fact that I do not know what the quantification of that dollar is worth. I will have to look at that and see.

Senator BROWN. Okay. We will follow up.

Secretary PERDUE. We do not want to lose out or drop back from where we were moving in the momentum.

Senator BROWN. Okay. Last question. You have talked about improving customer service. I know you want to. I know, though, that it has not exactly worked that way, dozens and dozens of unfilled positions in Rural Development and FSA and NRCS in my State. Senator Stabenow has mentioned similar problems in Michigan. I have held roundtables. I do a lot of ag roundtables. Jon McCracken in my office has done dozens of them this year alone. We always do that in preparation for the Farm Bill, he and I both, and it has taken longer.

We hear from farmers to get contracts approved, it has taken longer for farmers to get someone out on their farm, when that was not a problem not that long ago.

With the new improvements to the dairy program, which matters in a lot of our States, we need staffs in these offices that have the expertise and knowledge to make sure family farms stay in business. You know all that.

So how do we square longer wait times or farmers not deciding—deciding not to participate in these programs with your touted improved customer service? How are we—when are these vacancies going to be filled?

Secretary PERDUE. We are moving on that, Senator. I am not sure the situation is quite as dire as you describe because we get feedback continually over our offices. We hear a lot of conversation from our employees about needing more help, but we do not get that much directly from farmers. I am out here asking on a continual basis in that regard.

I felt compelled to wait until we had an Under Secretary in place to give me a strategic hiring plan about where we needed people, the right people, the right place, the right time in that, and we have agreed. We have authorized that. You will see those positions being filled.

But if you find, if you have specific constituent complaints about not feeling like they are getting customer service, I want to know about them, and we will deal with them directly and personally.

Senator BROWN. I will hand them over. Thank you.

Chairman ROBERTS. Senator Donnelly.

Senator DONNELLY. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for being here.

In your testimony, you mentioned the importance of quality of life to rural communities, and that means a lot of things—high-quality schools, good infrastructure, high-speed broadband, but also access to health care and increasingly access to prevention and treatment for addiction.

I have been working on trying to address health care provider shortages in underserved areas with Senator Murkowski, and I partnered with a few members of this Committee, including Chairman Roberts, on a trio of bills that would help direct several USDA

programs to ensure we are taking advantage of USDA's ability to reach directly into rural areas and provide the resources they need.

We made some progress on this front in the recent Government funding bill. I want to thank you for your agency's speedy efforts to start trying to get these resources to our communities in a timely manner.

I want to ask you for your continued commitment to addressing this issue, to work with us as we write a Farm Bill that ensures USDA can continue to use the Communities Facilities Program, Telemedicine and Distance Learning program, and Rural Health and Safety Education grants to address the scourge of addiction.

Can we have that commitment from you, Mr. Secretary?

Secretary PERDUE. Yes, sir. We are very serious about rural quality of life and rural prosperity.

Senator DONNELLY. This is a dagger to the heart of every family that it affects and to every community, and your assistance is critically important.

You also mentioned in your testimony the importance of consistent and practical regulations, which is an idea I have been emphasizing during my time on this Committee.

I want to highlight for you one area where I think more consistent regs are needed, and that is with crop insurance and conservation.

In Indiana, we are proud of the work Hoosier farmers are doing to implement voluntary conservation practices like cover crops, which improves soil health and water quality.

You and I both know that farmers have every incentive to keep their inputs on their fields and ensure their farms are in good shape so they can hand it over to the next generation.

Right now, however, it is entirely possible, even if it does not happen frequently, for a farmer who is doing things like cover crops, even if they are following NRCS guidelines, to receive a deduction in their crop insurance, and I am sure we both agree that following proven and accepted conservation activities should not put a farmer at risk of losing the full coverage of their crop insurance. It is the most important tool for farmers to manage risk, and it is vital that crop insurance is not an impediment, and it is vital that it is not an impediment to science-based voluntary conservation activities.

Can I have your commitment to work with me to ensure that is the case and to get this straightened out?

Secretary PERDUE. Certainly, and I would appreciate being educated about that. I am not aware of that ding there. So if you will help us understand specifically what is going on—

Senator DONNELLY. We would love to because you are a common-sense guy, and I knew that you would look. If you said if you do conservation, your crop insurance at risk, that makes no sense at all.

Finally, last is we know commodity prices are low, and we know just how vital it is for us to open new markets for farmers to sell products.

In your testimony, you mentioned work that my fellow Hoosier, Ted McKinney, who is a friend and an incredibly hard worker, as you know, is doing to open markets around the globe. I am very

supportive of those efforts, but I want to make sure we are not losing sight of the potential for market expansion that biofuels provide for farmers.

Instead of cutting back RFS, we should be pushing to expand market opportunities for biofuels. I know it is technically in the jurisdiction of EPA, but as the head of the agency working on behalf of American farmers, I want to remind you we could start selling E15 or other higher blends of biofuels tomorrow if we address the nonsensical Reid vapor pressure regulation.

Senators Fischer, Grassley, and I have been working to address this legislatively, but there is some who think it can be done through regulation.

When the administration is looking to expand market opportunities for farmers, are you highlighting issues like this with the President and others in the Cabinet? If not yet, would you?

Secretary PERDUE. On a fairly regular basis, sir.

Senator DONNELLY. Okay. That is very good. If you need help, give us a call.

Thank you.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Thune.

Senator THUNE. Thank you, Mr. Chairman. Senator Stabenow, thanks for having the hearing, and thank you, Secretary Perdue, for being here today and sharing your thoughts with us about the State of agriculture.

Since being confirmed as USDA Secretary, you have been traveling the country, and we appreciate that. You have been to my State more than once, actually, and I appreciate the hands-on approach you have taken to how the actions that are taken by—and policy ideas that are put forward impact South Dakota and American agriculture.

I am sure what you have heard from farmers around this country and ranchers is that they are hopeful. They are resilient, but they are also anxious and concerned about their future, their families' future, and the sustainability of their operations.

In my State of South Dakota, Mr. Secretary—and I would argue in the broader rural economy—I think that the success and prosperity of agriculture is really contingent on three major areas, all of which you can address.

First is, of course, trade. Second is the RFS, renewable fuel standard, which you have heard talked about quite a bit today, and the next and the last is the Farm Bill. The fourth factor is the weather, which is always a factor in South Dakota agriculture, but I do not believe that is something you have any control over.

So regarding agricultural trade, I would just like to go on the record in opposition to ad hoc price loss payments to producers who suffer economic loss from trade sanctions, tariffs, and loss of export markets due to our trade policies.

We urgently need well-crafted trade agreements that maintain and expand markets, and we need these agreements sooner rather than later.

Farmers and ranchers need and want their income from the marketplace, not market loss assistance payments from the Federal Government. So I hope that we are working aggressively to open

up more trading opportunities for American agriculture for our farmers and ranchers.

Finally, I do want to express I appreciate the quick turnaround regarding a letter I sent on April 16th after Winter Storm Xanto pounded portions of South Dakota with record snowfall right before birthing season.

I received a response yesterday from Under Secretary Northey informing me that FSA is announcing clarifications to the LIP policy later today based on that request. So I would like to say now that your timely response and sensitivity to this issue to assist our livestock industry is very much appreciated.

Last May, as I mentioned, you came to South Dakota. You joined me on a tour of the Black Hills National Forest and saw firsthand the effects that the pine beetle infestation has had. You also had the chance to see the positive impact that thinning and the timber sales program have had on forest health in South Dakota.

However, a large portion of the Black Hills National Forest remains at high risk of catastrophic wildfires. So can you tell me if we can expect timber sales to increase this year in the Black Hills National Forest?

Secretary PERDUE. Senator, under the authorities you all provided us in the forest management as well as the fire funding, we certainly hope so. We will prioritize those, and I would expect there are a lot of pent-up demand elsewhere in many other places. I cannot specifically address what the plan is for that, but I can have our chief forester tell you what the forest plan regarding sales are.

But what you all were able to do in that bill frees us up to do what we need to do, and what I saw in your area in the Black Hills Forest showed me very demonstrably how good forest management can make a difference in insects and in wildland fires.

Senator THUNE. Good. That was the intended effect of the legislation.

Let me just reiterate a point that has been made by a number of my colleagues already on the RFS. These waivers that have been granted by EPA are a backdoor way to reduce the renewable fuel standard and the RVO, and then the President's express commitment, which you were I think at that meeting that we all attended, where he indicated his desire to move forward with year-round E15 sales, that is really critical. I hope that we can count on you to make the arguments on behalf of American agriculture to the administration.

You mentioned earlier, a lot of this is in the EPA's—and I understand the EPA, and I understand where they are coming from, but I understand they maybe have a different view or different position. But from agriculture standpoint, we need strong advocates to this administration to expand E15 sales year-round and second to put a stop to these waivers that EPA continues to grant to refiners out there that are supposed to be for hardship, but clearly in this case have been used for purposes other than that.

So I will reiterate what has already been said by a number of my colleagues, but I just want you to know how important this is to agriculture across this country and how important we view your advocacy to be in terms of the administration, shaping the administration's views with respect to the future of the RFS.

I have a couple of other questions with respect to the Farm Bill, Mr. Chairman, but I see my time has expired, and it is not even high noon. So, with that, I will yield back.

Chairman ROBERTS. I thank the gentleman for his comments.

Senator SMITH, who has been waiting very patiently.

Senator SMITH. Chair Roberts, thank you so much, and I am so happy to be here.

Secretary Perdue, it is wonderful to see you again, and we appreciated very much welcoming you to Minnesota last August, I think, when I was still Lieutenant Governor.

I really appreciated your comments in your testimony today about all of the factors that need to come into rural development. This is very much on the minds of Minnesotans as we think about everything before us, with a tough ag economy.

As I think about the Farm Bill, everything that my Minnesota constituents are telling me is that we need to have strong farm programs, including conservation. We need to have strong nutrition programs, and then we need to have strong rural development programs. If those three things hang together, then we can have a good bill, and if they do not hang together, then it is going to be dicey.

Secretary PERDUE. Right.

Senator SMITH. One thing that you have had a chance to talk about quite a bit, I want to just double back on briefly, is rural broadband.

Minnesota has a border-to-border broadband program, which has been—it is a very successful mode. It includes—it is a public-private partnership, where the public and the private sector players come together in those areas where it is just not economic for a private sector business on their own to go that last mile.

We have succeeded in getting 34,000 households and 5,000 businesses connected. It is a competitive grant program, and what it does is it—it has good accountability. So, when you do the grant, you are going to get it done by when for how many people, and it sounds like this is very much the kind of things that you would be looking for as you are developing this pilot program at USDA?

Secretary PERDUE. It certainly is. We would love to look at that program closely to model some of our parameters around.

Senator SMITH. Well, I would love to have you, love to welcome you to Minnesota, and we could show you around and show you how it is working because I think it is a really good model, with good speed goals too. You got speed, reliability, affordability. It is all coming together.

I just want to touch on another thing that I know is so important to Minnesotans living in rural areas, which is the challenges around housing. In rural areas, that is the housing that is often the oldest housing stock, the biggest challenges with affordability.

Senator Shaheen and I have introduced our Rural Housing Preservation Act, which would help protect access to affordable housing for families in rural areas.

I wanted to just give you an opportunity. I would love to have you take a look at that proposal and would love to give you an opportunity to talk a little bit about housing issues, as you see it.

Secretary PERDUE. Well, certainly. One of Rural Development's portfolios certainly is housing, and it is extremely important in rural areas, both multifamily and single-family housing. So we would welcome any kind of conversation over that if there are specific areas or needs that you have in Minnesota.

Senator SMITH. That would be great.

We find that, increasingly, lack of access to affordable housing is a limit on economic growth because there is just literally no good place for people to live.

Then the last thing I would like to touch on is the issue of connecting the USDA with our tribal nations, and I sit on the Indian Affairs Committee as well as this Committee. Actually, Senator Hoeven and Senator Daines and Senator Udall and I sent you a letter asking you to take an—look at opportunities for including tribal representatives in trade missions and in other work around the USDA, and I want to thank you for your response letter, which we got last night, which is much appreciated.

I just wanted to also give you a chance to talk a little bit about how we can—kind of what the opportunities are for including tribal nations more in our work at USDA.

Secretary PERDUE. Well, again, I think the first principle is these are Americans, and that we need to treat them as such in that regard. While they live possibly in sovereign areas, nonetheless we have a responsibility in their area as well.

I have been very pleased, as I have visited with many of them, over the entrepreneurship and the commerce that is happening on our tribal lands. So I appreciate your interest in that, and I think we have got a good story to tell in that regard.

We have a new Office of Partnerships and Outreach that has specific tribal representatives that make sure we are addressing, and there are some specific unique needs in those areas that we are trying to address one by one.

Senator SMITH. Well, thank you. I very much appreciate your attention to that.

The American Indian Foods International Export Program generated around \$62 million in sales for native products between 2014 and 2016. So to your point about the entrepreneurial opportunities available to these sovereign nations is a great point, and I look forward to working with you on that.

Secretary PERDUE. If they had rural broadband, they could sell more.

Senator SMITH. That is exactly right. They could access markets all over the world.

Thank you.

Chairman ROBERTS. Senator Daines.

Senator DAINES. Thank you, Chairman Roberts and Ranking Member Stabenow for holding this hearing.

Secretary Perdue, thank you. You are a breath of fresh air here in Washington, DC. We are glad that you are serving in this capacity, truly, and thanks for coming here.

You have been to South Dakota. You have been to Minnesota, twice to Montana. You are like Johnny Cash, I think in terms of you have been everywhere, sir, and thank you for getting out of the ivory towers of Washington, DC, out of the fog and the mist of this

place and out where the real folks are, out in the Heartland of our Nation.

I noticed the logo on our pads here in this Committee, it is the Committee on Agriculture, Nutrition, and Forestry, and I know you understand that as you work with the Forest Service. It is always a good reminder that this Committee has a broad jurisdiction in many ways, as do you, thinking about our forests.

I fought hard to secure the forest management reforms and wild-fire funding reforms recently enacted. I just came from an Energy and Natural Resources Committee, and some of my colleagues, I think were spiking the ball about liberating the Forest Service.

I would just kindly offer a different perspective. We are in the first quarter. We have put some good stats on the board, but I think we have got a long ways to go here before we win this battle. These reforms are a good first step to reduce the 80-million-acre restoration backlog at the Forest Service, but more needs to be done to reduce the red tape and the courtroom challenges that we see happen from these fringe litigators.

Mr. Secretary, would you agree there is more Congress could do to combat litigation and accelerate much needed restoration projects on our national forests?

Secretary PERDUE. I would, Senator.

It is unfortunate when we work in a community and get local buy-in, even from the environmental community locally, and outside groups who are there for the litigation that come from many States away to do that.

I am also a big believer that mediation might be an appropriate step in that as well.

Senator DAINES. We got back home in Montana, 20 timber sales totaling 140 million board feet, where a NEPA project decision is enjoined.

In Region 1 alone, litigation resulted in millions of dollars of lost legal and attorney fees, loss of timber sales and revenue, devastating effects on our local communities.

I was just up in Northwest Montana, up in Lincoln County, where there is no longer a sawmill there, and yet the namesake of the high school and the county seat there is the Libby Loggers. There is not a timber mill, sawmill in their county anymore.

Does the Forest Service support this idea of an arbitration pilot? I recognize we have got to walk before we run, but arbitration pilot authority, like the one that was proposed in a bill I have got here, Protecting Collaboration for Healthier Forests Acts, to ensure that swifter resolution of litigation and producing faster implementation of projects, particularly out West.

Secretary PERDUE. We would welcome something like that, an arbitration mitigation type of scenario that we think would be quicker and probably less expensive on all parties. If the goal is really true forest management and environmental protections, we have nothing to hide in that regard, and we would welcome something like that.

