

**AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RE-
LATED AGENCIES APPROPRIATIONS FOR
FISCAL YEAR 2018**

TUESDAY, JUNE 13, 2017

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

The subcommittee met at 10:32 a.m. in room SD-124, Dirksen Senate Office Building, Hon. John Hoeven (chairman) presiding.

Present: Senators Hoeven, Cochran, Moran, Merkley, Tester, Udall, and Baldwin.

DEPARTMENT OF AGRICULTURE

STATEMENT OF HON. SONNY PERDUE, SECRETARY

ACCOMPANIED BY:

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

OPENING STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. Good morning. We will call the hearing to order.

The purpose of today's hearing is to discuss the Department of Agriculture's fiscal year 2018 budget request. And I want to thank our Secretary of Agriculture, Sonny Perdue, former Governor of Georgia, and a good friend. Thank you so much for being here and for your commitment to agriculture. We appreciate it.

One of the things obviously that we are concerned about is the funding level in the budget. We are going to talk about that right up front. And I recognize you are not involved in the formulation of the Department's budget given the late timing of your confirmation, but we really want to talk about and clarify the Administration's support for rural America and for production agriculture.

The reductions proposed in the President's budget directly impact small rural communities that many of us call home. Production agriculture is the cornerstone of local rural economies and weakening the farm safety net would leave farmers and ranchers vulnerable to low commodity prices and unforeseen weather conditions. We know we have low commodity prices right now, and unfortunately, it is looking like it could be a drought year as well. So that makes it a tough time in the farm patch and I know you are well aware of it.

Cuts to Agriculture research undermine our country's ability to compete internationally and meet the demands of a growing global population. Agriculture remains one of America's net export industries due to open trade and we must continue to explore foreign markets access for producers. And that is a bright spot. We have a positive balance of trade in Agriculture and so those trade agree-

ments are very, very important that they give our farmers an opportunity to export the great products that they produce.

While I support many proposals included in the President's budget such as increased funding for our military and defense, the burden of balancing the Federal budget cannot be placed on the backs of farmers and our rural communities. Agriculture has already done its fair share by reducing spending in the current Farm Bill. When passed in 2014, the Farm Bill was calculated to save more than \$23 billion. So that was the Congressional Budget Office (CBO) estimate. In actuality now scored over the next 10 years, the Farm Bill saves \$104 billion.

So clearly Agriculture is doing its part to help with the budget debt and deficit, but right now they are facing a tough time. And that is the whole idea behind the countercyclical safety net, behind crop insurance, is that when they need it, it is there for them.

Eliminating key rural development programs as proposed in the budget would inhibit the smallest rural communities from upgrading aging infrastructure and growing small businesses. I also remain concerned about the proposed elimination of the position of Under Secretary for Rural Development. And I look forward to hearing further rationale for the Department's approach and how they are going to handle it and make sure that that commitment is there.

We need to invest in the future of agriculture and rural America. And as chairman, I look forward to working with Ranking Member Merkley and other members of the committee to identify those priorities and make the most effective and efficient decisions on behalf of the America taxpayer.

Again, I appreciate, Mr. Secretary, you coming here. I appreciate your commitment to agriculture. I know these are challenging issues. You and I have talked about them. I appreciate you coming in this morning so we could do that. But it is a tough time for our farmers and ranchers and we need to be there for them and I have every intention of doing that.

Again, thanks for coming and I would turn to Senator Merkley for his comments.

OPENING STATEMENT OF SENATOR JEFF MERKLEY

Senator MERKLEY. Thank you very much, Mr. Chairman. It is a pleasure to be here with you at your first opportunity to chair this subcommittee of appropriations and I greatly enjoyed working with your predecessor, Senator Moran, who is here with us today and I know I will enjoy working with you as well.

And Secretary Perdue, welcome to the hearing. Congratulations on your confirmation and welcome also to Mr. Young and Mr. Johansson.

The President's budget proposal for the Department of Agriculture for fiscal year 2018 was developed prior to your confirmation, Mr. Secretary. And for the sake of today's hearing, that is probably a good thing because the budget comes across less as a make American agriculture great budget and more as a rural America and farmers last budget. Net spending for agriculture and rural development is cut by about \$5 billion or 26 percent. More

than 20 research programs are eliminated and the rest are cut at a time when we desperately need innovation in agriculture.

USDA's most important customer service agencies, specifically for farmers, are hit hard. The Farm Service Agency would lose almost 1,000 employees who help producers across America access USDA's Farm Loan Programs. The Natural Resources Conservation Service budget would cut funding for conservation by \$100 million, resulting in thousands of fewer conservation plans which are a requirement for producers to enroll in USDA's conservation programs as well as to apply for crop insurance. You cannot have good customer service if you do not have customer service representatives.

The proposals for nutrition programs, both domestic and international, are shortsighted and heartless. To propose the elimination of McGovern—Dole and Food for Peace Programs at a time when multiple famines are occurring and people are literally starving makes little sense from a standpoint of U.S. compassion or from a standpoint of American security.

Rural Development, an agency that I know that is important to you, is gutted. More than 40 programs, including a number of vital housing loan and grant programs, the entire Rural Business Service, the entire Water and Waste Disposal program are eliminated. These are important programs that provide struggling rural communities with access to basic facilities and they are completely gone if this budget were enacted.

I have noted before that although many of my colleagues on both sides of the aisle believe that a budget is dead on arrival almost regardless of the President that provides it, it is still a reflection of the President's priorities and it does not take long to determine that based on this budget, rural families and farming are not a priority for this President. The good news is that I know that rural families and farmers are a priority of yours, Secretary Perdue. And I am hopeful that you can do everything in your power to communicate to your boss what a budget would look like that would empower and support rural America.

I look forward to working with you over the coming weeks and months as we write our bill and again, I appreciate you being here today.

Senator HOEVEN. Thank you, Senator Merkley.

I would now turn to the other members of the committee for any opening statements they may have, starting with Senator Cochran.

OPENING STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, I am pleased to join you in welcoming our witnesses today to talk about the budget request for the Department of Agriculture. This is a very important part of the appropriations process, to make available the funds for agriculture research, direct funds to help support producers, and so a lot of people are looking on with hope and despair, one end or the other.

You know, somebody said as they walked by the farm field and the farmer was out there tending his garden or something, and they said, "It sure is a pretty day and everything looks good." And he said, "Yeah, but you know what? All this hot sun and rain, it really saps the soul." It is hard to please everybody.

Senator HOEVEN. It is.

Senator COCHRAN. That is what that illustrates. But we are going to try to make as many happy and do the thoughtful process so that we do not have anybody that is left out that ought to be included. And we will be working toward that end.

Senator HOEVEN. Senator Tester.

OPENING STATEMENT OF SENATOR JON TESTER

Senator TESTER. Thank you, Mr. Chairman.

I want to thank you for your statement as well as the ranking member's statement. Governor, Secretary, good to have you here. I appreciate you being here today to talk about the budget.

I think it is a bipartisan—maybe disgust is too big of a word—but disappointment with this budget. I am very concerned, being somebody from rural America, and quite frankly, you understand rural America, the impacts of this budget. The fact is that it came on prior to you being Secretary of Agriculture, but the real question here today is how the hell do we fix it, because it does not work.

Right now farm income, because of prices being in the toilet, is down about half of what it was in record year 2013, a \$62 billion drop. And as was pointed out by the chairman, and I believe the ranking member too, safety net programs are there for this exact reason. When times are not always good in Agriculture. We know that. And, quite frankly, when prices drop there needs to be a safety net to help manage risk.

You were in Montana a few weeks ago. I appreciate you coming to our great state. You said something that was a little bit disturbing, and that is that you would not buy home insurance and hope that your house burned down, would you? No, but the fact of the matter is mother nature is mother nature. And we know that mother nature is going to do things that are totally unpredictable, whether it is a drought in North Dakota this year or whether it is a hail storm in some other part of the country. Hell, I lost my barley crop a few years ago just because it rained really, really hard a day before I was supposed to cut it, literally. And so making sure that when disasters happen that we have a safety net is critically important.

I want to close with this. I have had about a half dozen listening sessions around Montana, east, west, north, and south. Farmers and ranchers are not asking for much, maybe with the exception of the Environmental Quality Incentives Program (EQIP) that they would like to have plussed up. What they are asking for is let us not take a step backwards because if we take a step backwards, especially in this time when we have low commodity prices, and they truly are very bad.

For example, I took the farm over in 1978. Prices are as low now as they were when I took the farm over in 1978, and you know what a tractor or a pickup costs compared to what they did in 1978. So they just do not want to take a step back and I think this budget takes a giant step back. And I think we need to flesh that out and find out what the Secretary of Agriculture is going to do about that moving forward.

Thank you for being here.

Senator HOEVEN. Other opening comments before the Secretary provides his testimony? Hearing none.

Again, Mr. Secretary, Dr. Johansson, and Mr. Young, thank you all for being here and we would welcome your opening statement.

SUMMARY STATEMENT HON. SONNY PERDUE

Secretary PERDUE. Well, thank you, Mr. Chairman, and Ranking Member Merkley. I very much appreciate the confidence that you all have expressed in me and my understanding of agriculture. It is true that I have lived it. It has been my life and, Senator Tester, I want to tell you again to thank you personally for the nomination on the confirmation on the floor.

Thank you for that. And you all have expressed a lot of confidence and my goal is to live up to that confidence in that area.

Senator Tester, I hope to address the question that you had regarding crop insurance in my comments in Montana.

What I would like to do, Mr. Chairman, is to give you broadly the vision that I outlined on the first day that I went to the Whitten Building for our employees for the Department of Agriculture. I am delighted, frankly, that it is attached to this committee which does demonstrate a working together, both for the authorizing committee and the appropriating committee.

And I think we all have U.S. agriculture's heart at mind when we make these decisions. And I take your vision sincerely about that, how do we go forward in right sizing an agricultural budget for the benefit of our producers and the benefit mostly of America. So that is our goal.

I outlined really four broad goals there as I went to the USDA. The first was to maximize the opportunity and the ability of the men and women of agriculture and the agribusiness sector to create jobs, to produce and sell the foods and fiber and energy that feed and clothe the world, and to reap the earned reward of their labor. I think it should be the aim of the American government to remove every obstacle to give farmers and ranchers and producers every opportunity to prosper from their labor.

Secondly, I want to prioritize customer service every day for American consumers, customers, and taxpayers. I think they have the right to expect and demand that their government conduct the people's business efficiently, effectively, and with the utmost integrity, and that is our goal at USDA. I think also our vast array of investors, the American taxpayers, all of our citizens have a right to expect a safe and secure food supply. And I want to commit to you that USDA will continue to serve in the critical role of ensuring the food that we put on our table to feed our families each and every day meets the strict safety standards that have been established and we all aspire to.

And then fourthly, farmers are great stewards and I want the USDA to be a great steward of American agriculture. Simply put, we must preserve the land. We must pursue clean water, clean air, and it is not an option. Stewardship for farmers and for ranchers and producers is a requirement. And I have found them to be the best stewards of our land.

So American agricultural bounty comes directly from all the resources used to produce food and fiber. Those were the principles

that were driven into me as a young boy growing up on a diversified row crop farm.

I know that you all have some questions and I look forward to answering all of them. I want to address our efforts of reorganization and I will answer your questions specifically that you may have regarding the new mission area for the Under Secretary of International Trade.

As you know, this was directed in the 2014 Farm Bill and we felt we took you all seriously and created a new Under Secretary for Trade in the mission areas. It recognizes the growing importance of international trade to the Agriculture sector of the American economy. I am one of those who believes that the U.S. economy is tied to the Agriculture economy and the Agriculture economy is tied to international trade.

As I visited with you all and 75 of your colleagues there, there were three points that were really made. Trade was number one. Labor was number two. And regulation was number three. I heard those repeatedly overall and I took those to heart.

As you know and have heard, yesterday we reached an agreement with Chinese officials on the final details of a protocol to allow the U.S. to begin beef exports with China. This is a huge deal and we are happy to have that. I am very impressed and very pleased—honored, frankly—to work with Secretary Wilbur Ross of Commerce as well as Ambassador Lighthizer as we go around the world to sell U.S. Agriculture products.

You rightly noted, Mr. Chairman, it is a balance of trade that we have that we should be proud of. Our producers are the best in the world and we think that they produce a product that can be used for world peace, figuratively and literally, around that.

Secondly, we reconstituted our domestic customer facing agencies under the newly named Secretary of Farm Production and Conservation. We removed the National Resources Conservation Service (NRCS) from the forestry mission area into I believe a more logical fashion when farmers walk in the door to have a domestic agency that represents them. We have an Under Secretary for Trade and Foreign Agriculture Affairs, international relationships. We have got an Under Secretary for Farm Production and Conservation that deals with our domestic issues that farmers deal with each and every time.

I know there has been more conversation and more concern regarding our efforts in Rural Development. I have done what I believe and I literally continue to believe by elevating the Rural Development, mission area, and position it where it reports directly to the Secretary. There is not going to be an intermediary.

That person that we named yesterday, Anne Hazlett, who has been a member of your committee, authorizing committee staff here, and has been vastly experienced in rural development issues. We named her to the Assistant to the Secretary for Rural Development yesterday. She comes from an impressive background in agriculture, and most appropriately, rural development, working in both the U.S. House and U.S. Senate. Anne has most recently served as a Republican Chief Counsel for the Senate Committee on Agriculture, Nutrition and Forestry. In addition to her public service here, she also had the experience of Director of Agriculture for

her home state where she managed the Indiana State Department of Agriculture and was a huge advisor to those governors on agriculture and rural issues.

Additionally, we have her put to work. You know that the Farm Bill directed the Under Secretary for Trade. It did not direct an eighth Under Secretary position, nor did it fund that. And the good news is with our confirmation process lagging, Anne Hazlett is on the job working for Rural Development today whereas it could possibly be after the August recess before we get our other nominees in place. And that was another function. Rural Development was too important to wait and we chose to go to work right away.

As I close, I would like to address Senator Tester's quote from me regarding crop insurance in his home state of Montana. And I hope that it was not misinterpreted. What I indicated was as producers, agriculturalists across the country, we have got to understand that insurance is just that. When there is a tragedy, when there is a drought, when there is a flood, when there is hail, we need a safety net to call upon, but no longer can we think about insurance as an investment. We do not invest a dollar in insurance and expect to get \$1.10 back every year in that area.

So I want crop insurance to be just like we have property and casualty insurance. Otherwise, hopefully never using. I have never met a real farmer, Senator that wanted to—would rather have to call on insurance rather than have a good crop at a fair price. And that is really what we want to do. We know the vagaries of agriculture from weather, from all the risks they take year in and year out, that is altogether possible and they deserve—America deserves a healthy safety net of crop insurance. And I trust that this committee and the Congress as a whole will make sure that we right size that crop insurance budget where our producers can continue to rely on that and make good crop decisions based on that.

So, with that, Mr. Chairman, I look forward to answering any and all of your questions from your committee and your members. [The statement follows:]

PREPARED STATEMENT OF HON. SONNY PERDUE

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to appear before you to discuss the Administration's priorities for the Department of Agriculture (USDA) and provide you an overview of the President's 2018 budget. Joining me today are Robert Johansson, USDA's Chief Economist, and Michael Young, USDA's Budget Officer.

A STRONG VISION FOR AGRICULTURE

It is an honor to be with you today as the nation's 31st Secretary of Agriculture. I am truly humbled by the opportunity to serve the American people and our farmers, and I assure you I will work tirelessly on their behalf. I thank you for the opportunity to appear before you today, and I look forward to working with you in the coming months and years as we can continue our nation's agricultural preeminence, building on the innovative progress of years gone by and growing to meet the needs and demands of customers and consumers here in America and around the world.

While I am new to the Federal budget process, I know firsthand the challenges related to developing and enacting budgets at the state level. As governor, I reformed state budget priorities to transform a budget deficit into a surplus, improved program performance, and helped Georgians create more than 200,000 new jobs. Now, in my role as Secretary of Agriculture, I will be the leading advocate for rural America and agricultural producers, bringing to the Department the same energy and creativity I brought to my job as Governor. As U.S. Secretary of Agriculture, I have set four goals for my time as Secretary.

First, I will maximize the ability of the men and women of America's agriculture and agribusiness sector to create jobs, to produce and sell the foods and fiber that feed and clothe the world, and to reap the earned reward of their labor. We want to remove obstacles, and give them every opportunity to prosper.

Today, we need to feed some 7 billion people. By the year 2050, that population will swell to 9.5 billion, over half of which will be living in under-developed conditions. Also, the demographics of that population will change over time. If we examine the data available, we can see that our global population is aging, and by the year 2050, more of the population will be older than 65 than younger than 5 years of age. What this means is that as we move forward, the dietary demands of the global population are going to change. We are also going to see stronger middle classes in developing countries that will join the already strong middle classes in the developed world. This means that the demand for meat will grow exponentially as will the demand for grain production. To put the demand for food into perspective, we are going to have to double our production between now and 2050. We will have to produce more food in the next 30 years than has been produced in the last 8,000 years—a daunting task, to say the least. Rest assured it is a task that USDA is ready to take on.

That being said, we cannot feed the world if we continue to place obstacle after obstacle in front of those who produce our food and fiber. People in agriculture used to fear disease and drought as the greatest threats to their livelihoods and their mission of feeding their neighbors and the world. Those hazards remain, but now too often it is the government—through interference and regulation—that poses the most existential threat to American farmers and producers. We aim to put a stop to that. As you may know, the President recently announced the creation of the Interagency Task Force on Agriculture and Rural Prosperity. With USDA as chair, we will examine, consider and take actions to address current barriers to economic prosperity and the welfare of communities in rural America, including how innovation and modern technology, and infrastructure play a critical role in fully bringing communities into the 21st century. This multi-department group will find ways to improve regulatory flexibility and provide relief for farms and small businesses. We will examine how the Federal government does business and how that impacts rural communities, and food and fiber production. And, we will, at every turn, ensure that decisions and actions are founded in principles of sound science and validated facts. The questions we are asking at USDA, and that I will be asking the task force, are fundamental to this process: How do we impact jobs and job creation; are we doing things that make sense; do the costs outweigh the benefits; and, is there better way or better place we can do it? We have a lot to tackle. It is long overdue and must and will be done.

Another key issue that I hear about is the continued instability in the agricultural workforce. This instability often limits not only farmer's ability to grow their businesses but also consumers' access to freshly grown, local products. It is my priority to ensure farmers and ranchers have access to a legal and stable workforce and I look forward to working with the President, Congress, and with the other stakeholders to find a solution.

We must also work with our producers to expand foreign markets to sell their products. Ninety-five percent of the world's consumers live outside of our borders. That means our trade agreements open a world of opportunities for American businesses. In fiscal year 2016, American agricultural producers achieved \$129.7 billion in exports, and fiscal year 2017 exports are projected to reach \$136 billion. Agricultural exports totaled over \$1 trillion for the period fiscal year 2009 through fiscal year 2016, the best eight year stretch in history, and agriculture has produced a trade surplus each year since the 1960s. Agricultural exports support more than 1 million American jobs both on and off the farm each year, a significant part of the estimated 11.5 million jobs supported by total exports all across the country. Agricultural exports support farm income, which translates into more economic activity in rural areas. Each dollar of agricultural exports is estimated to stimulate another \$1.27 in business activity.

However, the slowing global economy and appreciating dollar have put unprecedented competition on U.S. farmers. Many countries do not respect fair trading rules that have already been agreed to as part of previous agreements and many others insist on enforcing trade barriers to our products that are not based on sound science. I assure you that USDA will use all the instruments available to us to ensure our agricultural producers and products get fair treatment in foreign markets. This Administration will not stand idly by as other countries try to take advantage.