Senator DAINES. Thank you, Mr. Secretary.

Switching gears, I just came back from leading a congressional delegation to China with five Senators, including two from this Committee—Senator Grassley and Senator Perdue. It is imperative

to work in concert with our allies to ensure that U.S. businesses, farmers, ranchers are able to compete on a level playing field.

Admittedly, it is a long play, but I do believe reengaging in the Trans-Pacific partnership, which you know was broadly supported by the ag community, is one strategy that could provide increased market access for U.S. ag, while also serving as a counterweight to China's growing influence in the region.

I support the administration's view of stronger bilateral agreements. I can certainly see the wisdom in that, but I also see we have got maybe a broader strategy. We could combine some multilateral agreements. Frankly, NAFTA is a multilateral agreement, as the President and his team is working to make that a much better deal for the American people.

But when we pull out of the TPP, China increases influence in the region. Secretary Perdue, notwithstanding other aspects of TPP, would joining that agreement do you believe benefit U.S. agriculture?

Secretary PERDUE. I do. I think, again, it forms a united front with our allies in an effort of tariff reduction that excludes China to our benefit and not to their benefit, and I concur with you there.

I have encouraged the President in that regard to consider the TPP again. He made a statement at the Cabinet meeting the other day that—and actually engaged Larry Kudlow and Lighthizer to look at that. Obviously, Ambassador Lighthizer is covered up now with NAFTA negotiations and China restrictions, but I would welcome us looking at rejoining the TPP.

Again, I think the President's negotiating style could possibly get even a better agreement this time around.

Senator DAINES. Thank you, Mr. Secretary.

Chairman ROBERTS. I thank the Senator for his comments and his questions.

What community were we visiting up in Montana where we had the city fathers—

Senator DAINES. Yes.

Chairman ROBERTS [continuing]. and we had a group of loggers, and because of the legal hurdles that—

Senator DAINES. Mr. Chairman, that was Columbia Falls, Montana. In fact, we met at the oldest family owned sawmill in Montana, which is called Stoltze Lumber.

Chairman ROBERTS. If memory serves me correct, there were several folks there running several logging operations, but only one was going to go back in because of the legal problems, or was that two out of three, or what—

Senator DAINES. Yes. The litigation amongst, frankly, these fringe serial litigators, who are not part of the collaborative process—they are outside the collaborative process, and after the collaboratives get their work done, they will oftentimes come in at the end and stop something that has been worked with conservation groups, wildlife groups, the timber industry. I appreciate you visiting there, Mr. Chairman, and continuing to lead this Committee to try to find a solution to this challenge we face.

It is hurting the Heartland. It is a kick in the gut for us out in Montana.

Chairman ROBERTS. Well, we appreciate your leadership on that.

Senator DAINES. Thank you.

Chairman ROBERTS. I have one more question for you, Mr. Secretary, and then we will conclude. I thank the Senator from Michigan's patience.

Mr. Secretary, in the President's 2019 budget request, there is a reference to a national security asset currently being constructed in Kansas proposing "to transfer operational responsibility for the National Bio and Agro-Defense Facility." The acronym for that is NBAF. That is to move that facility or the operational facility from the Department of Homeland Security to the Department of Agriculture.

NBAF will be the first U.S. Laboratory capable of functioning at the highest containment level at Biosafety Level 4 for agriculture. It was designed with partnership in mind primarily between the Department of Homeland Security and the Department of Agriculture.

Obviously, the job of the Department of Homeland Security is to consider and protect threats from adversaries, more especially agro-terrorism, and the Department of Agriculture's responsibility is to bring the knowledge of agriculture and to protect our food supply.

If the NBAF Lab is in the Department's portfolio, how will this level of partnership at a minimum stay the same or get better, certainly, hopefully to improve between the Department of Agriculture and DHS?

Secretary PERDUE. My vision, Senator, is that the core competency of USDA with the Agricultural Research Service on an ongoing basis is more suited to operate NBAF on an ongoing basis from research, development of vaccines, and other types of containment of some of the worst diseases known to man.

Obviously, the relationship with DHS has to continue to be a partner because they have the statutory authorities in light of bioterrorism to step in with the unique authorities that we do not have. So I would view it as a continued partnership with us doing the ongoing research and the management of the lab and the containment facility there that you have described as the highest level in the world and dealing with those kind of things like FMD and the other types of zoonotic diseases that threaten us on an ongoing basis.

But we would have to have a continued relationship with DHS in light of a failure or a break or a breach there because of the authorities they would have.

Chairman ROBERTS. Mr. Secretary, I thank you very much for that statement. It is especially helpful with regards to clarification.

This will conclude our hearing today. To Secretary Perdue, thank you for your efforts and your views on the State of rural America. Keep on and keep on, my friend.

Secretary PERDUE. Thank you.

Chairman ROBERTS. To my fellow members, we would ask that any additional questions you may have for the record be submitted to the Committee, 5 business days from today or by 5 p.m., next Tuesday, May the 1st.

The Committee is adjourned.

[Whereupon, at 12:11 p.m., the Committee was adjourned.]

A P P E N D I X

APRIL 24, 2018

Testimony of Secretary Sonny Perdue
U.S. Department of Agriculture
before the
United States Senate Committee on Agriculture, Nutrition, and Forestry
April 24, 2018

Good Morning Chairman Roberts, Ranking Member Stabenow, and distinguished Members of the Committee. Exactly one year ago, many of you, along with your colleagues voted to confirm me as the 31st Secretary of Agriculture; an honor I truly cherish. I thank you for the opportunity to appear before you to testify about the current state of rural America. Over the past year, USDA has made breakthroughs in agricultural trade, moved to reduce burdensome regulations, identified over 100 recommendations to improve life in rural America through the Taskforce on Agriculture and Rural Prosperity, responded to an inordinate number of natural disasters, and battled through an extreme fire season, among other notable achievements. Through all of these successes, USDA has been able to remain on a path to become the most effective, most efficient, and best managed department in the Federal government. We also look forward to other program improvements this year as part of a reauthorized Farm Bill to help us better serve the American people and farmers.

The State of Rural America

As mentioned, over the past year, farmers have continued to stand the test of time, weathering natural disasters, low markets prices, and anxiety regarding exports. But through the resilience of farmers, American agriculture will continue to prosper. In 2017, we saw the largest soybean crop ever, corn production was the second highest in history, and cotton yields hit a record high; however, some of our competitors have seen similar high production numbers. Last year, farmers, less than one percent of the American population, provided food and fiber to over 300 million Americans, and millions more around the globe. The economy is strong with 103,000 jobs created in March and unemployment at 4.1 percent. Over 21,000 young and beginning farmers signed up for the Beginning Farmers Loan Program. Farm and food exports were the third- highest on record at approximately \$140.5 billion. Our producers and our agencies have continued to make sure America has the highest quality, most abundant, safest, and affordable food supply in the world. As agriculture policy leaders, it's our job to make sure American producers and consumers can continue enjoying our vast food supply by reducing regulatory burdens, increasing efficiency, and implementing our programs with responsibility and integrity.

On my first day in office, President Trump signed an Executive Order directing me to lead the Interagency Task Force on Agriculture and Rural Prosperity. On January 8, 2018, we released the findings of the Task Force. The report is the result of an intensive six-month effort made by 22 Federal agencies in partnership with state, local, and tribal leaders. The recommendations centered on five areas: e-connectivity, quality of life, rural workforce, technology, and economic development. To ensure that the findings of this report have a meaningful impact on rural America, we are moving forward to implement the initial recommendations and to expand stakeholder participation. We are working closely with the White House so that we can move forward together in making a lasting impact in rural America.

No doubt, rural America has struggled under burdensome regulations, but this Administration is taking aggressive action to reduce confusing, burdensome regulations that impair productivity, and USDA is not an exception. Regulations must be consistent, affordable, and practical enough for our customers and staff to continue doing the important job of feeding, fueling, and clothing the nation. Under President Trump's leadership, this Administration has made it a top priority to get rid of excessive regulations, and has eliminated 22 existing regulations for every new one that comes on the books. At the President's direction, regulatory reform is one of the cornerstones of the Department's strategies for creating a culture of consistent, efficient service to customers, while reducing burdens and improving efficiency. USDA anticipates in fiscal year 2018 issuing regulations that will result in over \$56 million in annual savings.

President Trump has also made it a priority to rebuild our infrastructure and he has followed through on that commitment. Under the President's infrastructure plan, rural America would receive a much-needed boost in investment. With a quarter of the new Federal money heading to rural parts of the country, states will have the ability to expand broadband access, increase connectivity, rebuild roads, and supply affordable utilities. Importantly, states will have the flexibility to choose which projects will best meet their unique needs. In my travels across the country, I have heard from the people in the Heartland, and the overwhelming view is that this is just the type of investment they are looking for to help create jobs, improve education, improve the quality of life, and increase overall prosperity. Last year, USDA made significant investments in rural infrastructure, including telecommunications, e-connectivity, water and sewer systems, and critical community facilities that have improved educational, health, and economic opportunities for rural residents. These vital services are part of the foundation of a high quality of life for the 46 million rural Americans. Congress also recognized the critical tool broadband is for rural Americans and provided \$685 million for this effort in the Omnibus. Of this amount, \$600 million will be used to start a pilot program to improve rural broadband. We can, and we should do better for our Nation's future for many generations to come.

This past year, natural disasters, including flooding, hurricanes, droughts, and wild fires, greatly impacted our rural communities. In response to the hurricane season, USDA was able to provide more than \$5.4 million in infant formula and baby food, and distribute nearly 13 million pounds of USDA Foods for congregate feeding and disaster household feeding. In coordination with other federal, state and local, agencies, over 28,000 personnel, including nearly 10,000 Forest Service personnel, responded to an extreme fire season. USDA appreciates the work of Congress to include a bipartisan fix to address funding for fighting wildfires and making forest management reforms in the 2018 Consolidated Appropriations Act. This solution will enable us to improve overall forest health and help keep wildfires from threatening lives, homes, and communities. And on April 6th, USDA announced the 2017 Wildfire and Hurricane Indemnity Program (WHIP) as directed by Congress through the Bipartisan Budget Act of 2018, to offset losses for producers affected by hurricanes Harvey, Irma, and Maria and devastating wildfires. With the help of crop insurance and our suite of disaster programs, many producers were able to recover from a difficult farming season.

International trade continues to be an engine for economic growth in rural America. Over the past year, we have inked deals to get U.S. beef back into China, U.S. pork back into Argentina, lifted South Korea's ban on U.S. poultry imports, and eased the regulations on U.S. citrus in the European Union. Since the day he took office as USDA's first Under Secretary for Trade and

Foreign Agricultural Affairs, Ted McKinney has been circling the globe, promoting U.S. agricultural products and engaging with foreign government counterparts to break down barriers to U.S. exports. The trade missions to India and Guatemala he led will generate more than \$30 million in projected 12-month sales for the U.S. agribusinesses that took part. China is a key market for U.S. agriculture, but China's unfair trade policies, including agriculture subsidies and import restrictions, have undermined fair trade and the global trading system. As we take a stronger approach to the way we handle trade as a Nation, President Trump has directed me to use all of my authorities to ensure that we protect and preserve our agricultural interests. USDA has worked to find, open, and expand markets for the high-quality food, fuel, and fiber that our farmers and ranchers produce. We are leaving no stone unturned as we work to enter into trade agreements that will benefit American agricultural producers.

Finally, I would like to turn to the 2018 Farm Bill. The Farm Bill not only addresses many of the issues I have already discussed, but is critical to animal health, marketing, and other agricultural programs; nutrition assistance; our investments in agriculture research; and support for Land Grant universities, among others that help USDA support producers and rural communities. We appreciate Congress' work in developing the Farm Bill, and the Administration stands ready to assist as requested.

Over the past year, my team and I have traveled to more than 35 states to talk with the men and women who are at work in the fields on America's farms and ranches to produce the food and fiber that feeds and clothes every American, and also much of the world. Whether we were holding town halls, or listening sessions in fields, machine sheds, community colleges, or front yards, we were gathering good advice. We heard about what works from previous Farm Bills, and what is not working right now. We took what we heard from the field and released a set of principles to aid you in drafting the next Farm Bill. I hope they serve you well as you go about your important work. As you deliberate, it is imperative that you improve the tools the Department has to address pressing and difficult situations faced by our producers, within a streamlined budget constraint.

Conclusion

The success of the United States today and in the future depends on optimizing rural America's productivity and quality of life. Unleashing the potential and ingenuity of rural communities is an integral part of making America great again, and will help build a safe, strong, and proud America. Our whole Nation's prosperity is intrinsically tied to rural America's ability to thrive in the new global economy, using its abundant natural resources to provide food, fiber, forest products, energy, and recreation to the world.

I look forward to working with you to implement policies that will harness the innovative spirit of the hard-working men and women in rural America and help them improve the quality of life and economic opportunities across America. I would be happy to answer any questions at this time.

**DOCUMENTS SUBMITTED FOR THE
RECORD**

APRIL 24, 2018

FARM EQUIPMENT AUCTION

SAKATA FARMS

Saturday, March 10, 2018 • 9:30 am MST

384 East Bromley Lane, Brighton, CO

From Hwy. 85 and Bromley Lane on the south side of Brighton, east ½ mile.

The following items will be sold with **ONSITE** bidding only.

VEHICLES

2002 GMC Sierra Pickup, needs work
 1999 Chevy Pickup, ½ Ton, 4x4, 5.3L V-8, automatic
 1996 Ford Ranger Pickup, extended cab, 4x4, V-6, automatic
 1986 Nissan Pickup, 2WD, 4 cylinder, 5 speed
 1985 Ford Escort, 5 speed
 1998 Volvo 60 Series Truck Tractor, 12.7L, Detroit, Allison automatic, wet kit
 1993 Kenworth Truck Tractor, Cummins N-14, 10 speed, needs motor
 1992 Volvo 60 Series Truck Tractor, 12.7L, Detroit, Allison automatic, wet kit
 1991 Volvo 60 Series Truck Tractor, 12.7L, Detroit, Allison automatic, wet kit
 1989 Kenworth 60 Series Truck Tractor, cabover, 11.1L, Detroit, 10 speed
 1986 Ford Truck, Cummins, 6 speed, single axle

TRAILERS

2 – 1996 Shop Built Live Bottom, 40 foot
 1996 Shop Built Live Bottom, 40 foot, broken chain
 1980 Utility Refer, 42 foot
 1973 Lufkin Flatbed, 40 foot
 1973 Clark Van, 45 foot
 1951 Flatbed with screened sides, 35 foot
 1939 Fruehauf Flatbed, single axle, 22 foot, tank
 John Deere Equipment Hauler, 30 foot
 Timpa Van Box, 36 foot
 Full Trailer Frame with bumper, 20 foot

FORKLIFTS

Nissan PJ01A15V, gas, 2-stage with sideshift, 14,790 hours (orange #1)
 Nissan MPL01A15JV, gas, 3-stage with sideshift, 9500 hours (silver #2)
 Nissan MPL01A15JV, gas, 2-stage with sideshift, 9760 hours (silver #5)

Pictures can be found at:
www.K-Wauctions.com

See reverse side for
 additional information.

Did you know? There is one piece of silk for each kernel of corn.
 The average ear of corn has 800 kernels, arranged in an even number of rows.