In addition, on May 11, 2017, I directed a reorganization of USDA to focus our attention keenly on agricultural trade, consistent with direction from the 2014 Farm Bill. The newly established Under Secretary for Trade and Foreign Agricultural Af-

fairs will be responsible for coordinating agency efforts at opening new and protecting current markets. I believe Congress had great forethought in including this provision in the Farm Bill, and this will strengthen USDA's ability to ensure a level playing field for U.S. farmers and ranchers in the global marketplace. Moreover, the Under Secretary for Trade will bring new energy and support to our interagency relationships with the Commerce and the U.S. Trade Representative.

As part of that reorganization, and touching on the equally important priority of customer service, we are combining the critical functions in our Farm Service Agency, Risk Management Agency, and Natural Resources Conservation Service under a single umbrella to ensure our services to farmers and ranchers are efficient, streamlined, and deliver the results that our producers expect and need. Our customers will have a one stop shop, with common leadership and one voice, to provide the services they need. The walls are coming down, and our employees will be empowered to work together to serve USDA's customers. I am also elevating our Rural Development program to report directly to my office. The economic vitality of small towns across America is crucial to the future of the agriculture economy, and we will be leveraging USDA's expertise in rural development as the Administration works to increase investments in America's infrastructure.

Through these, the Department's further reorganization proposals that are being developed as part of the Administration's government-wide reorganization effort, and other actions, USDA will prioritize customer service every day, across the mission areas. Our customers expect, and have every right to demand, that we conduct the people's business efficiently, effectively, and with the utmost integrity. Arguably, no other Federal agency has more direct interface with Americans than does the Department of Agriculture. In the Food and Nutrition Services alone, we serve one in four Americans every year, including more than 30.6 million children per day who benefit from a healthy meal at school and the 42.8 million participants in the Supplemental Nutrition Assistance Program each month. We touch millions of Americans through a host of other programs, as well. If we take into account our farm services, rural development, conservation, extension and education programs, we touch every single facet of American life. If we are to do the best for our producers and feed the world by 2050, we must not only continue to provide top rate customer service, but we must also develop strong partnerships so that we can face our challenges together. Together with our 100,000 plus employees spread across thousands of locations around the United States and the globe, I know we can make USDA the best agency in the country.

Next, since our taxpayers are also consumers, we know they expect a safe and secure food supply, and USDA is committed to continue to serve in the critical role of ensuring the food we put on the table to feed our families meets the strict safety standards we've established. By having the best science and data, we will be able to make strong strategic decisions that will transcend generations.

And, last but certainly not least, we must preserve the land—and we must relentlessly pursue clean air and water. Stewardship is not optional for farmers, producers and ranchers. American agricultural bounty comes directly from all the resources used to produce food and fiber. Today, that land and those resources sustain more than 320 million Americans and countless millions more around the globe. My father's words still ring in my ears, "Son, if you take care of the land, it will take care of you. Owned or rented, we're all stewards, and our responsibility is to leave it better than we found it." Without proper care, our resources could be squandered. Science and hard work will help us find the best ways to produce our crops, be mindful of our use of inputs, preserve the soil, keep our air and water clean, and allow us to live in a better place than we found when we started. Rather than clearing another acre of land, let's first seek out ways to produce more with what we already have. If we live by these principles, we can preserve our wetlands, our watersheds, our forests, our prairies and our ecosystems for generations to come.

THE PRESIDENT'S 2018 BUDGET

I am here today to present to you the Administration's budget for the Department. The President's Budget for 2018 for USDA programs within this Subcommittee is about \$135 billion, of which approximately \$122 billion is mandatory funding. The majority of these funds support crop insurance, nutrition assistance programs, farm commodity and trade programs and a number of conservation programs. For discretionary programs of interest to this Subcommittee, our budget proposes a net budget authority of about \$13 billion, approximately \$5 billion below the 2017 annualized continuing resolution. The Budget includes mandatory funds to fully support estimated participation levels for Child Nutrition programs and discretionary funds to fully serve the expected participation in the Special Supplemental

Nutrition Program for Women, Infants, and Children. It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments.

As access to credit remains a significant issue for producers, the Budget supports a loan level of approximately \$7 billion to support farm ownership and operating loans for about 42,000 producers. Recent demand has led to full utilization of the program level for farm operating loans for fiscal year 2016, with record loan levels at \$6.3 billion. To facilitate exports to buyers in countries that may not have access to adequate commercial credit, the Budget includes a program level of \$5.5 billion for CCC Export Guarantee Programs to provide guarantees. As research is critical to fostering innovation needed to increase production, the Budget proposes \$2.5 billion for high priority agricultural research, including about \$350 million for the Agriculture and Food Research Initiative and \$64 million to conduct the Census of Agriculture. The Budget also includes a total of \$810 million to protect agricultural resources from pest and disease.

USDA will continue to assist rural communities with resources to promote economic development and revitalization, job growth and infrastructure improvements. These investments include \$3 billion, an increase of \$800 million, for the Community Facilities direct loan program to provide funding for critical rural infrastructure. We are also proposing an increase of about \$162 million to establish a new grant account for the purpose of supporting economic infrastructure development across Rural America. Funding will support activities aimed at improving the quality of life in rural areas, such as broadband deployment in remote rural areas.

I have learned that USDA's annual appropriations is very complex. I would like to work with you, as well as the authorizing committees, to make USDA a more nimble and effective organization. Looking forward, I am sure there are many ways we can make USDA programs work better for the constituents we serve. Particularly as Congress works toward developing the next Farm Bill, I am prepared to work with Members and our stakeholders to seek solutions to our common challenges, while remaining accountable to the people.

As I recently informed the House Agriculture Committee, I am confident in the future of rural America and see opportunities for us to continue to strengthen this outlook and create opportunities for rural America. I look forward to working with this Subcommittee to fulfill the President's goals and our key responsibilities for the long term benefit of producers and all Americans.

I will be glad to answer questions you may have at this time.

USDA POLITICAL NOMINATIONS

Senator HOEVEN. Thank you, Mr. Secretary.

Any comments from Dr. Johansson or Mr. Young before we proceed?

All right. Thank you very much for those opening comments. And one thing I always start out with. I did not today, so I am going to say it right now, and that is that good farm policy benefits every single American every single day with the highest quality lowest cost food supply in the history of the world. That is what our farmers do for us every single day. And so as we are crafting farm policy, we have to remember. It makes a difference. It benefits every single American every single day.

You mentioned the agreement with China. I want to commend you on that as well as Lighthizer and Wilbur Ross. I think that will help our cattle producers and I appreciate very much your diligence and hard work on it. That is the example of the kind of work we need to see happen in trade for our farmers. We start out at a disadvantage right away because a dollar is so strong in terms of competing in those foreign markets. So, thank you for the China agreement and hopefully there will be more of that.

Starting out with the appointments, there are 15 Senate confirmed positions for USDA, but so far you are the only one to be nominated. Now you have got—you mentioned Anne, but I guess can you provide us with any insight as to when we can expect more

of these nominations to start being made so that we can take into the confirmation process and get you more help over there? For example, FSA Administrator, FSA State Executive Director. You know, when are we going to see more of these nominations made so we can get to work on getting them confirmed and putting them to work?

Secretary PERDUE. Senator, I was hoping you could help me with that.

Senator HOEVEN. Well, I will if—

Secretary PERDUE. Obviously you know that I spent almost my first 100 days after being nominated here walking the halls of the Senate and visiting with colleagues. And this process took far too long. It is taking far too long with the Under Secretary positions that we have submitted to the White House. Those have been passed along for the Federal Bureau of Investigation (FBI) vetting as well as the Office of Government Ethics. There does not seem to be a lot of urgency in those areas to get people cleared where you all can continue to have your vetting process as well and the confirmation hearing.

So anything you all can do to encourage our Office of Government Ethics as well as our FBI to expedite those. We have submitted some—I think some very capable names that you all will be proud to confirm and I would love to have them on board as quickly as possible. When this Administration took office on January 20th and I am being told that some of these will not be confirmed until after the August recess, so, you know, almost 9 months later, that is very troubling to me. I think it is a very difficult way to have a transition when you think that almost 9 months later we get the people in place to lead these agencies.

That having been said, I want to tell you, this whole committee, and Congress as a whole, there are some dedicated career employees over there, two of which are sitting next to me that have been excellent in their operations there. I rely on their advice and counsel and I frankly do not know what we would have done without them. So the USDA is blessed to have a whole cadre of USDA employees, career employees, who work very, very hard dedicated to agriculture and our producers in general.

So, while we need this leadership in place, we would like to get them as quickly as possible. I hope you can impress upon any influence in your sphere of influence you may have over the Office of Government Ethics and the FBI to move these names along so we can get them to you to be confirmed.

CROP INSURANCE

Senator HOEVEN. It is moving too slowly getting these appointments in place and I think we all need to do everything we can to help expedite it.

Crop insurance has become the number one risk management tool for our producers. I mean, it is just vitally important. Crop insurance has been reduced in terms of the support, \$12 billion, between the 2008 Farm Bill and the last time the Administration took action to take funding out of crop insurance support, which was in 2011, so that is a \$12 billion reduction in the support for crop insurance which is, again, as I said, has now become our farm-

er's number one risk management tool, particularly as you look at a drought year, low commodity prices. It is vitally important.

In the last Farm Bill, we put specifically in statute that the Administration cannot take money out of the Farm Bill. That was a very important provision. And I am going to work very hard to make sure it gets in the next Farm Bill because they have got to be able to count on it. And so I would just like you to talk for a minute about your commitment to crop insurance. Do you agree that it is a vitally important risk management tool for our producers and that it needs to be there to help them?

Secretary PERDUE. Thank you, Mr. Chairman. Hopefully, I have already expressed my belief in crop insurance and I am happy to do so again. I do think it is a very appropriate part of the farm safety net. I think what you all did in 2014 with the Farm Bill, moving away from direct payments into a robust Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) payment scheme primarily with crop insurance is certainly more palatable to the American public, the American taxpayer, where producers actually are purchasing insurance with the help of the Federal government as well for those times where they need it.