FARM EQUIPMENT

Milton Onion Planter, 12 row
 2 – Milton Cabbage/Broccoli Planters, 6 row
 Hagl Detasseler, high clearance, Chrysler 318 V-6 engine
 John Deere Vibrashank, 17 foot
 Vibrashank, 12 foot
 Befro Tiller, 66 inch
 Triple K, 4 foot
 Kongskilde Triple K, 30 foot
 Landoll 3230 Mulcher, 25 foot
 Landoll 1700 Chisel Plow, 10 foot
 Eversman 1600 Land Plane, needs wheels
 1978 John Deere 690B Excavator, engine needs work
 2 – Harvesting Belts, 24" x 60"
 Field Packing Unit, 45 foot (blue)
 Field Packing Unit, 40 foot (red)
 Richardson Dump Wagon, 10 Ton
 Dual Dump Wagon
 5 – Produce Wagons, 6-wheel
 18 – Produce Wagons, 4-wheel
 Lockwood Bin Piler, extends to 35 feet
 50 Stackable Bins, cap 35 @ 50 lb sacks
 Top Air Onion Harvester, 3 row, for parts
 Onion Sack Loader, pull type
 Various Tanks with tractor mounts
 Mid-mount Cultivator for JD 4040, cutaway discs & knives
 Crust Buster, 6 row, 30 inch
 Bean Double Rod Lifter, 16 foot
 Bean Double Rod Lifter, 11 foot
 Speedy Bean Undercutter front mount, 16 foot
 Undercutter Blade, 15 foot
 Tool Bar for spicers, 16 foot
 Blade, hydraulic tilt X angle, 10 foot, 3 point
 Dozer Blade, hydraulic angle, 14 foot, 3 point
 3 – Tool Bars, individual rows, 16 foot
 2 – Folding Tool Bars, 12 row, 30 inch
 8 – Pallet Fork attachments, 3 point
 Block Ice Crusher, self-contained with Ford flathead V-8 gas motor
 Cabbage Packing Line with distributing hopper, 2 produce belts, full box belt, empty box conveyor
 Vegetable Sorting Line
 Metal Hopper with conveyor
 Sweet Corn Trim Saw Line, 2-lines
 Corn Double Saw with cleated chain
 Intensity Sweet Mesh Bags, 22" x 6"
 Wax Cabbage Cartons
 Wood Corn Crates, wire bound, 11" x 12"
 Cardboard Bins, 48" x 40" x 36"
 Steel framed Bins with wood walls
 And many other supportive items, such as tractor weights, parts, tires, electric motors, hoses, clamps, broccoli bunchers, etc.



970-356-3943

Greeley, CO

www.K-Wauctions.com

AUCTIONEERS

Bob Krebs 970.396.4417
 Terry Wiedeman 970.396.9464
 Brad Cole 970.420.8435
 Ed Kumpf 970.290.1672

FARM EQUIPMENT AUCTION



Saturday, March 10, 2018 • 9:30 am MST

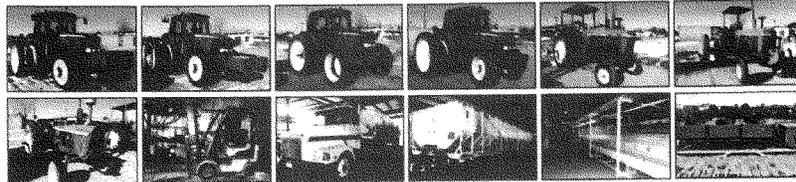
384 East Bromley Lane, Brighton, CO

From Hwy. 85 and Bromley Lane on the south side of Brighton, east 1/2 mile.

Sakata Farms is changing their farming operation and discontinuing their sweet corn production, for which they are well-known.

PREVIEW DAILY beginning March 5th, from 9 am - 4 pm

Bidding on the items listed below can be done onsite or online!
Online bidding is on BidCaller.com and begins at noon MST.



TRACTORS

- 2005 John Deere 7420, IVT, 9500 hours
- 2005 John Deere 7420, IVT, 9500 hours
- 2004 John Deere 6420, IVT, 9000 hours
- 2004 John Deere 6420, IVT, 9000 hours
- 1986 Fiat MDL 70-66 Mudder, 4WD needs work
- 1982 John Deere 4040, powershift
- 1981 John Deere 4040, powershift
- 1981 John Deere 2630
- 1974 IH 100 Hydro, diesel, needs work
- 1973 IH 666 Hydro, gas

More pictures on these items can be found on BidCaller.com along with bidding information.

PACKING LINE

- Complete Sweet Corn Packing Line, hydraulic power unit, leveling hopper, distributing dump belt, empty box carousel, full box conveyor, 30 packer stations, 85 feet long
- Produce Hydro Cooling System, 200 Tons of mechanical refrigeration with two 700 gpm recirculating water pumps, ORP monitor
- York Ice maker, 20 Ton cap, runs well
- Bohn Ice Maker, 20 Ton cap, runs well
- Ice Maker Unit with two 15 Ton makers inside
- Sweet Corn Cold Box Refrigeration System for 38' x 100', 16-fan units
- Broccoli Cold Box Refrigeration System for 38' x 38', three 3-fan units
- Cabbage Cold Box Refrigeration System for 38' x 72', four 4-fan units
- Corn Overwrap Cold Box Refrigeration System for 39' x 79', two 2-fan units
- Top Ice Blower with auger infeed, 15 hp motor on blower, 1/4 hp motor on auger, 2 hp motor on feed auger
- Liquid Ice Injector, hydraulic power unit, ORP monitor with sanitizer injection system
- Biocide Keeper Sanitizer System, 50 gallon
- 2 Biocide Keeper Sanitizer Systems @ 30 gallon

The line items are currently installed and in working condition. These items must be removed/dismantled from the buildings at Buyer's expense within 60 days. Buyer must work with Seller in arranging time and approved methods.

Sakata Farms auction site is only 19 miles from Denver International Airport. Please call our office if we can assist you in any way with arrangements.

See reverse side for additional auction items.

NOTE: Sakata Farms has been well-known for generations for their vegetable production including sweet corn. They have decided to change their operation and no longer raise sweet corn, broccoli & cabbage and concentrate on onions & other crops. They will be offering their production lines and supporting equipment at this auction. Preview the week prior. Photos can be found on our website at www.K-Wauctions.com. Questions can be directed to Ray at 720-810-0263 or Steve at 303-881-5982. Lunch will be available. Plan to attend!

TERMS: Payment required auction date with cash or good check. **NO PLASTIC!** Wiring funds will be accepted however, must be approved prior to auction date by contacting our office. Online bidders must wire funds in accordance with the terms on BidCaller.com. Announcements auction date take precedence over written materials.

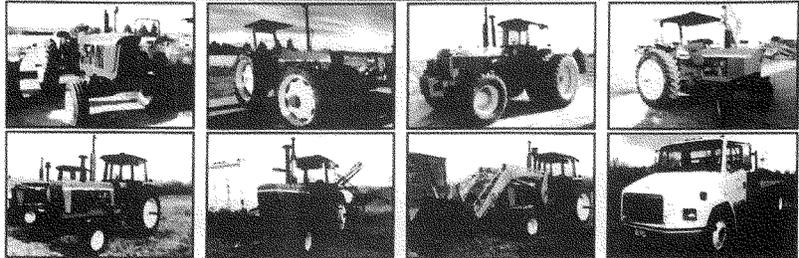


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www.K-Wauctions.com

AUCTIONEERS

- Bob Kreps 970.396.4417
- Tony Wiedeman 970.396.9464
- Brad Cole 970.420.8435
- Ed Kunitz 970.290.1672

FARM EQUIPMENT AUCTION
ROCKY MOUNTAIN PUMPKIN RANCH
DAVE ASBURY
 Saturday, February 24, 2018 - 10:00 am
 11900 Hwy. 66, Longmont, CO
 From I-25 and Hwy. 66 (Exit 243), west 5 miles to Pace Street, and north into field.



TRACTORS

2004 Kubota L5030, diesel, 3254 hours, one owner
 1988 John Deere 4850, MFD, 8905 hours
 1986 John Deere 2750 High Crop, MFWD, 75 hp, diesel, rebuilt engine with creeper
 1974 John Deere 2630, 78 hp, diesel, rebuilt engine
 1967 John Deere 3020, power shift, 70hp, diesel, rebuilt engine, 250 hours
 1968 Int. 70 Hydro, gas, 3505 hours

VEHICLES

1999 Ford Ranger, 5 speed, 205,700 miles
 1984 Ford E350 Truck with 15 foot van body, 460 gas engine, 218,600 hours, needs work
 1993 Freightliner FL60 Truck, diesel, 210,000 miles

FARM EQUIPMENT

PDF 420 Corn Topper, 8 row, 1700 hours
 Brent 310 Grain Train Cart • John Deere Disc, 16 foot
 Alloway 2040 Field Cultivator, 16 foot, rolling baskets
 Field Cultivator, 20 foot, rolling baskets
 IH Vibrashank 45 Field Cultivator
 Alloway Cultivator with rolling shields
 Hinniker 6000 Cultivator, 6 row
 Alloway 3565 Cultivator, 6 row
 3 Cultivators, 6 row, 3 point • Farmhand Cultivator, 6 row
 Orthman HD Cultivator, 6 row • Cultivator, 4 row
 4 Tool Bars, 3 point • Graham Hoe/moe
 2 Rotary Hoes, 6 row • Hawkins Ditcher, 6 row
 IH 10 Ripper • John Deere 670 Disc, 20 foot
 Farmhand Manure Spreader on JD Running Gear
 RediHaul Swather Trailer • 4 Trailers with running gears

MISCELLANEOUS

John Deere Hay Forks • 3 Row Marker Sets
 John Deere Row Marker Set, 12 row
 Speed King Hi-Angle Auger, 6 inch, 42 foot • Fuel Tank, 6000 gallon, pump & pairs Tires on Rims, 15.5x38, 19.9x38, 18.4x38
 Assorted Tires & Rims • Milton Planter Tanks
 Shanks • Cultivator Tools

IRRIGATION

Flow Guard Sand Filters for drip irrigation, stainless steel
 Gated Pipe, 8 inch • Irrigation Pumps
 Sprinkler Pipe, 4 inch aluminum, with Rainbirds

VEGETABLE EQUIPMENT

Yale Pallet Jack, electric, 2000 lb cap.
 Lilliston 6200 Edible Bean Combine
 Clipper 27 Seed Cleaner with several screens
 Pixall Green Bean Harvester, 2 row
 Pixall Green Bean Shaker Table
 Packing Line • Packing Line Equipment
 John Deere 70 Planters, 5 row, 3 point
 John Deere 70 Planters, 6 row, 3 point
 John Deere MaxEmerge 7300 Vacuum Planter
 2 Milton Toolbar Planters, 5 & 6 row • Planter Jr Planters
 Cultivator, 11 foot • Williams Lettuce Cultivator, 2 row
 Field Cultivator, 8 foot • Brillion Cultivator, 4 row
 Cultivator, 2 row • Lely Finger Weeder, 6 row
 Packer Wheels, rolling baskets, picnic tables
 Mulch Layer, 4 foot • Plant Racks • Tomato Cages
 Garden Mart Greenhouse, 60x21 feet
 Shop Built Hydro Cooler, 16x21 feet
 Walk-in Cooler, 48 foot fans, conveyor lines, wash lines, bagging lines • Ice Machine, 1200 lb

CONSIGNMENTS

Tim Carlson (612-978-7764)
 2 New Holland TR70 Combines
 New Holland Combine for parts
 Allis Chalmers All Crop Harvester, antique
 1975 John Deere 4430 Tractor, cab
 1975 Int. 966 Tractor, cab • 1969 Oliver 1850 Tractor, cab
 1977 Dodge Pickup, ¾ Ton • 1964 Chevy Truck, 1 Ton
 Road Grader • Sutton Steele & Steele Gravity Separator
 3 Centrifugal Blowers • 2 Seed Cleaners
 Behlen Grain Dryer • Massey Ferguson Feed Grinder
 7 Utility Wagons • John Deere 750 Grain Drill, 10 foot
 2 Grain Augers • Side Roll Irrigation
 PTO Water Pump • Subsoil Cutter

Rod Tuttle (303-304-4182)
 1979 John Deere 4640 Tractor, cab, with JD 280 Loader
 1975 John Deere 4430 Tractor, cab, power shift
 John Deere Quick Hitchers
 John Deere Weights • John Deere Wheels & Tires

NOTE: Dave is changing his operation, and selling his farm & vegetable equipment. We have also added some consignments for even more options. This is a good opportunity for you to add to your inventory. Photos can be found on our website at www.k-wauctions.com. Questions on Dave's items can be directed to him at 303-619-0613. Plan to attend! Lunch will be available.

TERMS: Payment required auction date with cash or good check
 NO PLASTIC! Announcements auction date take precedence over written materials

	970-356-3943 Greeley, CO www.K-Wauctions.com	AUCTIONEERS Bob Kreps 970.394.4417 Terry Wiedeman 970.396.9464 Brad Cole 970.420.8435 Ed Kurtz 970.290.1472
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QUESTIONS AND ANSWERS

APRIL 24, 2018

Senate Committee on Agriculture, Nutrition, & Forestry
The State of Rural America
April 24, 2018
Questions for the Record
Secretary Sonny Perdue

Chairman Pat Roberts

1. During the three “Back to Our Roots” RV tours over the past year, did producers and business owners discuss particular regulatory reform concerns or relief of administrative burdens that would be helpful to their businesses? What was the impact of regulation on their livelihoods? From their perspective, what was your impression regarding actions the Federal government should take or not take on this type of reform?

Response: On the “Back to Our Roots” RV tours we heard from producers, business owners, and USDA customers from across the United States about the need for regulatory reform at the USDA and across the federal government. Whether it was at USDA, the Environmental Protection Agency, Department of Interior, or Department of Transportation – burdensome regulations was a topic of many conversations we had in rural America.

From their perspective – they viewed some federal government regulations as outdated, overly burdensome, and in need of updating and modernizing. USDA is committed to creating a culture of consistent, efficient service to our customers. USDA can do this while easing regulatory burdens making it easier to invest, produce, and build in rural America, while ensuring compliance with the law.

2. Mr. Secretary, as you know, U.S. agricultural exports support output, employment, income, and purchasing power in both the farm and nonfarm sectors. According to USDA’s Economic Research Service, in 2016, each dollar of agricultural exports stimulated another \$1.28 in business activity, and these overall exports required approximately 1.1 million full-time jobs. In addition, this year, producers are expected to continue to face low commodity prices, a market with large global supplies, higher interest rates and a stronger dollar. With these conditions in mind, if there is disruption to key export markets, what are the short-term and long-term economic impacts for the economy. How might these factors affect the state of Rural America?

Response: Agricultural exports continue to be an engine for economic growth in rural America. Disruptions are best addressed by expanding opportunities and pursuing a strategy of achieving free, fair, and reciprocal trade for U.S. exporters. Over the past year, we have inked deals to get U.S. beef back into China, U.S. pork back into Argentina, lifted South Korea’s ban on U.S. poultry imports, and eased the regulations on U.S. citrus in the European Union. USDA’s first Under Secretary for Trade and Foreign Agricultural Affairs, Ted McKinney has been circling the globe, promoting U.S. agricultural products and engaging with foreign government counterparts to break down barriers to U.S. exports. The trade missions to India and Guatemala he led will generate more than \$30 million in projected 12-month sales for the U.S. agribusinesses that took part. China is a key market for U.S. agriculture, but China’s unfair trade policies, including agriculture subsidies and import

restrictions, have undermined fair trade and the global trading system. As we take a stronger approach to the way we handle trade as a Nation, President Trump has directed me to do all that I can to ensure that we protect and preserve our agricultural interests. USDA has worked to find, open, and expand markets for the high-quality food, fuel, and fiber that our farmers and ranchers produce. We are leaving no stone unturned as we work to enter into trade agreements that will benefit American agricultural producers.

3. Under the Agricultural Act of 2014 consideration was to be taken on how the new Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs would serve as the multiagency coordinator for sanitary and phytosanitary issues and nontariff trade barriers in agriculture. In January and February of this year, the U.S. share of Chinese soybean imports surprisingly dropped significantly from the same period last year. We understand that this market share loss is closely correlated to and was at least in part driven by changes in U.S. phytosanitary certification that were imposed on January 1, 2018.

What has the Office of the Under Secretary done to coordinate a U.S. response to China regarding phytosanitary certification and related non-tariff trade measures impacting U.S. soybeans and other agricultural products?

Response: USDA's Trade and Foreign Agricultural Affairs (TFAA) mission area has worked closely across all of our agencies, including the Animal and Plant Health Inspection Service (APHIS) and Foreign Agricultural Service (FAS) to monitor and quickly address the phytosanitary issues that arose last summer with soybeans in China. We have in place an Intra-Departmental Trade Policy Committee that coordinates issues such as these across our USDA agencies and offices.

The Chinese often utilize non-tariff trade measures to manage imports from the U.S. and other world markets. APHIS is well-versed in providing technical assistance and working on solutions to address these barriers in coordination with FAS and their staff at the U.S. Embassy in China. TFAA and APHIS participated in the technical meeting held in-person in China in December 2017 and coordinated a solution to maintain soybean exports beyond January 1, 2018 with a level of foreign material greater than one percent, following months of U.S. industry-driven meetings.

4. The suite of USDA disaster programs available to farmers and ranchers hit by wildfire, blizzards, hurricanes, and other natural disasters have proven invaluable over the last several years. One experience that's been shared by producers across the country who are struggling to recover from these disasters is that the very programs that are intended to help them rebuild can at times be laden with hurdles and paperwork requirements that can delay the USDA assistance that's desperately needed. Can you commit to allowing flexibility in implementing the regulatory requirements of these programs and to increasing involvement of your state and local officials involved in this recovery to allow for more timely response to farmers and ranchers?

Response: Yes. One of the pillars of my values impressed upon the staff at USDA has been improved customer service. "Putting people before paperwork," was one of my mottos during last year's devastating hurricanes to ensure that we do our jobs and provide the service our customers deserve before burdening them with paperwork. That being said, as fiscal stewards, it is also important to me that we maintain program integrity to ensure that

we safeguard taxpayer dollars that are being paid out to producers and that we prevent bad actors from jeopardizing program perception.

5. You have testified that USDA is actively working with the Federal Communications Commission and the Department of Commerce to ensure loans and grants your department makes for rural broadband are strategically deployed to the areas of greatest need, instead of duplicating existing networks. This will become all the more important as USDA works to implement the \$600 million rural broadband loan/grant pilot program recently enacted in the Omnibus spending bill. What can Congress do to help ensure this level of coordination is sustainable, and that federal programs will be working to complement, rather than conflict with, one another?

Response: We commit to working with Congress to ensure that the rural communities with the most need benefit from USDA's broadband deployment. A significant component of the development and implementation of the recommendations of the Agriculture and Rural Prosperity Task Force centers on interagency coordination. Accordingly, USDA is already regularly conversing with both the Department of Commerce and the Federal Communications Commission (FCC) regarding the deployment of broadband funding, and our interagency work will continue. USDA also co-chairs the Broadband Interagency Working Group with the Department of Commerce, where the FCC and other Federal agencies engaged in broadband deployment have an opportunity to discuss the most effective and efficient methods for funding broadband deployment. We also participate in the Broadband Deployment Advisory Committee (BDAC) which will provide advice and recommendations for the FCC on how to accelerate the deployment of high-speed Internet access.

6. Ensuring the safety of our food supply is one of the critical functions of USDA's Food Safety Inspection Service, which inspects domestic and imported meat, poultry and egg products. Developing lab-grown or synthetic meat and poultry is an up-and-coming technology and these products could be available to consumers soon. When that happens, there will likely be a desire to market these products as having comparable taste and nutrient value as meat derived from living, breathing animals. To ensure these products are safe and wholesome and to help ensure a level playing field in the marketplace, it seems appropriate that the inspection and labeling system for these products should match the rigors of the current inspection and labeling system for meat and poultry products and should be carried out by USDA.

Can you discuss the Department's activities regarding a regulatory inspection system for these lab-grown products?

Response: The USDA has not made any determinations on cell-cultured products (i.e., animal species-specific tissues cultivated in vitro from livestock stem cells), but the Department is aware that companies are investing in this technology. Additionally, FSIS is currently considering the U.S. Cattlemen's Association's petition for a policy change to define "meat" and "beef." The public comment period on the petition was open through May 17, 2018. All comments will be carefully considered before a decision is made on the petition.

7. Farmers and ranchers across the country, especially those in the livestock sector, have expressed concern for the effects the Electronic Logging Device and associated Hours of Service requirements enforced by the Department of Transportation will have on the agriculture sector. Thousands of cattle and pigs are transported across the U.S. daily, and timely, uninterrupted delivery of these animals is of the utmost importance to the animal's health. While this requirement is outside of the purview of the Department of Agriculture, can you commit to advocating for an equitable solution with the Department of Transportation that addresses the concerns from the agriculture sector?

Response: Yes. The Electronic Logging Device and associated Hours of Service requirements impose restrictions upon the agriculture industry without the necessary flexibility for the unique realities of hauling agriculture products. USDA is committed to and will continue to advocate for equitable solutions with the Department of Transportation that balance common sense policy with public safety to address agriculture sector concerns.

8. The Fiscal Year 2018 Omnibus spending package, which was enacted into law last month, included both a wildfire funding solution and modest forest management reform. How will the Forest Service change its current budgeting process to account for the changes provided in the law and will it help the agency avoid requesting supplemental funding from Congress for wildfire suppression? How will this new funding structure be reflected in future budget requests? Will it allow for more investment in backlogged forest management activities?

Response:

Beginning with the FY 2020 budget submission, the Forest Service will request \$1.011 billion for Suppression, which is the 10-year average for Suppression funding calculated for FY 2015. Any appropriations in excess of this amount will be subject to the cap adjustment. The Omnibus funding fix will reduce the likelihood of transfers from non-fire accounts and create greater stability and predictability in the agency's annual budget, allowing for greater flexibility in managing non-fire programs and maximizing investments in forest management activities.

9. On March 16, 2018, the Forest Service provided a briefing at the Senate Agriculture Committee on how the agency is addressing allegations of employee misconduct, including mechanisms in place to prevent misconduct and systems in place to properly investigate and adjudicate complaints. I appreciate the Department's willingness to work with the Committee. Will you commit to providing timely updates on any agency actions related to these issues?

Response: Yes. We are taking significant steps to improve the work environment. The Forest Service recently began implementing a 30 Day "Stand up for Each Other" action plan aimed at immediately interrupting the culture of harassment and retaliation. This 30-day plan initiates a series of actions that will put us on the path to permanently change the culture within this agency. I will continue to keep the Committee apprised of actions and progress.

10. The Department of Agriculture has done a commendable job in quickly and effectively responding to many emergencies and natural disasters in your first year, including providing and distributing infant formula, baby food, and tens of millions of pounds of USDA procured

foods to people in these affected areas. Recently, however, we have been hearing from food banks and food pantries concerned with a growing shortfall from previous years in so-called Section 32 “bonus buys” that are used to supplement purchased and donated foods under The Emergency Food Assistance Program (TEFAP). To help us better understand this situation, please provide the Committee with a report, that includes:

- A listing of food bank Section 32 bonus buy requests from FY2015 to present, both approved and unapproved, and justifications
- Cost, commodity, and amount of each “bonus” procurement and recipients from FY2015 to present
- Changes to the criteria for when and how Section 32 bonus buy requests are considered, since FY2015

We would appreciate notification of any potential policy changes or re-evaluations of the Section 32 procurement process—particularly impacting TEFAP--that the Department may be considering before any such changes move forward.

Response: On May 23, 2018, USDA announced a new streamlined process for making Section 32 purchases that will proactively monitor various market conditions and provide a more predictable and consistent process for determining when to make such purchases that delivers value to the American taxpayer. In addition to the new process, USDA also announced the purchase of up to \$177.4 million in purchases for nutrition assistance programs. The department has designated up to:

- \$25 million for pork products
- \$25 million for tart cherries
- \$22 million for dried peas
- \$20 million for cheddar cheese
- \$18 million for clingstone peaches
- \$15.5 million for processed tomatoes
- \$12 million for dried plums
- \$10 million for lentils
- \$11 million for dried pinto beans
- \$9.4 million for wild blueberries
- \$8.5 million for Highbush blueberries
- \$1 million for red raspberries

Prior to this announcement, the Agricultural Marketing Service (AMS) had announced a purchase up to \$10 million for catfish in 2018.

Attached are our responses to your first two bulleted requests. For the third bullet, no changes were made to the criteria since FY2015 until the May 23, 2018, announcements discussed above.

11. The relationship between the Department of Agriculture (USDA) and the Department of Homeland Security (DHS) plays a vital role in our country’s national security and economy as it relates to the agriculture and food sector. Both Departments bring important perspectives to achieve the security mission for this most fundamental of our national critical infrastructures and key assets. DHS provides a security perspective while USDA brings critical knowledge and oversight of the US agriculture and food system. This partnership has

been important in regards to the pillars of homeland security: awareness and warning, protection and prevention, and response and recovery. In addition, this relationship between the Departments has been very important in the area of research and development.

The National Bio-and Agro-Defense Facility (NBAF) currently under construction by DHS will replace the operation of Plum Island Animal Disease Center in New York, currently operated by DHS. However, it will be more than Plum Island and add important new capabilities as the first United States BioSafety Level 4 laboratory for agriculture and perform as a component of our National Security. NBAF will be another cornerstone in our national biodefense posture. The facility will obviously be needed for research on diseases of traditional concern, emerging zoonotic diseases, as well as animal diseases that might be used for economic terror and destabilization—both weaponized and naturally occurring agents.

In light of the proposed operational management transfer of NBAF to USDA outlined in the President's 2019 Budget, could you provide responses to the following questions?

- Considering the importance of partnership with other Departments and Agencies with a homeland security mission, how would you design a unique management structure for NBAF at USDA to develop and sustain healthy collaboration and partnership?

Response: NBAF will be the premier center of scientific excellence in research, development of vaccines and diagnostics, diagnostic testing, and training for foreign and emerging livestock diseases, including zoonotic diseases, which are spread from animals to humans. The vision of NBAF is to promote science and agro-defense and biodefense programs aligned with the needs of the U.S. food supply chain, agricultural economy, animal health, and public health. Partnerships will be critical for fulfilling this vision. Pending Congressional appropriations, USDA plans to recruit and hire a Partnership and Technology Transfer Director that will help fulfill the expanded science mission in NBAF and enhance partnerships to realize the full potential of the facility.

USDA considers NBAF as a national asset critical to address biothreats and recognizes that expanded partnerships with Departments and Agencies with homeland security responsibilities is essential. USDA and DHS are developing a Memorandum of Agreement (MOA) outlining the responsibilities of the two agencies for the three distinct periods of the transition; the period prior to Congressional action on the FY 2019 appropriations, the period following Congressional action on the FY 2019 appropriations, and the period following DHS completion of construction and commissioning in FY 2021. USDA already has long term relationships across the federal family and partners with over 55 university and state laboratories to enhance emergency preparedness and response for high consequence animal diseases. In addition to continuing these existing partnerships, USDA recognizes that additional partnerships will need to be developed to enhance collaborations in the Biosafety Level 4 Laboratory and the Biologics Development Module.

In addition, USDA is coordinating a U.S. Government (USG) Agroterrorism Working Group to improve the efficiency and effectiveness of the USG to protect, defend and

respond to agroterrorism related issues. Members include USDA, DHS, HHS, DOJ, DOS, DOD, DOE, EPA, ODNI and CIA. Through this group and the embedded intelligence analysts that USDA has in the National Center for Medical Intelligence, NBAF will be provided the appropriate information on high priority threats to prioritize its work. In addition, USDA's intelligence analysts already communicate weekly with the State of Kansas Intelligence Fusion Center and share intelligence products as well as coordinate with Kansas scientists and agriculture officials.

- How would USDA develop policy and operational business plans that utilize the Biological Development Module currently in the NBAF design to the fullest?

Response: USDA and DHS are evaluating different operational models of the Biotechnology Development Module (BDM). DHS has benchmarked the operations of facilities with functions similar to the BDM and USDA and DHS are collaborating on the development of a Task Order for an Operational Planning and Technical Integration Contract (OPTIC) to evaluate alternative working models for the BDM. USDA currently partners with many private sector companies in the development of countermeasures such as vaccines and diagnostics and the BDM will provide opportunities to enhance the development of these products. The NBAF location within the Kansas City Animal Health Corridor additionally supports collaborations to accelerate the transition of technology to commercial products.

- NBAF has been designed by DHS to support the homeland security mission and is a national biodefense asset. If USDA assumes management and operation of this asset, how will funding for operation and management be achieved, as well as the funding for the research and development that will occur once the facility is certified and operational?

Response: USDA and DHS have developed a transition plan for USDA to assume the operation of NBAF, which was provided to the Congress on May 22. A 2019 budget was developed and USDA has requested separate funds for NBAF operations and the NBAF science programs. We look forward to working with Congress to address future funding needs in order to maintain the schedule of full operational capability by December 2022 and to realize the full potential of NBAF as a strategic national biodefense asset.

Ranking Member Stabenow

1. In 2018, high-speed internet is not a luxury – it's a necessity. And yet, over a third of Michigan's total rural population lacks adequate internet access. Solving this issue in our rural communities will take real, meaningful resources, which is why the 600 million included in the Omnibus for rural high-speed internet is so important.

Many communities in Michigan are interested in applying for these critical dollars, which is why we need USDA to stand up this program and get the dollars out the door as soon as possible.

I also want to ensure that these critical dollars provide internet speeds that are fast enough to compete in the 21st century, including speeds adequate for modern challenges like supporting small businesses and precision agriculture, completing college applications, and providing access to telemedicine.

Can you commit to first moving quickly on these projects, and second, to prioritizing projects that will provide the highest level of high-speed internet service to our rural communities at an affordable rate?

Response: Yes. Our Rural Utilities Service (RUS) is currently in the process of standing up the new pilot program. Since this is a brand-new program, with new authorities and different requirements that are not currently found in other USDA Broadband programs, USDA must work diligently and deliberately to set up new processes that both adhere to Congressional requirements and have the most “bang for the buck” in serving rural America.

USDA will be speedy but not hasty - speedy in working as quickly as possible to establish eligibility and build-out requirements and setting up administrative procedures, but not hasty to ensure we make the best use of taxpayer funds. We are also looking at ways to encourage all applicants to consider the most advanced systems possible for our rural areas.

2. USDA purchases of surplus or “bonus” commodities are critical in helping our farmers in times of low prices while also supporting critical nutrition programs at schools and at food banks. I am concerned that buys have not been getting approval this year, resulting in surpluses for our farmers and food shortages at our food banks.

How many bonus purchases has USDA approved this year? It is my understanding that by this time last year, USDA had purchased 93 million more pounds of food. I know many commodities like our cherry producers have long pending requests. Do you have a timeline for when bonus purchases may be announced?

Response: On May 23, 2018, USDA announced a new streamlined process for making Section 32 purchases that will proactively monitor various market conditions and provide a more predictable and consistent process for determining when to make such purchases that delivers value to the American taxpayer. In addition to the new process, USDA also announced the purchase of up to \$177.4 million in purchases for nutrition assistance programs. The department has designated up to:

- \$25 million for pork products
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- \$11 million for dried pinto beans

- \$9.4 million for wild blueberries
- \$8.5 million for Highbush blueberries
- \$1 million for red raspberries

Prior to this announcement, AMS had announced a purchase up to \$10 million for catfish in 2018.

3. Please provide the committee with an update on the Department's plans for implementing the \$600 million rural broadband pilot. What is the expected timeline? How can entities across the country start preparing to apply for this critical funding opportunity?