Agriculture is an extremely risky provision and prospect and it amazes me that we have enough producers who are willing to put that degree of equity every spring in the ground hoping for a good crop. Farmers or ranchers are the best optimists I know and year in and year out they are looking forward to a better year. We need the crop insurance and I trust that this committee as well as those committees on the House side will see that we are able to right size our crop insurance budget where it is meaningful.

As I said to Senator Tester, I think every producer in the country would rather have a good crop at a fair price rather than have to call on crop insurance. Unfortunately, all over the country that is not possible each and every year. And I think this program, based on the geographical differences and weather, is the appropriate program to move forward as a part of the safety net for agricultural production for the food security of the American public.

Senator HOEVEN. I think the two real keys in the Farm Bill are going to be making sure that crop insurance support is there combined with the countercyclical ARC and PLC that work in the way intended. And as you say, that is exactly how we work with our farmers and to make sure that they can consistently produce that food supply that benefits everybody every day.

And like I say, not only highest quality, lowest cost, but also that is the most cost-effective way to approach farm policy from the Federal government's perspective because when you do not need that help or support, then it does not cost anything which is why I started out making the point in a Farm Bill that was scored as saving \$23 billion, the way it works actually over the next ten years it would save more than \$100 billion. And I think it is very important that people do not lose track that that is how it works and that farmers are doing their part in helping with debt and deficit as well as good farm policy and a favorable balance of trade.

I will turn at this point to Senator Merkley.

OVERSIGHT REQUESTS FROM THE MINORITY

Senator MERKLEY. Mr. Secretary, a number of news reports have discussed the Administration's directive to Federal agencies not to respond to oversight requests from the minority. This is obviously concerning because the Executive Branch works for all of America and this subcommittee certainly has a very positive bipartisan history. Will you continue to respond to written inquiries and requests from the majority and the minority, no matter who originated the request?

Secretary PERDUE. Absolutely, Senator. I mentioned the fact that that proposal, that suggestion, I do not think it was necessarily directed to the minority. I think the edict was that it must come from the chair. And that, irrespective of which party is in place. But I feel like you are duly elected and if you have got questions regarding the accountability of the Department of Agriculture, I feel an obligation to respond and I plan to do so.

NATIONAL BIOENGINEERED FOOD DISCLOSURE STANDARD

Senator MERKLEY. Thank you very much. Most appreciated.

Last year Congress passed the national bioengineered food disclosure standard. This is not a standard I liked. I did not think the quick response code would work for consumers, but nevertheless, a study is supposed to be completed by July 29th and the standard is supposed to be implemented by the following summer in 2018. Will the study be on time and will implementation be on time?

Secretary PERDUE. It is my absolute commitment that the study and the rollout of that will be on time. And, Senator, I would recommend you get your grandchildren to help you with that QR code app on your phone.

USDA'S REORGAINZATION

Senator MERKLEY. That is what it will take for many Americans, and that is assuming folks actually have a smart phone to be able to scan it and have the time to look at individual products, which they will not have in our busy society. But nonetheless, so as you know, I would love to see it right on the label so that folks do not have to go through all that fancy technology and websites.

But continuing, you have announced the reorganization and you invited public comments on the reorganization due tomorrow, June 14th. So it caught many of us off guard when you appointed or filled the position of Assistant to the Secretary for RD before even the comment period was completed. And why? Why not, if you open up a comment period, why not wait until you get the comments before you proceed?

Secretary PERDUE. I would be happy to respond to the question, Senator. I think technically we informed the members of Congress on May 11th, which was our statutory responsibility to do and we waited the 30 days from May 11th, which had expired by a couple of days. The Federal Register was a few days late, later than that, and that is the 30 day period. But nonetheless, whether it is in time or after time, we plan to take those comments. We actually, at USDA, I hear press reports, about 600 comments. I have seen some of those pages of lists of people. They were not individual

comments, but I think 600 different people had—or groups, mostly Rural Housing Coalition—had signed on to that.

We actually received 26 comments at the USDA, only 7 of which had to do with Rural Development. So I hope that—I am an accountability kind of guy, Senator, and I hope that you will hold me accountable on this. If you do not think that we are making progress in Rural Development by the time the Farm Bill comes up, I would welcome you all to direct us to create the nomenclature for an Under Secretary of Rural Development. And I can assure you, whatever you want to call it, we are going to do best for Rural Development America.

Senator MERKLEY. Well, I will just note that Senator Stabenow and I sent you a letter supporting the creation of a new Trade Under Secretary, but opposing the elimination of the RD Under Secretary. And the fact that the announcement was made before the comment period ended made us feel that probably our comments had not been read or taken into account in making the decision, that it was predetermined.

Secretary PERDUE. Well, that was not intended in any way, Senator, and I hope that you do not take offense at that. That is one of the reasons I spoke with you and Senator Stabenow prior to making that announcement informing you of my plans and I certainly would have expected any kind of problem or any kind of issue to have been addressed when we spoke personally.

And I apologize if you feel like—because, again, we took the date of May 11th, when we informed the Congress of those changes, for the 30 days to have expired. And once again, we are going to take your consideration, Senator Stabenow's consideration, and the public in consideration. But I state once again, hold us accountable. If I do not make you proud of Rural Development and what we do over the next year, I will be happy to have another Under Secretary directed by the Farm Bill.

Senator MERKLEY. I thank you much.

Senator HOEVEN. Senator Cochran.

USDA'S RESEARCH BUDGET

Senator COCHRAN. Mr. Chairman, I join you in welcoming our distinguished panel to talk about the Department's budget for the next fiscal year. We have got a growing demand for food and need for Federal government research dollars provided to help make sure that we are doing the best things for the crops and that we have thoughtful programs backed up by research from experts throughout many of the college and university systems, but also Federal government agencies.

So I am asking you if you think that the amount of money provided for the Department's research budget is going to be adequate to sustain a level of research to make sure that farmers get the benefit of those efforts.

Secretary PERDUE. Well, Senator, you know that you and I were just at the Delta Council at the Stoneville Research Facility, which in my opinion is one of the best examples of the collaboration between our land grant universities—in this case, Mississippi State—and our Agriculture Research Service ARS at the USDA. It was a seamless operation and I do not think those people even knew,

whether they had a Mississippi State shirt on, extension, or (ARS), the way they were working together collaboratively on that.

I think, again, you know that I am a member of the Executive Branch. You have acknowledged that I did not have much input in the formulation of this budget. I would admit to you today that I think research is one of those areas where we may have missed the mark and I believe that we can work toward rightsizing the budget because research is really the basis of our agricultural productivity today.

I have stated publicly and privately, been quoted publicly and privately, that I believe if American manufacturing had the same level of basic research, applied research, and had a delivery system like the Extension Service, we would not be talking about the demise of American manufacturing today. That is how strongly I believe in research in our land grants and research in our ARS. So I hope that we can appropriately find the money to fund them to continue.

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

Senator HOEVEN. Senator Tester, you want to go again or you all done?

Senator TESTER. No, I have got questions now.

Senator HOEVEN. You had that opening statement. I did not know if you had anything left.

Senator TESTER. I do not know if it is good.

Senator HOEVEN. All right. Senator Tester.

RURAL DEVELOPMENT FUNDING

Senator TESTER. Well, thank you, Mr. Chairman. You asked for the opening statement. I could not resist.

Look, I want to thank you for being here and I am not going to go into the crop insurance stuff. I think the chairman has dealt with that appropriately and you and I both know that there is not a farmer alive that would not rather get their check from the grain elevator or the livestock market than they would from the Federal government.

Secretary PERDUE. Sure.

Senator TESTER. And I also will tell you that in the case of insurance, I do not know anybody that has made money off of crop insurance.

Secretary PERDUE. That is right.

Senator TESTER. There have been a few that make some money off of hail insurance, but nothing off of crop insurance, okay, because it is really pretty basic.

So I want to talk about the Rural Development. The ranking member talked about it a little bit. It is a cut of 20 percent. And this program is a program that, at least to my perspective, is overutilized, not underutilized. And I know you said watch and see what happens, but the problem with cutting 20 percent out of this program is I have got a list of about a dozen water systems that my staff just got me five minutes before this hearing that you are not going to see the negative effects until long after you and I are both out of these positions.

And so what is the thought there? I mean, because it is pretty basic stuff for rural development and rural America. And you

know, I do not think it is any different in Georgia than it is in Montana or North Dakota or Oregon. Rural America is drying up. And if we do this, the infrastructure is not there, we have got problems. Could you address that a little bit?

Secretary PERDUE. Certainly. I address it really by acknowledging that rural development has addressed some very serious needs. I like the fact that many times these are skin in the game programs where local needs are met with Federal help in order to accomplish—

Senator TESTER. Yeah. That is correct.

Secretary PERDUE. Things that are really good. I like that kind of leverage that we can get through Federal expenditures by ensuring that either local money, Federal or state money, or private money are involved in these projects.

I would say, to the President's defense, that the day I was sworn in, he convened a farmer, rancher, forester, and producer roundtable and signed an Executive Order regarding rural prosperity, an interagency task force to deal with rural prosperity. I think, again, as we right size this budget, you all know that you are going to get a last stamp on this and the degree that you all believe that we are doing good. My comment about holding us accountable, Senator, is hold me accountable for the resources you give me.

Senator TESTER. I know.

Secretary PERDUE. I am a farmer at heart. I am going to make it go as far as you do—

Senator TESTER. I know.

Secretary PERDUE. Just like you do, so.

RESEARCH AND DEVELOPMENT

Senator TESTER. And, Mr. Secretary, I would just tell you that, and it is just this way. You follow the money. I mean, words are one thing. And I am not saying you. I am talking about getting folks together and talking is good. We talk a lot of stuff in this Senate, but if the money is not there, the Research and Development R&D is just—I hate to say this, but it is not going to happen. And this is not at you. What I am saying though is as Secretary of Agriculture, you are going to have a big role in what this committee does, believe it or not.

If you come in and say, just like you said to Senator Cochran, if you come in and say, "You know what? R&D is not where it needs to be." That is going to hold a lot of weight with this. And, by the way, R&D is not where it needs to be and you are right. And I would just tell you sawflies. We never had that when I was growing up. Vomitoxin never had that 5 years ago. And it is for a number of reasons, because we are raising corn now in Montana instead of high quality wheat. Rust, blights, all this stuff.

And by the way, so—and I do not know if they have got vomitoxin down in Georgia, but I am going to tell you something. Do you know what they do in Montana? They pull the combine in at harvest time. They cut out the corners. They take it to the elevator. If it has got vomitoxin, they set the field on fire.

We need some (R&D) money. And, by the way, as long as we are on that, organic has been the fastest going. And I know the chairman of the Agriculture committee hates organic, but the truth is

that organic is the fastest growing part of the farm industry for the last 25 years. Let us put a little money in there to make sure that those guys are at least getting a fair shake. Okay?

Secretary PERDUE. Fair enough.

Senator TESTER. Good enough.

Secretary PERDUE. I do not disagree.

Senator TESTER. You are good. I would just tell you that—a couple of things. This is really, really Montana centric, eastern Montana centric. We have got a little Agriculture rancher cattle research station, a range research lab called Fort Keogh in Miles City, Montana. Now, I am going to tell you something. In my life, ranchers have never been anybody at the trough as far as I am concerned. They have got some advantages on public land grazing and things like that, but they have never been anybody that has come in and said, “We need this subsidy. We need this support. We need this.”

We have got this little laboratory that helps ranchers figure out how to maximize their ability for cattle on range. And it is proven. It has been around since 1924 and it has been proven benefits to the ranchers I think throughout the country, but I can tell you absolutely unequivocally in the arid areas of this country. And it is set to close down, I believe. And I would just ask you why would we be doing that? I mean, we have got more cattle than we have got people in Montana. And I think that might be a good thing.

Secretary PERDUE. Is that a rhetorical question?

Senator TESTER. No. Why would we be closing this down when, quite frankly, it is one of the tools out there I think we get an incredible bang for the buck.

Secretary PERDUE. Yeah. I think I have expressed my favor and my enthusiasm for research and development in Agriculture production and in various components of that. And I think you will, if you have invited me to be an advisor to this committee over appropriations, and I think you will be happy with the results.

Senator TESTER. Well, I think you are. I do not want to speak for the chairman, but your input on this budget is critical. And it came down from the President and I will shut up. But the priorities, I gather, are not your priorities in this budget. They were somebody else's. And I think there is a lot of people that serve in the United States Senate and Congress that do not understand production agriculture. They do not understand the challenges in rural America.

I voted for you because I think you do. And if your voice is not made loud and clear throughout this process about what is important, whether it is rural development or Agriculture research or safety nets for farmers, then we are going to end up with a bill that is not going to meet the needs of rural America. I will just tell you that. That is how important you are.

Secretary PERDUE. I do not think you will find a stronger advocate for those things that you and I agree on, Senator.

Senator HOEVEN. Senator Moran.

Senator MORAN. Mr. Chairman, thank you very much. Congratulations and best wishes to you as the chairman of this subcommittee and I would repay the compliment to the Ranking Mem-

ber of the cooperation he and I exhibited over the last couple of years when I was in your stead.

Mr. Secretary, good to see you.

Secretary PERDUE. Thank you.

DISASTER PROGRAMS

Senator MORAN. Thank you for coming to Kansas City early in your tenure and it was a joy to join you in Stoneville and Cleveland and Mississippi over the weekend. Thanks for your advocacy for agriculture certainly in rural America and I look forward to making certain that you are an advocate for rural America and for agriculture in the urban and suburban areas of our country which desperately need, as was indicated by the senator from Montana, they need to know about what we do and how it affects them as well. So congratulations and best wishes to you in your new position. I look forward to working with you.

I want to highlight—first of all, I want to thank Mr. Young. In your absence before you were confirmed, he was the acting Secretary. He responded forthwith to concerns that I had about fires in Kansas. We had a number of counties who were significantly devastated by wildfires, Clark County in particular. Nearly all of the county was burned. There was—I think the number is 700,000 acres in Kansas were burned by wildfires. Ironically, sadly, two weeks later the rains come and I guess the hope is that—

Secretary PERDUE. And snow.

Senator MORAN. The snow came. The good news is that you saw green begin to appear in places that were black just a few days before. It will take a long time, decades, perhaps generations, for a recovery to occur.

There were three areas that I wanted to highlight for you in regard to response, the Federal government's response to those fires. First of all, we have had some staffing issues in FSA offices where the workload increased dramatically. And recently, there has been approval for two additional positions at the FSA county office in Clark County and we are pleased with that, anxious for those positions to be filled, and appreciate the restructuring in order to meet the current demands for FSA services.

Kind of three areas of concern. The Emergency Conservation Program. This generally is a way in which ranchers can be compensated for loss of fencing. And we had a fire previously in the adjoining county, Barber County, the so-called Anderson Creek Fire. It took a year for ranchers to actually be compensated for the loss of their fence. It was a year before the payments began. And here is a problem with the program that you would—I would welcome your help. There is no advanced payment for that disaster. You get your fence rebuilt and then you submit the bill.

Here is something that strikes me as nearly impossible to handle is when you lose your cattle, you have lost your collateral. And how do you go to the bank and borrow money to build a fence when you have little or no collateral to backup that loan? And so this program in my view needs to be changed with your help in which it is like other disaster payments. It is a payment that occurs at the time of the disaster, the money then can be used to rebuild, in this case, the fence.

We were able, with the help of Mr. Young, to get the commitment of USDA that the payments could occur over a period of time in stages. So you could fix part of your fence and submit the bill, and that is a step in the right direction. It is an improvement and we appreciate the flexibility that was demonstrated in that response, but the program does not work in a way it should for a disaster. And so I would encourage you to work with me and others to see if we cannot alter the way that program works.

The second part, and I think we have been assured, at least, there is flexibility in regard to the specifications of the kind of fence. Kansas is also an oil and gas producing state, and so we have oilfield pipe. It is a way you can build a fence and it is much cheaper than buying new fencing. And many ranchers would take that option and we believe we have the approval of USDA to allow that to happen. We have received those assurances, but what I need from you is if there are issues that come up, we need your common sense, your Georgia background to say, "This is not about the actual specifications. This is about whether you are building a good fence."

And I do not know a single rancher in Kansas who wants to build a fence that will not last generations. That is the kind of fence that was destroyed in the fire, was fence that had been there for 70, 80, 100 years. So I need your cooperation as those issues arise to step in and help us make certain that common sense prevails.

And then finally, payment limitations under the Livestock Indemnity Program. This is where you might actually get compensated for your loss of cattle. And, again, we think the Kansas Livestock Association estimates that there is between 4,000 and 8,000 head of cattle that died in this fire. The payment limitation is such that it is per organization, per business organization, farm organization. And I think farmers over time have figured out how to organize their farming operation as a result of the laws related to payment limitations.

Ranchers have never thought about this. And so almost without exception every one of our livestock producers is limited by the payment limitation. And we need to make certain that there is a way in which brothers and fathers and sons and daughters who have not organized their ranching operation in a way to satisfy payment limitations issues are not harmed. \$125,000 payment limitation does not go very far with the loss of up to 8,000 cattle.

So those are three areas I wanted to highlight for you. Some of what I am saying is complimentary. The other is a forewarning that we will be knocking at your door asking for your assistance, guidance, direction, and leadership in making certain that a terrible situation is handled as best we can with common sense and compassion.

Secretary PERDUE. Well, I hope that I would demonstrate to you and to the producers that are affected not only in Kansas, but across the country, common sense and compassion. Those are two virtues that I value very much. And I think, again, I will take your easiest one first and then address the other two.

The fencing is just—was a silly kind of thing and I think that can be easily determined. The payment limitations on the Live-

stock Indemnity Program, I am not sure if those are statutory in the Farm Bill or if there is any flexibility there. I will get the answer to that question regarding that. I do understand certainly the business organization structure that you have talked about and many of the production agricultures have taken that step and your producers could do that easily.

I think it would be a matter of how we determine what those limitations are in light of the fact that those are not legal separations. So we will—I will be happy to talk with you about what a real solution is on that.

Certainly the reimbursement on the fencing on the Emergency Conservation Program (ECP), on those kind of things from a reimbursement standpoint, we know that fencing is very expensive. And you are right. Sometimes when you are wiped out you do not really have cash or collateral to go borrow to create that. So I will explore that as well. I appreciate Acting Secretary Young in giving the flexibility.

And what I will commit to you, this USDA will implement all the flexibility in these kinds of programs and these sort of disaster places that we have under the statute. And if we do not feel like they are optimal from a statutory perspective we will inform you of that and ask you to correct that in the next Farm Bill.

Senator MORAN. And I commit to you that—I thank you for your flexibility and I commit to you that I will work with you to accomplish those goals.

Secretary PERDUE. Thank you.

Senator HOEVEN. I think the limitation on the Livestock Indemnity, I think that may be statutory. I am not sure, but I think it may be. Senator—

Senator MORAN. Do not take the options away from the Secretary in case he reaches a different conclusion.

Senator HOEVEN. Well, I will try to help you out however I can. Senator Udall.

STAFFING REDUCTIONS

Senator UDALL. Thank you so much, Mr. Chairman. Thank you, Secretary Perdue, for being here today. I appreciated sitting down to visit with you last week. I enjoyed hearing your perspective on the wildfire funding challenge the Forest Service is facing and look forward to working with you through the Interior Appropriations Subcommittee to address that and other issues important to the Forest Service.

Shifting over now to cuts in staff at USDA, making a living in rural America gets harder and harder each year. The safety nets USDA offers are often integral to the success of small farms and ranches. The proposed staffing cuts and the President's fiscal year 2018 budget eliminates 5,200 positions. As I read it, the majority of the staffing cuts are in the field, not in D.C. These cuts will make it extremely difficult, if not impossible, for rural and frontier communities to successfully access USDA's programs at the Farm Service Agency, National Resources Conservation Service (NRCS), and Rural Development.

How can we work together to avoid these cuts and support good customer service for USDA services across rural America where they need these agents the most?