Response: Successful program set up and implementation of a new program of this size and importance requires completion of an operations and technical assistance apparatus, creation of the Rural Utilities Service online application system, structuring requests for public comment, development of formal notices once applications can be accepted, and a thorough review of the policy options to ensure that USDA is making sound and prudent investments. We should be able to provide a realistic timeframe once some of the more complex tasks for program establishment have moved forward.

To prepare to apply for the funds in the new pilot, rural communities (population less than 20,000) can begin to assess their residents', businesses', and farms' interest in improving their broadband e-Connectivity beyond current service levels, if they currently have service speeds of less than 10Mbps download and 1Mbps upload. Communities can also engage with potential service providers, such as rural telephone companies and cooperatives, utilities providers, municipal and county governments on what infrastructure needs to be built to expand broadband service. Rural communities can research resources on broadband deployment and adoption available through USDA, Department of Commerce, the Federal Communications Commission (FCC), and others, which can be accessed via a new federal website, hosted by Department of Commerce's National Telecommunications and Information Administration (NTIA) at <https://broadbandusa.ntia.doc.gov/funding-list>.

4. The rural broadband pilot grant program is an opportunity to make a major federal investment in high-speed internet that must ensure rural Americans have access to the fast internet needed in today's economy. To rise to this challenge, do you believe USDA needs to raise the minimum threshold for speeds constituting broadband service to 10 Mbps download and 1 Mbps upload to 25 Mbps download and 3 Mbps upload to determine an area's eligibility for the pilot grant program?

Response: The Omnibus Act describes the minimum service eligibility threshold as 10Mbps download and 1 Mbps upload for the broadband pilot program and if necessary, provides the authority for the Secretary of Agriculture to re-evaluate and re-determine, on an annual basis, the speeds that constitute broadband service. In the future, USDA will review the available information at the FCC, the NTIA, State broadband data if available, and USDA data to determine if the speed threshold should be changed, to meet the infrastructure needs of rural communities, manufacturers, and farmers.

5. The application process for the Regional Conservation Partnership Program can take up to a year to complete before awards are announced. Given ongoing congressional support for RCPP in the next farm bill, what is NRCS doing to prepare for an FY19 signup?

Response: The Natural Resources Conservation Service (NRCS) is preparing to implement a FY 2019 sign-up for the Regional Conservation Partnership Program (RCPP) within the current program framework, and will adapt as necessary based upon final Farm Bill language. In recognition that the RCPP enrollment process has proven cumbersome, NRCS will be streamlining the project application procedures based upon lessons learned during initial years of implementation. Additionally, current RCPP proposals being discussed by Congress will greatly simplify program delivery. Through these administrative preparations and legislative improvements, NRCS is confident that upon enactment of the Farm Bill, it will be able to deliver timely and quality conservation assistance under RCPP to partners and producers alike.

6. Why has the Conservation Reserve Program been paused since October and why has USDA failed to enroll any acres this year? Does USDA plan to enroll any acres in FY18? If not, what will you do with the savings gained from not enrolling any acres this fiscal year?

Response: USDA paused Conservation Reserve Program enrollment in October 2017 following acceptance of offers made between May 2017 and September 30, 2017. USDA did not want to surpass the 24 million-acre cap by continuing to accept continuous enrollment throughout the rest of the year and wanted to have the flexibility to strategically accept additional acreage up to the cap. We are still in the process of evaluating how we want to handle additional enrollment for the remainder of FY 2018, while maintaining compliance with the cap.

7. Explain how the new Farm Production and Conservation Business Center will help improve conservation delivery in the field. Will there be any changes to NRCS' ability to enter into cooperative agreements to help carry out conservation and technical assistance as part of the creation of the Business Center and if so, please explain the changes and why they are being implemented?

Response: The new Farm Production and Conservation (FPAC) Business Center will be a streamlined provider of mission support for the mission area's three agencies— Farm Service Agency, Natural Resource Conservation Service, and Risk Management Agency --, providing financial, budget, information technology, customer experience, acquisition, grants and agreements, human resources, analysis, internal controls, appeals, and civil rights support. The FPAC mission area will continue to empower NRCS state conservationists to enter into agreements with organizations and technical service providers in the field to ensure that critical partnerships are maintained to provide technical assistance to producers. We do not anticipate changes or hindrances to NRCS' ability to execute cooperative agreements with the Business Center being stood up this year.

8. A 2017 GAO Report made several recommendations to ensure that in-kind food aid does not impact local markets. GAO recommended that USDA develop consistent guidance on country selection for Food for Progress and McGovern-Dole, ensure that Bellmon determinations are documented prior to the provision of commodities, monitor local markets

during implementation, and evaluate markets after the completion of McGovern-Dole and Food for Progress projects. What actions has USDA taken to address GAO's concerns?

Response: USDA has acted on all of the GAO recommendations in administering the Food for Progress and McGovern-Dole programs. Standard operating procedures (SOPs) now provide guidance for, and require documentation of, every award of funding to countries not on the priority list. SOPs require that Bellmon analyses commence during the award negotiation process. For Food for Progress, USDA now conducts and updates Market Analysis for Monetization for every commodity shipment throughout the life of each project. USDA will complete SOPs for McGovern-Dole program award recipients on monitoring markets and identifying market impacts by end of the grant award cycle in September 2018. For Food for Progress, fiscal year 2017 awardees are required to have third parties conduct post-monetization markets assessments. For McGovern-Dole, the requirement for post-completion market assessment will be implemented for fiscal year 2018 awardees.

9. On April 10, President Trump signed an executive order directing federal agencies, including USDA, to review their programs, regulations, and guidance and provide recommendations on work requirements. Please provide a comprehensive list of all USDA programs that will be included in your review.

Response: As a result of the executive order, USDA is in the process of reviewing all 15 of its nutrition program regulations and guidance documents for the compliance with the principles outlined in the executive order. This includes:

- Supplemental Nutrition Assistance Programs (SNAP)
- Commodity Supplemental Food Program (CSFP)
- Food Distribution Program on Indian Reservations (FDPIR)
- The Emergency Food Assistance Program (TEFAP)
- USDA Foods in Schools
- Child and Adult Care Food Program (CACFP)
- Fresh Fruit and Vegetable Program (FFVP)
- National School Lunch Program (NSLP)
- School Breakfast Program (SBP)
- Special Milk Program (SMP)
- Summer Food Service Program (SFSP)
- Women, Infants, and Children (WIC)
- Farmers' Market Nutrition Program (FMNP)
- Senior Farmers' Market Nutrition Program (SFMNP)
- Pacific Island and Disaster Assistance

10. In November 2017, USDA eliminated the 10% option for prevented planting for Federal Crop Insurance.

- a. How much money is that change expected to save?

Response: We project 5-year savings at \$207 million for the elimination of the +10% option on prevented planting.

- b. Was this decision to permanently cut to the baseline for Federal Crop Insurance made with the involvement of the Office of Management and Budget or to satisfy Administrative-PAYGO requirements?

Response: The decision to remove the +10% option for prevented planting crop insurance was made to ensure that the crop insurance program remains a strong, market-based safety net but also to limit situations where the program could be seen as being overly generous. It was an important step in addressing concerns raised to USDA while still leaving the 5% buy-up as a viable option.

- c. Were any public comments taken before the change was made to gather information on the impact to farmers?

Response: USDA was aware of the impact to producers that were currently purchasing the +10% option. USDA solicited comments from stakeholders in 2016 that helped the Department make an informed decision in November 2017.

- d. Did the FCIC Board approve the change?

Response: The FCIC Board did not approve nor was required to approve the change.

11. Media accounts reported that USDA worked with the Office of Management and Budget to find funding and approval for a new round of the Cotton Ginning Costshare Program in March 2018 (<http://www.southeastfarmpress.com/cotton/cotton-ginning-cost-share-renewed-ready-help-producers>). What funding cuts of program changes were used to satisfy the Administrative PAYGO requirements? Will the cotton Ginning Costshare Program be a permanent program or was this a one-time infusion?

Response: USDA utilized a number of existing funds that were available as administrative PAYGO to operate the Cotton Ginning Cost Share Program. The program will not be a permanent program.

12. The recent Cotton Ginning Costshare Program announcement was made using authority under Section 5 of the Commodity Credit Corporation Charter Act. This is reportedly the same authority that is being considered to assist farmers facing trade-related challenges such as the possible retaliatory tariffs from China. Will USDA make cuts in other areas in order to offer assistance using this authority and meet the Office of Management and Budget's Administrative PAYGO requirements? If not, does USDA have a waiver or do the requirements not apply?

Response: There are a number of actions that USDA could take to assist farmers. USDA has been in close contact with the Administration regarding potential trade mitigation assistance for producers and we do not anticipate making cuts in other areas in return for any potential trade-related assistance provided.

13. The sign-up for the new and improved Margin Protection Program for dairy farmers began in April and runs through June 1st. Farmers had a bad experience with the previous version of the program and USDA will need to overcome this history in offering the new program. The changes to make the program affordable for small and medium farms were retroactive to the beginning of 2018 and payments have triggered for February and March, such that any farm covering 5 million pounds of production history at \$8 coverage would receive payments in

excess of the premium for the entire year. I appreciate the quick roll-out of the changes and opening of sign-up, but additional personalized outreach is necessary to overcome the previous bad experience.

- a. How many meetings have USDA organized for dairy farmers, lenders or others on the changes?

Response: USDA has participated in local meetings across the country for dairy farmers or lenders regarding changes to the Margin Protection Program for Dairy (MPP-Dairy). In most cases, producer education meetings are led by local cooperative extension, dairy cooperatives, and others who can talk about recommended levels of MPP-Dairy for a particular producer where USDA's Farm Service Agency participates and describes the overall program.

- b. Has USDA coordinated with dairy cooperative and land-grant universities to encourage and attend meetings or other outreach? Can you provide a summary?

Response: Yes, USDA has been involved in many producer education meetings throughout the country that have been hosted by local cooperative extension, dairy cooperatives, etc. As MPP-Dairy sign-up remains open, we do not yet have a final summary of meetings our local staff have participated in.

- c. Secretary Perdue has made customer service a hallmark of his efforts at the Department. What steps has USDA taken that are above and beyond the typical mass mailings, newsletters, on-line tool and other typical communications?

Response: USDA has proactively worked with the National Milk Producers Federation on messaging about the revised MPP-Dairy program, shared our press release outlining the sign-up period with local media outlets in dairy-heavy states, worked closely with our FSA State Executive Directors to encourage outreach to state dairy organizations, and sent multiple mailings to producers to notify and remind them of the open sign-up period. USDA also extended the enrollment deadline twice to allow as much flexibility as possible and began issuing payments immediately following the June 1 deadline.

- d. Has USDA provided a personalized mailing to dairy farmers with their own production history and highlighted the more affordable premiums under the new program in context of the payments that have already triggered?

Response: USDA sent reminder postcards to all producers on file that had not yet signed-up for MPP-Dairy the week of May 14th to remind them of the June 1st deadline for enrollment. Weekly sign-up trends indicated that producers were made well-aware of the changes and enrollment period ahead of the deadline through our multiple mailings, cooperative extension and dairy cooperative outreach and the additional 21 days to enroll in the program. Producers were also notified of the February and March margins that triggered payments and the availability of lower premiums.

- e. Has USDA provided instructions or a system for personally contacting dairy producers before the deadline?

Response: USDA implemented a personalized system to contact producers by phone prior to the deadline. Weekly sign-up trends indicate that producers have been made well-aware of the changes and enrollment period ahead of the deadline through our multiple mailings, cooperative extension and dairy cooperative outreach and the additional 21 days to enroll in the program.

14. How have 2014 Farm Bill authorities helped the Forest Service increase the pace and scale of restoration on our national forests?

Response: The 2014 Farm Bill authorities have helped the USDA Forest Service implement projects faster to deal with issues of insects and disease on the National Forests. The Forest Service designated approximately 71 million acres of National Forest System lands to address insect and disease threats that weaken forests and increase the risk of forest fire. The additional authorities provided to the Agency through the 2018 Omnibus expands Good Neighbor Authority and Stewardship Contracting, and has helped us strengthen our relationships with State agencies and increase rural prosperity by using State capacity to get more work done on the ground.

15. Specifically, how has the Good Neighbor Authority (GNA) helped the Forest Service since its enactment in early 2014?

Response: The Good Neighbor Authority has been widely implemented and has helped the USDA Forest Service work more effectively with States. With the expanded authority provided in the 2018 Omnibus, the Agency is able to increase its level of work with the States, and perform more work on the ground. As of April 2018, 127 agreements in 33 states have been executed to perform a variety of forest management services.

16. With the expansion of the GNA to allow for road repairs in the 2018 Omnibus, how many new NEPA-ready national forest acres are now available for restoration under the expanded program?

Response: We are working to identify priority landscapes in Regions where they have the capacity to begin applying these authorities quickly, increasing our ability to work with states on preventive treatment projects to improve the condition of the National forests

17. What impact do you anticipate continued fire borrowing having on Forest Service operations in the remainder of FY 2018 and FY 2019 before the emergency funding provisions of the Omnibus kick in?

Response: For FY 2018, suppression activities were funded at the full 10-year average (\$1.057 billion), and additional Suppression funding was provided at \$500 million. This additional funding will reduce the likelihood of transfers from non-fire accounts in FY 2018. The Forest Service requested the full 10-year average for Suppression for FY 2019 (\$1.165 billion).

Senator John Thune

RFS:

1. Secretary Perdue, you have commented on the EPA's unprecedented issuance of so-called RFS hardship waivers, calling it "demand destruction." Thankfully, President Trump has reiterated his commitment to renewable fuels and America's farmers and has endorsed the year-round sale of E15. Can you speak to how important this change would be for America's farmers, who are looking at possible trade wars on top of already low commodity prices? Do you know when the EPA will move forward?

Response: Allowing for year-round E15 sales will allow refiners to generate Renewable Identification Numbers (RINs) during the summer months, which is currently limited to E10 in certain parts of the country, potentially lowering their costs. Ultimately making it easier to sell E15 year round will help stabilize the prices for RINs and reduce the costs of the program. Farmers count on demand for ethanol to be blended into the U.S. fuel supply as well as for exporting in order keep already low corn and sorghum prices from falling further. I cannot speak for EPA, but USDA will continue to provide technical advice on any changes to the RFS.

2. In addition to carrying out the president's call for year-round sales of E15, have you pressed the EPA to make up for the demand that it destroyed via waivers by issuing increased volume requirements in future volume obligations?

Response: I have been interested in pushing for more transparency around the RIN markets. Transparency regarding sales, prices, and positions would help the RIN market function more efficiently.

The President has committed to supporting the RFS. In my many statements I have called the waivers 'demand destruction', making the point that unless those volumes are accounted for in a future Renewable Volume Obligations (RVO) a real reduction of the stated volumes will occur .

3. While you were engaged with discussions on the RFS, specifically RIN prices, did you know that the EPA granting so-called small refinery hardship waivers? When was USDA made aware of the EPA's actions?

Response: We know that EPA has a process by which it can grant small refinery waivers.

4. Would you support reauthorizing the Biofuel Infrastructure Partnership competitive grant program to help restore biofuel demand?

Response: The Biofuel Infrastructure Partnership is a one-time competitive grants program that is providing support to reduce the costs related to the installation of fuel pumps and related infrastructure dedicated to the distribution of higher ethanol blends, for example "E15" and "E85," at vehicle fueling locations. The program is administered by the Farm Service Agency and they are still in the process of completing the grant agreements. We would be happy to discuss future options to promote the expansion of biofuel infrastructure.

USDA 502 Relending Pilot on reservations in South Dakota:

5. Mr. Secretary, I understand that you are working on a demonstration that would allow Native community development financial institutions to relend through the 502 Direct Home Loan program. This seems like an excellent strategy to improve access to affordable mortgage capital in Indian Country for qualified working families. It has the strong support of a long list of organizations including the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis, National American Indian Housing Council and the South Dakota Native Homeownership Coalition.