Secretary PERDUE. Thank you, Senator. I think our challenge and our opportunity, as Senator Tester has said is to do more with less, not less with less. And that is really what I commit to you today is that we have got to find the right sized budget to make sure that we do the job. I am an outcome kind of person and believe in metrics of accountability, and we want to be judged by that, but we do have to have the resources to do that.

So, whether it is 5,200 people or what is the right size, I think you may have heard the fact or I may have expressed to you that day when we met that as Governor of Georgia for 8 years, I had not voluntarily, but of eight budgets presented to the General Assembly, five had less money than the year before. Those are those glorious high economic times of 2003 to 2011. I did not necessarily choose to have that, but we were a balanced budget state and managed to that.

So I am going to take what you all, as this appropriation committee, recommend and with consultation we will help you all determine where we can give a little and where we need some and work toward making sure that those front line workers, which are the most important in any organization, are not the ones that are cut, certainly in those customer facing situations.

Frankly, one of the reasons that I wanted to combine NRCS and FSA was to have a critical mass of people in the office. So many of these offices only had two people and if one was on vacation and one had a sick child or was sick, then nobody was there. So with a critical mass, I think, and everybody helping the customer, focused on the customer and their needs, irrespective of what they are, we can do better. So I am with you and we look forward to having a budget that will adequately address the issues that you are concerned about.

BUDGET REDUCTIONS

Senator UDALL. Thank you. Mr. Secretary, I understand you are here to defend the President's budget and I do not believe there is much support for the USDA budget request on this committee, especially the cuts to Rural Development, conservation programs, and research. In particular, I am extremely disheartened by the cuts to programs that enhance our water security. The Administration's budget proposal zeroes out funding for watersheds, the Watershed Rehabilitation Program, Water Bank Program, Small Watershed Rehabilitation Program, Emergency Watershed Protection Program, and conservation security.

New Mexico is a water constrained state, as many of our western states are, and climate change is exacerbating the challenge faster than anywhere else across the nation. According to the last Water Use Census by the State of New Mexico, 78 percent plus of our water is used in agriculture. The state needs more investment in the programs slated to be cut by the proposed budget in order to make our agriculture producers more efficient while addressing New Mexico's water shortages.

If this committee provides funds for Rural Development, conservation programs, and research, which we expect to do, will you commit to working with me and other members of this committee to implement these programs in New Mexico as Congress intended notwithstanding the President's budget request?

Secretary PERDUE. Senator, in New Mexico and the other 49 states as well.

Senator UDALL. Thank you very much. I appreciate your service and look forward to visiting with you as we work through this process.

Secretary PERDUE. Thank you.

Senator HOEVEN. Senator Baldwin.

DAIRY PRICING WITH CANADA

Senator BALDWIN. Thank you, Mr. Chairman.

Secretary Perdue, welcome. We had a chance to discuss a number of issues that—challenges, frankly, that face Wisconsin dairy farmers prior to your confirmation and actually even subsequent to your confirmation. While there were an array of issues that we discussed, I raised, I think, heightened concerns about the changes that our neighbors to the north, Canada, have made in their dairy pricing practices that are disrupting trading between our two countries. They are blocking access for U.S. product into Canada.

This has had a major impact, as I have shared with you, on Wisconsin for the past year and has literally threatened the livelihoods of dozens of Wisconsin farmers. When the President was in Wisconsin recently, he promised that he would convince Canada to change their dairy pricing program. And now that you have had a chance to look into this matter as Secretary and have spoken to your Canadian counterparts, I am very, very eager to hear what the plan is to help Wisconsin dairy farmers suffering from this unfair pricing scheme that Canada has adopted?

Secretary PERDUE. Thank you, Senator. We unashamedly addressed this with Minister MacAulay, my counterpart in Canada, Monday—a week ago in Toronto. We were there and we had the beginning of bilateral discussions, but dairy was at the forefront of that. We indicated that we believe the Class 7 designation that Canada had just installed was unfair and it had created a glut on the world market that we were not prepared to accept.

I told him and have told everyone that it is not our intention to get involved in Canadian supply management. They have got a different dairy program than we do. That is their prerogative. It was not included in Canada, but it is also not fair for them to create another class of milk that allows their producers to overprice on a—to overproduce on a quota system and then blend the surplus milk off to below world prices on the world market. That affects not only the U.S., but other dairy exporting nations as well.

That point is very clear out there. I think, again, these are exactly the kind of points with Canada and with sugar in Mexico that the President has talked about renegotiating National America Free Trade Agreement (NAFTA). And I can assure you from our perspective, those will be at the forefront of the issues that we discuss regarding NAFTA renegotiations.

Senator BALDWIN. Well, Mr. Secretary, it sounds like you pursued the issue pointing out exactly what I would hope. What did you hear in response and what is our plan? Because the farmers that I represent need solutions and they need them really fast.

Secretary PERDUE. Well, one of the things we have heard and the Canadians have tried to put a Band-aid on this by offering contracts to those 75 Wisconsin dairy farmers that had lost their contract. We consider that a Band-aid approach, not a solution approach, to that and we pressed them on that. But you have to remember, Senator, that these negotiations, this was our first date and it was—you know, we were not even holding hands yet.

So we look forward to very candid discussions and it was my responsibility to lay out the concerns I had. We did that on dairy. We did that on some of the wheat grading issues that we have in the Northern Plains regarding our wheat being graded as feed grade wheat going in there as well, and then as the wine, where in some of their provinces they have U.S. wine back behind a cage where the Canadian wine is out where the consumers can get it. So there were several issues, but dairy was at the forefront of that.

RURAL DEVELOPMENT BUDGET REDUCTIONS

Senator BALDWIN. And I appreciate that, Mr. Secretary, and just urge you to continue to be very strenuous on this issue because it is so important to the farmers that you mentioned.

I hope to get to a quick second question, which is the USDA Rural Development funding in the budget. Last year USDA Rural Development awarded \$556 million for more than 8,700 projects in Wisconsin rural communities. And while I hear the Administration talk about helping rural communities being a shared goal, the budget that we have just seen suggests otherwise. And I am troubled by the elimination of water and wastewater treatment funding for our rural areas and communities. The elimination of funds that help with distance learning and telemedicine are vital in my state. And the zeroing out of broadband grants.

Wisconsin communities need this funding. For example, the Village of Viola received \$3.4 million from a USDA program that the budget cuts would—to replace—that the budget now cut to replace outdated water service lines that leaked 30 percent of the water they carried and exposed residents to contaminated water.

So I am hoping, and I would like to hear from, if you would reconsider the decision to cut rural infrastructure funding and work with us to include really robust funding for those vital programs.

Secretary PERDUE. Senator, we have had a great discussion before you were able to join us about that and this committee has had my commitment that we are going to take the Rural Development funds that this committee recommends as well as the Congress recommends and use them as far as they will go as what Rural Development has been known for. I have a strong commitment to that and I think when we get the budget right sized you will see some efforts that way.

SUGAR INDUSTRY

Senator HOEVEN. Mr. Secretary, you mentioned sugar agreement. I would ask will you work with U.S. sugar producers to close any loopholes that threaten injury to our domestic sugar farmers.

Secretary PERDUE. I absolutely would, Senator, although I would disagree with the loophole comment that producers have latched onto. The agreement is the agreement. I think the agreement really needs enforcement. I think Secretary Wilbur Ross has negotiated a powerful agreement on behalf of U.S. sugar producers, both beet and cane, and I am very pleased with the agreement that he has had. The loophole referred to, I guess, deals with the polarity over additional sugar which the USDA gets to set. We are going to be very mindful of our sugar industry here, both in your area with sugar beets as well as the cane producers, and make sure that we do not harm our U.S. sugar industry.

AGRICULTURE RISK COVERAGE PILOT PROGRAM

Senator HOEVEN. We are appreciative of Secretary Ross' efforts and appreciative of your efforts and we know that now it is enforcement by USDA. And that is very important and look forward to working with you on it.

Agriculture Risk Coverage (ARC), we had included in the fiscal year 2017 Omnibus a pilot program on (ARC) that gives FSA more flexibility because sometimes there is not enough National Agricultural Statistics Service (NAS) data and then you look at the Risk Management Agency (RMA) data, but we are getting in some cases inconsistent determinations on contiguous counties that could, I think, be addressed simply by giving FSA some flexibility. And so we included funding and legislation in the fiscal year 2017 Omnibus that allows you to set up a pilot program this year to check that out. And we think that something could translate into the Farm Bill.

So I would ask that you and your folks work to set that up and see what we can do to see if we can use that as a pilot to make an improvement in ARC for the Farm Bill next year.

Secretary PERDUE. I think that is necessary and we welcome the flexibility in that. Senator, as you know, out in Big Sky country, you all got some counties the size of Connecticut and there can be rain on one side and not on the other and different areas there and obviously you are closer. So we look forward to maybe negotiating and calculating a more regional approach to how we would do that. When you have a producer on one side of the county and the other part of the county is 50 miles away, you are certainly closer to that neighbor across the county line than you are that way and the differential in payment is very hard to justify sometimes.

So we are looking for a better way to do that. And I hope with consultation with you all we will be able to figure out a better way for the Farm Bill going forward rather than just a pilot project to understand how we can address those concerns.

RURAL ELECTRIC AND BROADBAND PROGRAMS

Senator HOEVEN. I appreciate that and that is why it is good to have a farmer at the head of USDA because you understand that.

You have been asked about Rural Development a number of times. I would ask support for the Rural Electric Cooperative Program and for Rural Broadband. So any thoughts you have on those two?

Secretary PERDUE. Amen and amen.

Senator HOEVEN. That is the right answer.

Secretary PERDUE. I think we are going to be looking both at our rural electric utilities as well as our independent telephone systems. Rural broadband is something that Federal Communications Commission (FCC) Chairman, Ajit Pai, and I have talked about. It is a high priority. We know that it is no longer a luxury. It is really a requirement for the twenty-first century. Our farmers are conducting precision agriculture. They need connectivity. Our kids need connectivity to stay in these rural towns because when they go to visit their city cousins and they play all these games on their phones and they want to do that at home and we want them to and enjoy a great wholesome life on the farm.