Can you tell me when you expect to begin implementing this important and very innovative demonstration in South Dakota?

Response: USDA is continually exploring different approaches to better serve our rural customers, including providing affordable housing opportunities for families living on Native lands who otherwise may not be able to purchase a home. One of the innovative approaches includes lending Section 502 Direct Loan Program funds to two Native Community Development Financial Institutions (NCDIFIs) to relend those funds directly to Native families living on tribal lands in South Dakota and to the North Dakota portion of the Standing Rock Reservation. While we will continue to keep you informed of our progress as we continue to work out the details of this pilot program, we do expect to announce the Program soon, enter into appropriate agreements with the two NCDIFIs, with the expectation that we will obligate the funds prior to the end of the fiscal year.

Rural Broadband:

6. In your testimony, you mentioned the \$600 million that was recently appropriated for a pilot program at the Rural Utilities Services to build out rural broadband. How do you intend to structure this program so that it targets communities that lack viable broadband?

Response: The Rural Utilities Service (RUS) is establishing a national broadband service development and expansion program in order to improve access to broadband service in rural areas that lack sufficient access, as defined in the Omnibus Act as 10Mbps download and 1Mbps upload (“10/1”). The competitive loans and grants will be targeted to accelerate broadband deployment in unserved areas to provide the most significant public benefit possible. Technical assistance will be provided, to support the most rural communities’ understanding about the broadband pilot program, develop business plans, evaluate engineering requirements, and create applications. Lastly, once an application is received by RUS for these new funds, a public notice will be issued, to be sure there isn’t other service being provided in the proposed service area at the “10/1” speed.

7. Do you plan to coordinate efforts with the FCC and NTIA to better target how to connect underserved Americans?

Response: Yes, currently we are meeting with both the FCC and NTIA regularly including through participation in the Broadband Interagency Working Group and for other ongoing programmatic coordination. We recently met with the FCC to learn about the CAF II auction timeline and applicant/bidder requirements and explore options to build coordination where and when possible, to ensure both agencies’ programs have the most effective and efficient deployment toward rural broadband. We are also meeting with NTIA to better understand its plans for updating the National Broadband Map. NTIA will also be participating with RUS

at a joint conference with the Association of Communications Engineers that is being held in Atlanta the week of May 14th.

Senator Steve Daines

1. Congress recently appropriated an additional \$600 million for a pilot program to help expand broadband services. I believe that it is important that we use this money wisely and focus on our unserved communities. Overbuilding has been a problem in the past and with a new program I fear that we may fall into the same problems. What is the Department of Agriculture doing to prevent overbuilding and do you believe that we should prioritize our unserved, rural communities with this new pilot program?

Response: The Omnibus Act requires that USDA focus the program on unserved rural communities. It states that “at least 90 percent of the households to be served by a project receiving a loan or grant under the pilot program shall be in a rural area without sufficient access to broadband.” To achieve this, USDA Rural Development (RD) will use a multi-faceted approach to determine if a community presently is covered. First, RD will use all publicly-available broadband service maps to perform an initial coverage analysis. Then RD will confirm stated service with its own project-specific evaluation which will utilize the maps that it has on the service territories of RUS-funded broadband projects. RD, through a public notice, will give broadband service providers that are located within an applicant’s proposed service territory, an opportunity to submit maps indicating the areas receiving broadband service. USDA will then use field staff to check if broadband service is available in the applicant’s proposed service territories.

Senator Patrick Leahy

1. Following the passage of the 2014 Farm Bill and the creation of the new Margin Protection Program (MPP) for Dairy, the Farm Service Agency worked closely with its local offices and Cooperative Extension partners to ensure that a very strong educational campaign was offered to help producers make the best MPP-Dairy decisions for their operations. Unfortunately MPP-Dairy is still a rather new direction for dairy policy, different than what farmers were used to with MILC or other programs and participation rates have been poor. In February, I led the fight to include substantial improvements to MPP-Dairy as part of the Bipartisan Budget Act of 2018, which dramatically lowered the premiums for farmers and offer much-needed incentives for farmers to buy meaningful levels of risk protection. However, I am concerned that the USDA needs to do more to educate producers about the recent changes to MPP-dairy and how the program could provide support as prices and margins continue to suffer.
 - a. What specific steps does the USDA have planned to educate farmers and communicate with them on the recent changes to MPP and the new signup period that ends on June 1, 2018?

Response: USDA has proactively worked with the National Milk Producers Federation on messaging of the revised MPP-Dairy program, shared our press release outlining the sign-up period with local media outlets in dairy-heavy states,

worked closely with our FSA State Executive Directors to encourage outreach to state dairy organizations, and sent multiple mailings to producers to notify and remind them of the open sign-up period. Local FSA staff have participated in educational meetings for producers when requested.

- b. Has the USDA sent out farm specific information to producers on what the new lower premiums would be if they were to sign up at the \$8 margin level, and what their expected payments would be in order to encourage them to sign up (particularly for farms that have a larger proportion of Tier I base)? And if not, why not?

Response: USDA sent reminder postcards to all producers on file that had not yet signed-up for MPP-Dairy the week of May 14th to remind them of the June 1st deadline for enrollment. Producers were also notified of the February and March margins that triggered payments and the availability of lower premiums.

- c. Do the USDA educational materials for MPP-Dairy inform farmers that any payments made under MPP-Dairy insurance program are subject to the administration's 6.6 percent sequestration reduction that is skimmed off of the payment Congress said they were due? If not, why not?

Response: USDA's reminder postcards sent to producers that had not yet signed-up for MPP-Dairy the week of May 14th included a note indicating the 6.6 percent sequester rate would be in effect.

2. I have seen firsthand how the USDA's rural water infrastructure programs have been an important engine of economic development in rural communities, providing dramatic improvements to the quality of life for countless Vermonters, not to mention improvements for the environment and public health. Your testimony stated that "sufficient clean drinking water and sanitary waste disposal systems are essential to sustain rural communities and attract new employment opportunities." Yet your Fiscal Year 2019 budget proposal eliminates *all* Water and Waste Disposal guaranteed loans, grants, grants for Native Americans, Native Alaskan Villages, Circuit Rider grants, and grants for Training and Technical Assistance. I am very concerned that your FY2019 budget proposal will only hinder the growth of rural America.

- a. How do you reconcile those two statements -- that water is essential for these rural communities and our rural economy, but the administration does not support funding ANY of the grant or loan programs to help provide this clean drinking water or waste disposal infrastructure to our rural communities?

Response: Most rural communities that receive funding from RUS' Water and Environmental Programs cannot afford conventional financing. Recognizing the need, RUS is committed to providing subsidized loan financing to rural communities, thus minimizing the impact to the businesses and residents served. Further, RUS routinely collaborates with an expansive network of other Federal agencies and stakeholders to ensure rural areas have resources to provide clean, safe water for those who live and work in rural areas. Supported through several diverse efforts implemented by this Administration, such as the President's

Interagency Task Force on Agriculture and Rural Prosperity, RUS will make the best use of allocated resources to improve the quality of life in rural areas.

3. Despite the importance of the forestry industry to Vermont's economy, and many other rural states, fundamental shifts in the market for low-grade wood threaten the survival of many small businesses and the viability of our forests. Nearly 80 percent of Vermont is forest, supporting approximately 10,000 jobs in forestry, logging, processing, specialty woodworking, construction, and wood heating. While the markets for high quality wood remain somewhat healthy, that alone cannot sustain Vermont's forest products industry. To maintain the health of our forests and rural forest jobs we must have healthy markets for low grade wood.

- a. How is the USDA helping to develop and encourage these important markets for low-grade wood, product innovation, technical and business assistance, workforce development, and financing to help our forest products sector?

Response: Our Forest Service Wood Innovations program funds projects that significantly stimulate or expand wood energy and wood products markets that support the long-term management of National Forest System and other forest lands. Three grants have been awarded to entities in Vermont, all working to further develop and support the wood energy sector.

- b. What authorizations do you currently have either at the Forest Service or Rural Development that could further help our forest products sector if we were able to allocate additional resources to them?

Response: The Wood Innovations program implements the Agricultural Act of 2014 (Pub. L. 113-79) and Rural Revitalization Technologies (7 U.S.C. 6601) authorities to address the nationwide challenge of disposing of hazardous fuels and other wood residues from the National Forest System and other forest lands in a manner that supports wood energy and wood products markets.

4. In your testimony you stated that "President Trump has also made it a priority to rebuild our infrastructure." Yet in reviewing this infrastructure plan and what it would mean for rural communities in dire need of updating their water systems, your plan would prioritize projects for funding not based on the good they would do for communities, but rather how much money project applicants bring to the table. I am concerned that this could prioritize wealthier areas and further neglect poorer rural communities.

- a. Do you agree with me that that prioritizing projects based on how much non-federal money they can raise is not a strategic way to choose water infrastructure projects and that it would be far more sensible to focus on a project's water quality or public health benefits, as well as community need?

Response: There are many factors that go into what is considered a "good project." For example, a primary facet is the community's need for assistance to ensure that its residents have access to a clean, safe and reliable water supply. In

acknowledging the complexities of capital infrastructure experienced in remote areas, this Administration is working to implement policies that maximize the Government's investment in rural America. Recognizing the demand placed on federal assistance, leveraging project financing is a means to have a positive impact on additional communities. While a variety of factors will be considered, when capital is available from other sources, such as other public and private sources, Rural Development and the Rural Utilities Service will be able to expand the reach of the funding provided by the President and Congress.

5. Federal lands are a benefit for all Americans and rural communities depend on healthy and resilient public lands that are an important part of our rural economies. That is why I worked hard in the Fiscal Year 2018 Omnibus Appropriations Act to address the growth of fire programs as a percentage of the Forest Service's budget, the compounding problem of transfers or so called "fire borrowing," and to increase the pace and scale of forest restoration to reduce fire risk. By adjusting the firefighting cap we will vastly improve the ability of the Forest Service to protect communities, lives, and property, as well as preform critical forest management, restoration, and other activities to improve the condition of the nation's public lands that are a vital component of our rural communities and rural economy.

- a. Do you agree that this dedicated source of funding for fire suppression will allow the Forest Service to fund forest health and restoration projects, which will help prevent catastrophic fire over the long-term and get ahead of the conditions that create them?

Response: Yes, the fire funding solution provided in the 2018 Omnibus will provide greater stability in the Forest Service's annual budgeting and will greatly reduce the likelihood of fire transfer. This will mean greater predictability for projects in non-fire programs, including those that prevent catastrophic fire.

- b. Is this a better approach, as compared to spending those dollars responding to fire emergencies year after year?

Response: Yes, the Forest Service will be able to better focus its resources on work on the ground that will improve the health and resilience of the Nation's forests and reduce the threat of fire to communities.

6. Your testimony stated that the changes included in the Fiscal Year 2018 Omnibus Appropriations Act "will enable us to improve overall forest health and help keep wildfires from threatening lives, homes, and USDA appreciates the work of Congress."

- a. What steps has the USDA taken to review and implement those changes?

Response: We are identifying priority landscapes in Regions where we have the capacity to begin applying the management provisions quickly.

- b. Is it too soon to know what the full impact on the ground will be on our public lands to improve overall forest health and keep wildfires from threatening lives, homes, and rural communities?

Response: Yes, it is too soon.

- c. When should we expect to see the Forest Service moving forward on new Wildfire Resilience Projects that were authorized by the Fiscal Year 2018 Omnibus Appropriations Act?

Response: We are identifying priority landscapes in Regions where they have the capacity to begin applying these authorities this field season, increasing our ability to work with states on restoration projects in order to improve the condition of the Nation's forest and grasslands.

- d. When should we expect the Forest Service to begin utilizing its new authority to award 20-year stewardship contracts and with a preference for contractors promoting innovative uses of forest products that was established in the Fiscal Year 2018 Omnibus Appropriations Act?

Response: The agency anticipates projects will be implemented as soon as FY2019.

7. It would be hard to overstate the importance of organic agriculture, products and markets to my home state of Vermont. My small state is at the forefront of organics, which is now, nationally, a \$50 billion annual economic engine, and growing. But this industry depends 100 percent on consumer's faith in the USDA organic label, that it represents qualities that are worth paying a premium for. The USDA organic label has been undermined in recent years with documented cases of large scale fraud and abuse and a lack of enforcement by the National Organic Program. Importation of falsely certified grains is one example that is very concerning, because the feeding of those grains may also negatively impact certified organic livestock. Concern is heightened among organic producers and consumers and confidence in the organic label has begun to erode. If that confidence is lost then this \$50 billion industry that supports producers across the country will be in real trouble.
- a. Secretary Perdue, please detail for me what steps you are taking to ensure that the National Organic Program takes the necessary actions, quickly, to increase enforcement and oversight of the USDA organic label?

Response: USDA is continuing our work to strengthen the oversight of imported organic products, and to deepen the rigor of oversight across the supply chain. We have provided uniform instruction on organic import documentation and handling to ensure current obligations are known. USDA received \$3 million in the 2018 Omnibus to make technological improvements that will enhance import integrity, including IT investments to increase access to Customs and Border Protections information systems, and is working to put those new tools in place.

- b. How will you stabilize and rebuild consumer confidence that the USDA organic label can be trusted?

Response: Investigative activities have been successful in identifying fraudulent activities in Eastern Europe, resulting in the suspension, surrender, and revocation

of a number of organic businesses. AMS has partnered with APHIS to identify more than 1,000 imported organic shipments in 6 months fumigated for plant pests or treated as a condition of entry. Also, AMS is developing a MOU expected to be signed in FY 2019 to allow direct access to organic import data in Customs and Border Protection's Automated Commercial Environment.

- c. What steps do you recommend to the Committee to take in writing the next Farm Bill to ensure that USDA organic production continues to thrive?

Response: One of USDA's Farm Bill and Legislative Principles is to protect the integrity of the USDA organic certified seal and deliver efficient, effective oversight of organic production practices to ensure organic products meet consistent standards for all producers, domestic and foreign. USDA stands ready to work with the committee to identify additional enforcement tools and resources to ensure the integrity of the organic label and the continued growth of the industry.

8. Your testimony before the committee leads with this administration's aggressive action to eliminate regulations. I do not agree with every instance in which this administration has sought to eliminate regulations, but I do support it in cases where the result is a more efficient delivery of services to the American people. A real opportunity in this regard, I believe, is related to farmers' markets. The majority of farmers' market organizations run multiple market locations, either seasonally or as separate sales locations throughout the week. Many of these organizations would like to accept Supplemental Nutrition Assistance Program (SNAP) benefits at all of their market locations, as a means to increase their vendors' sales and to bring fresh, healthful food to low-income community members. The Department of Agriculture's Food and Nutrition Service (FNS) however treats each market location as a separate farmers' market and requires each location to obtain a separate authorization and to pay for separate equipment to accept SNAP benefits—even if all locations are run by one legal entity, with one management authority and one bank account. This is very inefficient and expensive.

- a. As part of this administration's pursuit of efficient program delivery and to reduce unnecessary barriers to purchasing fresh produce, will you work within your authority to allow organizations managing farmers' markets in multiple locations to become a SNAP-authorized retailer at the level of the organization and to accept SNAP benefits at multiple market locations?

Response: USDA is supportive of farmers' markets participation in the Supplemental Nutrition Assistance Program (SNAP) as a means for leveraging this nation's agricultural abundance to ensure no American goes hungry. The Food and Nutrition Service (FNS) works closely with national, state, and local partners to provide technical assistance to farmers' markets participating or seeking to participate in SNAP.

Since SNAP was founded, the Program has required each store – that is, each location – to apply for and obtain its own authorization license to redeem benefits. The Conference report associated with the 1977 Food Stamp Act states that “Approvals and disapprovals are handled on a store-by-store (or wholesaler-by-wholesaler) basis. Individual stores or wholesalers must apply; whole “chains” are not considered

together.” FNS has therefore built its systems and reporting around the concept of one authorization, one location. Individual location-based authorizations assist FNS in maintaining program integrity and allowing for proper oversight. Nonetheless, FNS appreciates the challenges faced by markets that wish to accept SNAP in multiple locations and continues to work with industry to find technical solutions that would allow for one point-of-sale equipment to be used for multiple locations.

9. USDA’s FY19 budget proposal eliminates the \$1 billion in funding for Section 502 Direct Loans. This program is one of the most cost-effective federal housing programs, and it is exclusively targeted to rural families earning less than 80 percent of Area Median Income (AMI). By law, 40 percent of all program funds must be used to help families earning less than 50 percent of AMI. The guaranteed program can only serve families with incomes less than 115 percent of AMI. Given that the budget increase funding for Community Facilities Direct Loans, it is clear USDA is endeavoring to reduce its overall direct loan portfolio.

- a. As interest rates rise and credit becomes more difficult to obtain, how does USDA intend to assist the low and very low-income households if they cannot obtain private credit?

Response: Fixed rate Section 502 Guaranteed loans delivered through private lenders can successfully serve low and even very low-income individuals and families. In fact, last year, approximately 2 percent of our borrowers had very low-incomes – below 50 percent of AMI.

- b. How does USDA plan to help families between 50 and 115 percent of AMI if they cannot obtain private credit?

Response: Fixed rate Section 502 Guaranteed loans delivered through private lenders can successfully serve most of our low and moderate-income individuals and families. Last year, over 98 percent of guaranteed loan borrowers were low or moderate-income families.

- c. How many individuals and families does the 502 Direct Loan Program serve annually?

Response: In fiscal year 2017, the 502 Direct Loan Program served 7,187 individuals and families with a \$1 billion program level. We expect that number will increase slightly in 2018 with a \$1.1 billion program level.

- d. How can USDA continue to support low-income single families at in rural America at existing levels with \$1 billion less in budget authority for 502 Direct Loans?

Response: The Guaranteed loan program includes a \$24 billion program level supported by the combination of an upfront and annual fee structure which will remain affordable for many low-income families. Partnerships with other affordable lending partners will also help to make homeownership more affordable and enable USDA to continue supporting low-income families in rural America.

10. USDA's FY19 budget proposal eliminates the Section 523 Mutual Self-Help grant program, stipulating that if there is no FY19 set-aside for Section 502 Direct Loans, and Mutual Self-Help recipients receive Section 502 loans that no funding for Mutual Self-Help is necessary. Mutual Self-Help grants bring small groups of families together to build their own homes, under the supervision of and with technical assistance from non-profit self-help guarantee organizations. This arrangement reduces construction costs and increases equity in homes and builds communities. It creates jobs, local income, and tax revenue all while promoting self-reliance and building wealth. I understand there are 50,000 families currently on the waiting list for the program.

a. Is that an accurate count of families on the Mutual Self-Help waitlist?

Response: Approximately 52,000 mutual self-help families have been served by the program since the late 1960's. Demand for the program is consistently strong on an annual basis with approximately 375 unfunded applications currently in process from families working with an active mutual self-help housing organization.

b. Absent 502 Direct Loans and Mutual Self-Help Housing, what alternative program does USDA intend to implement to support those families on the waitlist?

Response: While the direct Section 502 and Mutual Self-Help programs provide an affordable lending model, the Section 502 Guaranteed Loan Program is also affordable to many low and moderate income.

11. As you noted in response to my questions last year, Rural Housing Service (RHS) has three main strategies to ensure safe and affordable housing is available to very low- and low-income rural residents. RHS provides loans to properties within its portfolio through Section 515 Rural Rental Housing and the Multifamily Preservation and Revitalization Demonstration Program, which has several methods to rehabilitate, refinance, and re-amortize loans to maintain both the quality and affordability of these properties. Additionally, RHS recently launched a pilot program to study effective means to transfer Section 515 properties exiting the program, due to mortgage maturity, to qualified non-profit organizations. USDA's FY19 budget proposal eliminates all three of those programs and reduces 521 rental assistance.

a. How can USDA continue to serve low-income rural residents without what you touted as its primary programs to ensure safe and affordable housing?

Response: The FY19 Budget request supports the construction and preservation of more than 5,700 rental housing units for very low-, low- and moderate- income families in rural communities through the Section 538 Guaranteed Rural Rental Housing program.

b. Absent these programs, what is USDA's strategy to address the issue of rehabilitating those Section 515 properties currently in the programs, and maintaining those properties exiting the program beyond distributing vouchers?

Response: With sufficient equity investor participation, Section 515 program properties can be preserved with debt financing provided through the Section 538 Guaranteed Rural Rental Housing program, or by other lenders.

- c. How many Americans receiving USDA rental assistance currently do you expect would lose their assistance if USDA's FY19 budget proposal were enacted?

Response: The FY19 Budget request for rental assistance grants fully funds the all renewals anticipated in FY19. No recipients will lose assistance in FY 2019 at the proposed funding level.

- d. How can we achieve the goal of improving the state of and quality of life in rural America by eliminating these key programs?

Response: The new construction and property rehabilitation initiatives funded by the Section 538 Guaranteed Rural Rental Housing program will provide critically needed affordable housing for rural communities and stimulate local economies. This funding creates jobs, supports workforce participation, and provides housing for limited income families.

12. Community Facilities guaranteed loans have funded key projects in Vermont over the years, and Vermont communities continue to pay back those loans.

- a. Given the negative subsidy and low default rate, does USDA make money by issuing guarantees for community facilities loans?

Response: The Community Facilities Guaranteed Loan Program does not have a negative subsidy rate. The subsidy rate for this program is 3.27 percent. While USDA does charge a one (1) percent origination fee to the guaranteed lender, this does not cover the losses incurred on the guaranteed portfolio and therefore, the program has a positive subsidy rate. USDA does not currently make money on the Guaranteed Loan Program.

- b. Would you agree that guaranteeing loans to fund essential community services in rural areas that would otherwise go unfunded is a worthy pursuit for USDA?

Response: Guaranteeing loans to fund essential community services which do not have access to credit from other sources at reasonable rates and terms is certainly a worthy pursuit. However, the Community Facilities Direct Loan Program which currently operates at lower cost, serves the same organizations and purposes as the Community Facilities Guaranteed Loan Program. In FY 2018, the Community Facilities Direct Loan Program has a program level of \$2.8 billion, which provides communities with access to funding for eligible essential community facilities in rural areas.

- c. Why does the Administration eliminate these guarantees that provide essential community facilities in rural America?

Response: The Community Facilities Guaranteed Loan Program originated as an inexpensive alternative to the equivalent Community Facilities Direct Loan Program and to stimulate additional assistance to moderate income communities in rural areas. However, defaults in the program were higher than initially projected, making it more expensive than the direct loan program. The Guaranteed Loan Program serves the same organizations and purposes as direct loan funding, the primary difference being that the guaranteed loans are made and serviced by a bank or other commercial lender and guaranteed by the Federal government. With a program level of \$2.8 billion in the direct loan program, communities will still have access to funding for eligible facilities.

13. I have heard from Vermont stakeholders that there is a need for increased capacity building in rural areas to promote community and economic development which is key to creating jobs and reducing outmigration. Rural-focused organizations can support our communities by providing homeownership training, strategic planning, fundraising assistance to grassroots entities that can then utilize their new tools to take on affordable housing and economic development opportunities. This type of capacity building can help break the cycle of poverty and generate economic development which will improve the quality of life and generate tax revenue. Small investments in capacity building can have widespread impact especially in small communities.

a. What additional steps can USDA take to support building capacity in rural areas?

Response: USDA has three priorities that are central to bringing economic development and prosperity to rural America; they are infrastructure, partnerships and innovation. USDA will support capacity building in rural areas by strengthening our partnerships with communities and stakeholders. Partnerships leverage capital and services, allowing us to achieve more together and help USDA do more for our customers using the resources we have. USDA is more effective, efficient, and customer focused when we have great partners working at our side.

b. Does USDA plan to take any additional steps to support rural-focused organizations to support capacity building in rural communities?

Response: The challenges and opportunities in rural America are multifaceted and constantly evolving. In addition to strong partnerships between USDA and rural-focused organizations, rural communities need a forward-focused agency that is able to assist local leaders with new and fresh solutions. To enable such innovation, I have created a Rural Development Innovation Center to hard-wire innovation into USDA's program delivery, identify best practices and bring continuous improvement to our work. The innovation team will continue to be focused on capacity building and data analysis, enabling us to better serve our rural customers.

Senator Sherrod Brown

1. In 2016, Undersecretary Robert Bonnie told this Committee that, “The single most important step Congress can take to advance forest health and resilience is to enact a comprehensive fire budget solution.” You have made analogous remarks before this Committee last year and in other venues.

Do you agree with Undersecretary Bonnie’s assessment? If so, do you agree that Congress just took the step he referenced in passing the Forest Service Budget Fix in the Consolidated Appropriations Act of 2018?

Response: Yes, and I commend Congress for addressing fire funding in the Omnibus. We have sought a solution to the way fires are funded for years. The fix both freezes the 10-year average, improving up-front budgeting for the Forest Service, and greatly reduces the likelihood of fire transfer, helping us better manage our forests and grasslands and protect communities from the threat of catastrophic fire.

2. The Consolidated Appropriations Act of 2018 provided new authorities to the Forest Service to facilitate forest restoration and fuel reduction. These tools include a new categorical exclusion for wildfire resilience projects, modification of the Healthy Forest Restoration Act to allow expedited environmental analysis for fire breaks and fuel breaks, improving the good neighbor and stewardship contracting authorities, and limiting the agency’s exposure to litigation regarding consultation under the Endangered Species Act.

The Forest Service has supported many of these new authorities. How have these new authorities been utilized to facilitated increased forest restoration and fuel reduction?

Response: We are drafting guidance and working with state partners to develop Good Neighbor projects that include road reconstruction in order to carry out restoration activities. We anticipate that implementation will begin this fiscal year. We are working with the forest industry and other stakeholders to develop strategies for successful implementation of 20-year stewardship contracts. New stewardships contracts could be awarded as soon as FY2019. Forest Management and Hazardous Fuels Reduction staffs are developing strategies to implement the new Categorical Exclusion for hazardous fuels treatments and will soon begin using this new authority.

3. Water quality is critically important to rural America. As we discussed earlier, improving water quality and reducing phosphorous from point and non-point sources alike, is a priority in the Western Lake Basin. In your first year as Secretary of Agriculture, what steps have you taken to promote water quality, improve data collection and monitoring systems, and help increase on-farm conservation practices?

Response: From my first day as Secretary, I have focused Department resources upon improving customer service in furtherance of our mission to deliver quality assistance to our Nation’s farmers and ranchers. I therefore have supported the targeted delivery of NRCS’ conservation programs to best address producers’ most pressing natural resource concerns, and these producers recognize water as one of our Nation’s most precious resources. Through targeted efforts such as the National Water Quality Initiative (NWQI), new producers are stepping up every day to work hand-in-hand with NRCS to plan and apply practices that improve water quality and strengthen agricultural operations. Under the NWQI, NRCS

established ambitious goals for reducing sediment, phosphorus, and nitrogen entering our waterways from our farmland by the end of 2018, and NWQI has already met 100 percent of the sediment reduction goal, 90 percent of the phosphorus reduction goal, and 93 percent of the nitrogen reduction goal. Successful conservation program delivery efforts like NWQI benefit producers and their water quality concerns in the western Lake Erie basin and waterways across the United States.

Senator Amy Klobuchar

1. U.S. exports of milk proteins to Canada had grown to more than \$100 million per year between 2014 and 2016. In early 2016, Canada eliminated the price incentive to purchase U.S. ultra-filtered milk by implementing a new "Class 7" price class which essentially closed the market to U.S. producers.

How have you engaged in negotiations on the North America Free Trade Agreement to ensure U.S. dairy producers can compete in the Canadian market?

Response: I have personally relayed concerns to Ambassador Lighthizer regarding concerns from the dairy industry and expressed my support for changes to the Canadian Class 7 milk pricing scheme. In addition, I have expressed these concerns to my colleague in Canada, Minister McCauley, to ensure that he is well aware that their practices have inequitably disparaged our dairy industry.

2. USDA recently published a report on "Bioeconomy Indicators" which described how innovations in renewable energy and biobased products are driving job creation and economic growth in rural America. Many of the programs that are helping to support the bioeconomy are up for reauthorization in the Farm Bill.

Would you agree that the Farm Bill's energy title programs that the USDA administers play an important role in rural economic development and should be prioritized in the next Farm Bill?

Response: In support of the Administration's priorities, USDA remains committed to revitalizing rural communities by expanding economic opportunities, expanding access to capital, creating jobs, expanding markets for existing rural businesses, and helping develop the next generation of farmers, ranchers, and small business entrepreneurs. Farm Bill energy title programs are vital in helping to strengthen economic development of our Nation's rural communities, but the Administration's preference is that annual funding levels for these programs be determined through the discretionary appropriations process.

3. Last month I introduced the Agriculture Data Act with Senator Thune to improve the way USDA collects and links agriculture data related to conservation practices that help farmers reduce risk and increase profitability. USDA currently manages and stores producers' conservation data, but my bill would ensure that farmers are able to capitalize on USDA's resources to streamline their operations, enhance yields, and increase profits.

Can you talk about how USDA protects the confidential producer data it gathers from National Agricultural Statistics Service surveys or programs administered by the Natural Resources Conservation Service and the Farm Service Agency?

Response: All of USDA's agencies that interact with producers and companies place high value on data privacy to ensure that we maintain the trust of our customers. Our statistical units maintain very strict protocol to assure producers' private information is not violated or identified through our various publications when we post tables by geographic state, county, or region.

Senator Michael F. Bennet

1. In June of 2017, when I asked then-Chief Tidwell what he viewed as the biggest impediment to restoring more acres on our national forests, he responded – “there’s no question that this issue with how to pay for the cost of wildland fire has had a significant impact on our ability” and that “it’s about what’s not getting done” as a result of the diminished Forest Service Budget. You have joined former Chief Tidwell in making similar comments about the urgent need to fix the agency’s budget, including during the September 26, 2017 wildfire briefing you hosted at the Forest Service headquarters, and during your confirmation hearing.

- a. Would you agree that the primary impediment to increasing the pace and scale of national forest restoration has now been removed with the passage of the FY2018 Omnibus?

Response: Yes, I agree. With the FY 2020 solution of a fire funding fix we will be able to stabilize operations and investments in on-the ground work and dramatically reduce the disruptive practice of transferring funds to pay for firefighting costs.

2. In the recently passed Omnibus, we also enacted a number of forest management reforms such as expanding Good Neighbor Authority, new authority to expedite hazardous fuel and wildfire resilience projects, and greater flexibility for stewardship contracting.

- a. What steps is the Forest Service taking to implement these new forest management authorities that Congress provided? What is the timeline for writing any necessary regulations and fully implementing these new forest management tools?

Response:

We are drafting guidance and working with state partners to develop Good Neighbor projects that include road reconstruction in order to carry out restoration activities. We anticipate that implementation will begin this fiscal year. We are working with the forest industry and other stakeholders to develop strategies for successful implementation of 20 year stewardship contracts. New stewardships contracts could be awarded as soon as FY2019. Forest Management and Hazardous Fuels Reduction staffs are developing strategies to implement the new Categorical Exclusion for hazardous fuels treatments and will soon begin using this new authority.