Senator HOEVEN. Well, with your grandkids, you know how that goes.

Secretary PERDUE. Absolutely.

SCHOOL MEALS

Senator HOEVEN. So school meals, done a lot of work with the school nutritionists. Great group. I mean, there is something like 8,000 of them in the National Association they have been in. And I just—it is such a great group, a fun group. They are out there every day providing nutritious meals into schools across the country.

We need to make sure that they have flexibility and that we have common sense in the school lunch and breakfast programs so that they can do what they do every day to help and empower them. And that means giving them the necessary flexibility to serve not only healthy, nutritious meals, but meals that the school kids will eat, and then also to make their school budgets.

And, of course, you will have a lot of influence in how this is administered and I would just ask for your support for those concepts that I just laid out.

Secretary PERDUE. I could not agree more. I am one of those people who trust our school nutrition professionals, probably more than anyone, to understand what it takes to feed a school kid a nutritious and a palatable meal. And I think the regulatory burden we have placed on them has been very, very difficult from a budget standpoint and from a regulatory accountability standpoint.

So we are going to convene a large group of them and let them guide the policy regarding school nutrition. And I think that they can teach all of us how they can get the job done that we want, healthy, nutritious, but palatable school lunches while our kids are there.

Senator HOEVEN. No, that is it. Absolutely.

Senator Merkley.

Senator MERKLEY. Thank you, Mr. Chairman and Mr. Secretary. We are dashing about between different committee meetings today. There is so much going on.

Secretary PERDUE. I understand.

MCGOVERN-DOLE PROGRAM

Senator MERKLEY. I wanted to ask you about the McGovern-Dole Program.

Secretary PERDUE. Right.

Senator MERKLEY. It is the world's premier school feeding program, about 24 countries we operate in, feeding 2 million school children a year. Often that one meal is the only meal they get and it increases school attendance dramatically. In the Somali region, it went from about 60 percent to about 100 percent attendance because of that school meal.

And the budget proposes eliminating the McGovern-Dole Program. Do you think the McGovern-Dole Program works and does eliminating this program align with your motto of do right and feed everyone?

Secretary PERDUE. Senator, I would say that I have agreed with Congress in their allocation of commodities, U.S. grown commodities for both our Food for Peace, our P.L. 480 program, as well as the McGovern-Dole that enables these children in foreign countries at schools to get nutrition. And I would trust you all to, again, look at that very closely in the budget. I think we have addressed some issues. I have admitted certainly on research and development, on rural development, on crop insurance, and I think on this area where I think the budget can benefit from some guidance.

FOOD FOR PEACE PROGRAM

Senator MERKLEY. Thank you. And I will just skip over Food for Peace then since that was going to be my next question. And as I understand it, you are trusting the wisdom of the committee to find the right answer on that particular issue.

Secretary PERDUE. Right.

Senator HOEVEN. It is a pretty good answer.

SINGLE-FAMILY HOUSING DIRECT LOAN PROGRAM

Senator MERKLEY. That is a great answer. We love that. Can we apply that same philosophy to the Single-Family Housing Direct Loan Program?

Secretary PERDUE. Yes. I think again we may do direct loans. We also may increase our guaranteed loan policy regarding using underwriters in the community that know people. So I think you will see—I do not see the housing program diminished. I do not know whether it will be totally direct or more guaranteed program where we can leverage the Federal dollar in order to get more private sector money in there, but I do not expect the housing program to be diminished and I am hoping these 600 people or how many signed this or allowed their names to be used on this National Rural Housing Coalition that was mentioned by the press as 600 comments, will see at the end of the day that we mean well by them.

WATER AND WASTE DISPOSAL PROGRAM

Senator MERKLEY. How about with the elimination in the budget, the proposed elimination, of the Water and Waste Disposal Program? Another topic for the wisdom of the committee?

Secretary PERDUE. Yes, sir. I think we discussed that maybe where you had to step out, but certainly water issues. Water is life and we understand that.

Senator MERKLEY. I tell you, I hold a town hall in every county every year and before the town hall I meet with the local city commissioners, county commissioners and so forth. And there is hardly 1 of my 36 counties that does not raise a water issue because of the challenge in rural Oregon of having the funding to modernize or replace aging infrastructure or build new infrastructure for the opportunity to expand. So I think that is a very important thing.

Secretary PERDUE. I think one of the things that may have been underappreciated was the delivery system that USDA has through its Rural Development Program, over 400 outlets, to understand that. I know in Georgia we use the Community Development Block Grant very wisely in that. We use the water money through our Georgia Environmental Facilities Authority, but nonetheless, many of those communities still relied on the USDA for some of those grants and loans as well.

The other thing I have not mentioned yet, Mr. Chairman and Ranking Member, is that the loan programs at USDA are run very wisely from a financial integrity perspective. I was very pleased with the default rate, better than commercial in many ways. And it demonstrates that we have had good wise decisions made out in the Rural Development Program.

CONSERVATION PLANS

Senator MERKLEY. So I am just about out of time, but in the last 40 seconds, the Natural Resources Conservation Service is cut by \$260 million, but that would profoundly affect the number of conservation plans it can put into place by the USDA. Should we sustain the funding for that program and keep farmers able to participate in this program?

Secretary PERDUE. Certainly. You are aware obviously of the Environmental Quality Incentives Programs (EQIP) and how well that in fact it has been oversubscribed every year over those kind of things. As I indicated earlier, I think farmers are our best stewards of the land. If we give them some technical guidance and some incentive money to help them do the right thing on their farms, I think that is a great investment.

Senator MERKLEY. Thank you, Mr. Secretary.

Senator HOEVEN. Senator Cochran.

AGRICULTURAL RESEARCH

Senator COCHRAN. Mr. Chairman. Mr. Secretary, it was a pleasure to have you in Mississippi last week. The timing was perfect. You were the keynote speaker for our 82nd annual meeting of the Delta Council, rich in tradition, tremendous influence for good and improvement of standard of life, standard of living, agriculture activities. During the trip I know you had the opportunity to see firsthand USDA'S impressive research activities, Agriculture Research Service Regional Office. It is headquartered in Stoneville, Mississippi and it covers the lower Mississippi River Valley.

Given the growing demand for food and the need to double U.S. agriculture production by the year 2050, how important is it for

Congress to invest in agriculture? Should we be providing funding for USDA research activities above the President's budget if we know that those funds are going to be used for good purposes?

Secretary PERDUE. Senator, I want to tell you unequivocally, I have not gotten over the fact that you moved that regional office from Athens, Georgia to Stoneville, Mississippi.

Senator COCHRAN. Maybe our timing was a little off.

Secretary PERDUE. I indicated earlier it was.

Senator HOEVEN. Powerful appropriations chairman.

Secretary PERDUE. It was a very impressive facility. And once again, the seamless collaboration I experienced there, I think is the foundation of the productivity of American agriculture. I think we need more, not less and wherever we see collaboration like that, I think it needs to be rewarded. The portfolio that was included there from your research in aquaculture, catfish production, and to cotton to corn to insecticides to pesticides to cover crops, it was very, very impressive.

I think the American public, if they could each one, one by one, visit the Stoneville facility would say, "We need to do more of this, not less." So I do think—I am not being—I am not pandering this morning when I say that I honestly believe that is the essence of American productivity today. It has gone on, whether it is Senator Tester's research in grazing in his area or other places that is really the foundation of our American productivity. And I think as we see other nations ascending, we are wise not to reduce that, but to enhance that.

Senator COCHRAN. Well, thank you very much. Thank you, Mr. Chairman.

BRAZILIAN BEEF

Senator HOEVEN. Senator Tester.

Senator TESTER. Thank you, Mr. Chairman, and I want to thank you, Mr. Secretary when Senator Baldwin was bringing up her dairy issues for your work there and also on wheat grading because it does not make any sense to raise the best wheat in the world and it gets graded as feed going north. So I appreciate that.

The USDA last August lifted a ban on Brazilian meat. I did not like that, had a difference of discussion with your predecessor about that. It previously was banned because of Foot and Mouth Disease (FMD) and quite frankly, USDA chose to open that market up again.

In March, as you well know, investigators in Brazil shed light on a scandal involving meat packing plants paying off inspectors, selling expired meat, meat that was treated with acid mixed with good meat, sold to the marketplace. The European Union and China banned Brazil. I should not say banned. They halted the imports. The United States did not. We do not have country of origin labeling in this country. We had a USDA seal and what happens when we bring in tainted meat from somewhere else, it gets stamped with that seal unless it is rejected, but this was not.

And being a country, and this is not to brag. This is fact—that raises the best meat in the world. And I know that because I eat a lot of it. It is ridiculous that we are allowing in tainted meat and

really raising heck with our markets and, quite frankly, not doing right by the consumers or the producers.

So I know you were just new to the slot. I mean, you were just freshly minted, so to speak, in this position. Wouldn't it have been wise to just kind of hit the pause button on this stuff and say, "Look, until we get to the bottom of this and find out what is really going on, we are going to halt that import for a while?"

Secretary PERDUE. Well, Senator, I think my Food Safety Inspection Service (FSIS) people have assured me that the plants you referred to in Brazil were none of those exporting and we did go to a 100 percent inspection. You probably are aware that these programs are guided by the World Trade Organization (WTO) and bilateral trade agreements that make it rather difficult to do that, although, as you know, we have been the victims of that, getting back into China after 14 years over one Canadian case of Bovine Spongiform Encephalopathy (BSE).

Senator TESTER. Yeah. That is right.

Secretary PERDUE. Also, avian influenza in China. When you have it in one small area that is confined, then our whole nation gets out of there. But I do not think we can preach fair and free trade if we do not practice that. And I hear your concerns. I had concerns as well until I talked to our chief of our Food Safety and Inspection Service that assured me that we were going 100 percent and that I think we have programs in place that once that meat comes in here it is not allowed to be re-exported with a USDA stamp.

Senator TESTER. So you are confident that it is indeed 100 percent, the re-inspections that are taking place?