3. As of FY2014, the Collaborative Forest Landscape Restoration Program (CFLRP) has helped treat 1.45 million acres to reduce hazardous fuels and improved 1.33 million acres of wildlife habitat. These actions resulted in \$661 million in local labor income and 4,360 jobs per year. The program is on track to meet its ten-year goals.

a. Has the CFLRP been effective in restoring and reducing fuel risk in national forests?

Response: Yes. Since 2010, the 23 CFLRP projects across the country have collectively treated 2.6 million acres to reduce fire risk. Through hazardous fuels treatments such as prescribed fire and mechanical thinning, projects reestablish desired vegetation and make landscapes more resilient to fire and reduce the risk of catastrophic fires.

4. I was glad to see the Forest Service identify 15 priority areas for increased maintenance in February 2018, as required by the National Forest System Trails Stewardship Act of 2016 that was passed into law last Congress. Improving trail maintenance and public land infrastructure by implementing this law is vital to Colorado's outdoor recreation based economy.

a. How is the Forest Service working with the communities and stakeholders to speed up the pace of trail maintenance following the identification of these priority areas? Is increased trail maintenance work planned in the priority areas this summer?

Response: Yes, work began in most areas this summer. We are planning to achieve increased maintenance in these areas by leveraging available agency resources to generate additional funding and in-kind assistance from local partners and volunteers.

b. How has the Forest Service begun implementing other parts of this bill, such as the pilot program for outfitter and guide trail stewardship? What is the timeline for implementation?

Response: We have developed implementation guidance and will be soliciting nominations for the outfitter and guide trail stewardship program throughout the summer of 2018. I plan to announce my selection of outfitter and guide pilot areas later this fall, in time for field implementation next summer.

5. With the challenging farm economy and persistent drought, I often hear from producers in Colorado about the need for strong markets abroad. There may be some things we really cannot control – like where a hailstorm or wildfire hits. But farmers and ranchers should be able to trust that the administration is acting responsibly and with a well-thought-out strategy that doesn't take agriculture backwards.

a. In your experience, do farmers and ranchers prefer long-term certainty and new market opportunities? Or do they prefer finding ways to shield their operations from a trade war?

Response: I know that farmers prefer long-term certainty and new markets to sell their crops. They would take a strong market over government payments any day.

b. Is the administration aware that the President's rhetoric can have very real consequences for family farmers and ranchers?

Response: Yes, the President has assured me of his support for farmers and ranchers as American patriots. He has directed me to help utilize authorities to protect them from unintended consequences as we take a stronger role in the way we approach trade.

6. When you were in front of the Senate Agriculture Appropriations Subcommittee earlier this month, you expressed pessimism that the NAFTA renegotiation would address Canada's unfair dairy practices. The President has been pretty unambiguous about the need to address this issue in NAFTA. Just a few days before your testimony, I wrote to Ambassador Lighthizer asking that he not conclude those talks unless he fulfills the President's promise.

a. In your opinion, can the United States declare victory if it has not resolved Canada's unfair dairy policies and improved market access?

Response: The President entered into NAFTA renegotiations with a number of concerns he wanted addressed. Fixing Canada's unfair dairy practices is a concern that I share along with many in the agricultural community. The President and Ambassador Lighthizer are responsible for determining if enough of those concerns have been addressed through negotiations to conclude the talks and finalize an agreement in principle.

7. There are a lot of really thoughtful people in Colorado working to bring broadband to rural parts of the state. The key ingredient to the successful projects has been bottom-up leadership; from County Commissioners to rural electric cooperatives.

a. What steps is the USDA taking to ensure the recently approved broadband pilot program, and its associated funding, can complement work already underway in Colorado to empower local, innovative approaches to broadband deployment?

Response: USDA encourages partnerships of various forms and envisions that the pilot broadband program funds may be leveraged with other sources of funding throughout the nation, including in Colorado, whether state, local, or private. In addition, existing broadband systems previously funded by RUS in Colorado could utilize the pilot broadband program funds to expand broadband offerings into unserved areas.

The Colorado Department of Local Affairs provides funding for broadband planning grants. We believe this type of activity is essential to the development of high quality, affordable broadband service projects. We also understand that Colorado recently approved approximately \$115 million for the Broadband Fund over the next six years. The Broadband Fund distributes grants to broadband providers who are interested in serving unserved areas of rural Colorado, which is defined as areas without access to 25 Mbps downstream and 3 Mbps upstream capability. We believe that there will be opportunities to jointly utilize the Colorado programs and USDA's broadband pilot program to provide greater broadband access in rural Colorado, as long as the applications from potential awardees in Colorado comport with the 10Mbps download and 1Mbps upload eligibility threshold in the Omnibus Act.

8. USDA grants and loans often seem out of reach for many communities looking to upgrade their broadband or water systems. Sometimes, this is the result of confusing and outdated application processes. Other times, it may be due to conflicting requirements between various federal agencies for financing or funding that is meant to address the same problem, such as upgrading water infrastructure.

a. What opportunities have you identified to simplify and streamline the application process for the Rural Utilities Service? Will you work with Congress to help improve the accessibility of rural infrastructure programs, and in turn reduce costs and confusion for rural communities?

Response: It is a priority of this Administration to increase the accessibility of our programs to all of rural America, and we recognize and acknowledge the complexities that often accompany federal financing. RD solicits continuous feedback and empowers staff to search and implement means to simplify and streamline processing. An example is the online application software, RD Apply, which was released in September, 2015. Related to water programs, more than 1,060 applications have been filed through the system since its creation. This system has significantly reduced processing timeframes and increased collaboration between Agency staff and the communities they serve. Similar updates, such as the Electronic Preliminary Engineering Reports, are furthering that effort. Additionally, Water Programs has released the Simplified Emergency Community Water Assistance Grants program, is working to streamline the guarantee loan processing, and is actively pursuing avenues to ease the burden for loan-only projects. Collectively, these changes will have a profound impact on the communities served.

In 2015, RUS launched its on-line application system for loans for the Farm Bill Broadband Loan Program and the Infrastructure Telecommunications Loan Program, Electric Distribution loans and Water and Waste loans and grants. This online system is a user-friendly portal for applicants to navigate through the entire process. Checks and balances are incorporated into the system, requiring the applicant to include all the appropriate information to submit a completed application. Learning from this experience, RUS is in the process of developing a robust application system for the \$600 million pilot program that RUS received in the 2018 Omnibus this year, that is modern and user-friendly. This new system will be on a more advanced platform and will also include a module for reviewing and underwriting loans. From the experiences learned with these systems, RUS will aim to add such functions (user interface and administrative/operational) to all rural infrastructure loan and grant programs.

9. In February, I urged you to end the hiring freeze and move quickly to ensure FSA and NRCS offices have staff in place to support Colorado agriculture. I appreciate your approval of six additional hires for Colorado, including three at FSA and three at NRCS, following the letter I sent. However, we continue to hear concerns that the lack of field staff is hurting customer service, and understand there are staff shortages that exist that will require additional approval from USDA headquarters to fill.

a. What steps will you take to ensure that state offices have the authority and ability to hire critical staff that is required to meet local demand?

Response: USDA has not been under a hiring freeze since I took office last year. We have tasked our agencies with providing strategic hiring plans that ensure we provide superior customer service, employees have the right skills, and that we efficiently and effectively place staff where there is demand. USDA is on the verge of providing broader authority to our field and state offices through newly developed productivity-based data to strategically place staff where they are needed most to provide the level of customer service our farmers and ranchers deserve.

10. Recent research has highlighted opportunities to improve the environmental impact of existing biofuels and increase revenues by installing CO₂ capture and carbon utilization equipment at existing corn ethanol biorefineries.

a. What more could be done by the USDA to understand how carbon capture and utilization can benefit the bioeconomy and farmers?

Response: Carbon capture and utilization (CCU) and carbon capture and storage (CCS) technologies are being applied to commercial ethanol facilities in a few locations around the country. However, additional research and effort is required to reduce overall costs and develop demand for captured gas. The Department of Energy has taken the lead in supporting research to develop carbon capture technologies.

Carbon management including capture, utilization and storage is becoming an additional service of the emerging bioeconomy. USDA recently reviewed a report in the Proceedings of the National Academy of Science (PNAS) entitled: "Near-term deployment of carbon capture and sequestration from biorefineries in the United States," which outlines opportunities for additional revenue opportunities from capturing and storing waste carbon from fermenters, and we were pleased to see new opportunities for improving biorefining economics while simultaneously enhancing the overall environmental performance of biofuel and bioproduct pathways.

b. Will you work with Congress to identify opportunities to support these technologies?

Response: We would be happy to discuss future options to conduct research and lower costs of CCU and CCS technologies.

11. There are several USDA programs that the Farm Bill authorizes that help promote economic development, reduce greenhouse gas emissions, and boost energy independence. This includes the Rural Energy for America Program (REAP), the Bioenergy Program for Advanced Biofuels, and the Biorefinery Assistance Program.

a. Given the economic, environmental, and national security benefits of these programs, will you work with Congress to reauthorize these programs at robust funding levels?

Response: This Administration is committed to unleashing the full potential of the biobased economy. Farm Bill energy programs are an investment in greater energy independence, energy efficiency innovation and a cleaner, more stable environment for future generations, but the Administration's preference is that annual funding levels for these programs be determined through the discretionary appropriations process.

12. In a January 2018 Memorandum of Understanding (MOU), the USDA committed to assisting the Innovation Center for US Dairy with reducing greenhouse gas emissions, including continuing to implement the Biogas Opportunities Roadmap that helps producers voluntarily reduce methane emissions. Among other things, the Roadmap commits to expand the deployment of biogas systems through existing USDA programs. The Roadmap also established an interagency Biogas Opportunities Roadmap Working Group.

a. What opportunities has the USDA identified to ensure that existing programs, such as Rural Development and Conservation programs, can assist with the deployment of biogas systems? What are the existing hurdles to deployment through existing programs?

Response: The Farm Bill energy programs -- Rural Energy for America Program (REAP), the Bioenergy Program for Advanced Biofuels, and the Biorefinery Assistance Program have each made significant investments in anaerobic digester technologies to expand the deployment of biogas systems and we will endeavor to do so in the future subject to funding and continued authority.

b. Is the Biogas Opportunities Working Group currently active? If not, will you work to ensure this interagency coordination continues?

Response: The Biogas Opportunities Working Group was an organization created to coordinate activities under the last Administration. While this group is no longer active, we continue to maintain close coordination internally and with other federal agencies and are committed to ensuring that we pursue common-sense ways to work together.

13. The National Academies is currently conducting a study, with the assistance of academic experts, to develop recommendations for a Research Agenda for Carbon Dioxide Removal and Reliable Sequestration. The Committee will assess the benefits, risks, and sustainable scale potential for carbon dioxide removal and sequestration approaches, and evaluate how to increase their commercial viability. Land use, agriculture, and forestry all play important roles in carbon sequestration.

a. Has USDA provided technical assistance to the Committee? If not – do you believe the USDA could provide valuable input to the Committee, given their expertise in agriculture and forestry?

Response: We are not aware of recent technical assistance requested from the Committee on this topic. USDA has extensive technical expertise on the benefits and scale of carbon sequestration technologies and practices within the agriculture and forest sectors.

b. Given the USDA's expertise and broad research portfolio in agriculture and forestry, does your staff intend to review the Committee's recommendations when they are released in early 2019?

Response: We would look with interest on the Committee's recommendations and provide a review if requested.

Senator Robert P. Casey, Jr

1. Secretary Perdue, in your testimony you mentioned that the administration, and USDA in particular, is "taking aggressive action to reduce confusing, burdensome regulations that impair productivity." Would you say that this effort should be extended to program delivery in a way that allows This is very inefficient and expensive. and other program beneficiaries to leverage advances in mobile technology to access their account information more easily, and encourages private sector engagement to achieve these goals?

Response: Yes, and this is consistent with my vision to make USDA the most efficient, most effective, and most customer-focused department in the federal government. We are committed to leveraging technology to apply insights from agency research, feedback from our State and local administering agencies, and input from program beneficiaries. We recognize the potential of technology to reduce burdens on our program partners and participants while simultaneously reducing program errors. For example, USDA's Food and Nutrition Service (FNS) has developed and supports a number of technology-based tools to improve service delivery and strengthen program integrity. For example, FNS introduced its first web-based school meal application model in late 2016. The application takes a user-focused approach to reduce common applicant mistakes that result in certification error. Designed to simplify an often-complicated process, the application guides parents through each step with the same interview approach perfected by commercial tax software. From the start, we recognized that this tool would not be effective unless families actually used it. To that end, we committed from the outset to make the application mobile friendly. FNS has also made the application open-source and released its program code for our program partners and their software vendors to reuse for free. FNS is in the process of determining how it can apply this model to other nutrition program applications.

2. Secretary Perdue, the Conservation Reserve Enhancement Program has successfully been utilized all over the country to bring together federal, state and local partners to tackle local environmental concerns. In Pennsylvania, the program has been used to enroll thousands of acres of riparian buffers on agricultural land. These buffers go a long way toward protecting watersheds from sediment and nutrient runoff. In fact, the Commonwealth of Pennsylvania has set a goal of planning 95,000 acres of riparian buffers by 2025 in order to meet its Chesapeake Bay cleanup obligations. I am concerned that of the 119,688 acres enrolled in the Pennsylvania Chesapeake Bay CREP, 21,546 are to expire this year and 22,206 are to expire next year. Losing these acres would be a tremendous set back. I, along with several members of the Pennsylvania Congressional Delegation, have written to USDA to request that the Department release the \$20 million that was apportioned for riparian buffer incentives in the Bay Watershed.

- a. Can you tell me the status of the release of these funds?

Response: I have tasked the Farm Production and Conservation Under Secretary, Bill Northey, with providing me a report on if and how he suggests those funds are utilized in the Chesapeake Bay Watershed.

b. What steps is the Department taking to increase CREP enrollment in Pennsylvania and to retain CREP acres that will soon expire?

Response: USDA serves as a resource to states and local communities and is here to provide valuable technical assistance to producers and landowners who want to participate in our programs. In the case of Pennsylvania's CREP agreements, the Department provides at least 80 percent of the funding at the State's request. USDA provides general information regarding the Pennsylvania CREPs to producers, such as Fact Sheets, and provides specific information, such as eligibility criteria, when requested to assist in enrollment, but does not generally actively seek out new enrollment. As a critical partner under the Pennsylvania CREPs, the State of Pennsylvania, through the Pennsylvania Department of Agriculture and Department of Environmental Protection, as well as other conservation-minded groups, seeks producers willing to offer eligible and appropriate land for enrollment, including performing outreach, education and advertising to producers. The majority of our producer-focused programs are over-subscribed across the country.

With the approval of the Delaware River Basin CREP in January 2017, the entire State of Pennsylvania is included under one of three CREP Agreements.

3. How many vacancies are there in the National Organic Program? How many of these vacancies do you intend to fill and what is your timeline for doing so?

Response: As of May 14, 2018, the Agricultural Marketing Service is actively engaged in recruiting to fill five National Organic Program vacancies. USDA is committed to strategically hiring the right number of employees with the expertise necessary to get the work done.

Senator Tina Smith

1. Over the past few months you've had several meetings on the Renewable Fuel Standard with the President and Administrator Pruitt. The RFS program is very important to Minnesota's economy. At any of those meetings, did Administrator Pruitt brief the President on the small refinery waivers he has been granting? Has the USDA sought any information from the EPA on these refinery waivers?

Response: We have looked at the impact of small refinery waivers, which effectively reduce the Renewable Volume Obligations (RVO) in the current year and reduce overall demand for corn ethanol and biodiesel. I cannot speak to the actions by the EPA but here at USDA we remain concerned about 'waived' or 'excused' volumes, the lack of transparency around the waiver process, how much those waivers reduce the overall demand for biofuels and the impact they have on both the viability of the RFS and on commodity prices and farm income. We will continue to provide technical support to EPA in implementation of the RFS program.