Secretary PERDUE. I have to rely on my people. FSIS has a great reputation, as you know, worldwide, and I am relying on them to do what they tell me they are doing.

Senator TESTER. Okay. And I would just tell you that when it comes to food, it is pretty important. I mean, I am telling you. And if we are putting bad stuff in our bodies from some other countries, I do not know why that cannot be that is not free trade. That is putting crap in our bodies and it is really impacting our consumers and our producers. And so I know you know that. I just want to say I think in this particular case, especially with the past history with Brazil, I think a more measured approach would have probably been better.

Secretary PERDUE. I understand. I think—I want to reiterate that we take food safety as zero tolerance.

CHAIR BEEF TRADE DEAL

Senator TESTER. Okay. Good. First of all, congratulations on the China beef deal. I think to open up a market to 1.3 billion people is no small effort. And you talked about some of the reasons that it was not there before, and I appreciate your great work as well as the others that you have already mentioned.

One of the things that I read in the agreement was traceability. It is a big deal. Evidently the Chinese born, raised, slaughtered in the U.S. could have been imported from Canada or Mexico, but subsequently raised and slaughtered in the U.S. These are reason-

ably stringent audit trail requirements. And do you think you can meet those?

Secretary PERDUE. I do believe. We had great consultation with the beef industry, from producers to packers. Actually, the traceability has to do with maybe one of your previous questions. China wanted to make sure they were not importing Mexican or Canadian beef in that. They wanted U.S. beef.

Senator TESTER. Got you.

Secretary PERDUE. Our producers and packers said, yes, it is probably going to be a little more expensive. It is going to be a little more onerous.

Senator TESTER. But they can do it.

Secretary PERDUE. But we are willing to do it.

Senator TESTER. So a few years ago we were on the cusp of having country of origin labeling. And one of the things the packers said they could not do is they could not trace that product and keep that audit trail separate. I thought it was baloney then and this kind of proves baloney now. Do you have any comments on that?

Secretary PERDUE. I think it is hamburger, Senator.

Senator TESTER. Okay. Mixed beef. But the truth is that we were told that it just flat could not be done and now we are told it can be done, which I believe—I mean, I have dealt personally with enough audit trails that we can audit trail anything.

Secretary PERDUE. Right.

Senator TESTER. And show you what cow it came out of in the end.

Secretary PERDUE. I think it has to do with 1.3 hungry mouths.

Senator TESTER. Okay.

Secretary PERDUE. 1.3 billion hungry mouths.

Senator TESTER. All right. Well, thank you very much and hopefully we can use what we have learned in this agreement, which I think is a good one, to expand to others and even domestic productions.

Secretary PERDUE. And I think, once again, we are not done here. I think when we demonstrate what we can do and the quality of U.S. beef coming in, I am absolutely convinced when those Chinese get a hold of U.S. beef, they are going to want more. They are going to trust it.

Senator TESTER. There is no doubt about it and that is why we should be extremely proud of our U.S. producers and not let that tainted—potentially tainted stuff from Brazil come in. Thank you.

Senator HOEVEN. He circled all the way around to the front end there, didn't he? But that is a legitimate concern, absolutely.

Senator Moran.

MCGOVERN-DOLE PROGRAM

Senator MORAN. Chairman, thank you very much. Senator Merkley, in your absence, I congratulated Senator Hoeven for this chairmanship and thanked you for the previous service. You were kind in your comments to me and I wanted to make sure that you knew I was reciprocating not just out of necessity, but out of genuine gratitude for the way we worked together.

Mr. Secretary, in regard to Senator Merkley, he talked about a couple of our most important food programs, Food for Peace and

McGovern-Dole. I will not pile on too much more, but I hold those programs in high regard, believe that we have a moral opportunity to help feed the world. I believe it is advantageous to American producers to do so, so there is also that benefit. I have encouraged USDA and USAID to increase its use of grains, particularly Kansas wheat, in its programs and would reiterate that issue with you.

What I wanted to raise is a budget issue. You indicate that—your budget indicates, the Administration's budget indicates that McGovern-Dole is not being effectively implemented and lacks adequate oversight by USDA and then zeroes out McGovern-Dole funding.

I do not know whether there is an issue with administration, but if there is, that is your responsibility to figure out and address. I assume you would agree with me that it is better to fix the problems with oversight and effective implementation. That is not a reason to eliminate the program. It is a reason to fix the problems, if there are any, associated with the program. That make sense to you?

Secretary PERDUE. It does make sense. You may be aware that we do have some question and investigation going into one of the areas of where this program was utilized, but I think that is the oversight responsibility of the USDA and we take that very seriously. I have asked the probing questions about how is this administered, are we making sure. I think we are dealing with maybe a couple of rogue agents who have used the—misappropriated the resources there and we are on it.

FOREIGN TRADE PROGRAMS

Senator MORAN. Very good. In Kansas, we call it the Dole-McGovern Food Program. A lot of conversation about beef to China. Again, thank you for that effort. It is a couple of things that I wanted to raise in regard to trade.

My understanding is you have been active in your conversations, advocacy in regard to trade within the Administration. Mexico and Canada are important customers of Kansans in agriculture. We are an export state not only in agriculture, but in what we manufacture. One of the things the budget does is zero the funding for Market Access Program and the Foreign Market Development Program, again at a time in which agriculture commodity prices are what they are.

Sometimes in Kansas and in the country we have been able to get by in tough times with low prices when we have significant production, see if you can produce your way to a level of revenue that allows you to survive, but that is not the case today in Kansas and many places in the country. And so we need every market we can acquire. We need to acquire new ones. We need to maintain what we have. And I encourage you. I thank you for your advocacy for Mexico and Canada and others.

Again, I would suggest to you that this budget ought to include the funding that it normally includes, but particularly at this time in regard to the Market Access Program (MAP) and to the Foreign Market Development Program. And perhaps this is one that goes in Senator Merkley's list of the wisdom of the committee. But I would—if you want to respond to that, you are welcome to.

Secretary PERDUE. I would respond. I have used skin in the game before here and I like the leverage that financial collaboration can bring. This is one program that has collaboration with the commodity groups. They are investing sometimes one to one or two to one over these programs. And I think one group told me seven to one for their programs over the Market Access Program.

So, once again, my commitment to the producers of America, if they grow it, we will sell it and we need all the—we need an Under Secretary for Trade, but we need all these market programs that can help us persuade people around the world to buy it.

CONSERVATION PROGRAMS

Senator MORAN. Let me turn to conservation, similar kind of circumstances. Conservation Technical Assistance is reduced by almost \$100 million in the Administration's budget. That technical assistance is hugely important in voluntary conservation. I think that is the focus. You mentioned the Environmental Quality Incentives Program (EQIP) earlier, the opportunity for landowners, farmers, and ranchers to voluntarily enter into programs and conduct their farming and ranching operations in ways that enhance the environmental quality of the land, air, and water is a direction that I think is important for us to continue to pursue.

The budget also eliminates the Conservation Stewardship Program, CSP, and the Regional Conservation Partnership Program. When it comes time for Farm Bill reauthorization, will you advocate for the elimination of those programs or is this just a request in the Administration, by the Administration, for no money?

Secretary PERDUE. I think the heart of the farmer is for conservation stewardship and many times they want to do, but they do not know exactly how to do. And that is what these technical helpers do with the NRCS. I think, again, aligning them with FSA will make them even more productive in addressing the needs programmatically of the farmers who come in. So I think you will find a—once again, a strong advocate for conservation programs here in this Secretary.

RURAL BROADBAND PROGRAM

Senator MORAN. Mr. Chairman, would you rule me out of order if I go one more question? Thank you very much.

Let me—you mentioned Ajit Pai and the Federal Communications Commission (FCC). And I wanted to highlight a conversation I have had with your predecessor and folks at USDA for a long period of time. A number of years ago, three or four, the FCC, the Federal Communications Commission, made a decision in regard to how our rural electric—I am sorry—our rural telephone companies could be reimbursed from the Universal Service Fund.

What I have tried to get to occur over a long period of time is a conversation between the FCC and Rural Utilities Services (RUS). And really what I was looking for is for RUS to make its needs known to the FCC. I think the FCC was operating in its vacuum. And the consequence was the decisions made in the FCC order reduced the financial viability of many of our rural telephone companies. And that financial ability was reduced in a way that

would make it problematic, if not impossible, for the rural telephone company to repay their RUS loan.

So it is one of those things that can drive you crazy if you let it, which is an agency making a decision over here without knowing about perhaps the unintended consequences to another agency. And the portfolio at RUS is a significant amount of money and I would encourage you to make sure that your RUS administrator, when you have one, is an advocate for the circumstances that allow those phone companies to be able to repay their obligations to RUS. It is not a problem that Congress or the American taxpayer want to have as a result of lack of revenue from an FCC decision.

I have Ajit Pai, Commissioner Pai, Chairman Pai is a Kansan. I know him well. I am pleased to know that you are working with him and I think this is an area in which the Department of Agriculture, Rural Development in particular, but the FCC can work hand in hand, use the fact that Ajit is from Parsons, Kansas, a small Kansas community, to your advantage and make sure that good things happen in rural America by cooperating and advocating on behalf of the folks that we represent.

Secretary PERDUE. Thank you, Senator.

Interestingly enough, Anne Hazlett and I were just talking yesterday about this very issue of rural broadband and using our rural utilities, both independent telephone companies and co-ops and rural electric co-ops for broadband. I was very pleased and frankly pleasantly surprised with the Chairman of FCC's interest in rural broadband. I think you will find a different policy there regarding our rural utility services and we hope to explore that to the fullest.

Senator MORAN. The way you answered that question suggests that I was somewhat critical of Ajit Pai. His parents would not like to hear that from me and that was my intention at all.

Secretary PERDUE. Oh, I——

Senator MORAN. We are delighted to have Ajit Pai as the Chairman of the FCC.

Secretary PERDUE. If I answered that way, I did not mean that. I am very impressed and very pleased with his interest in rural broadband.

Senator MORAN. No, I knew you were. I just wanted to make sure his parents knew I was. And it is important that the Universal Service Fund and RUS, those are compatible. They each serve a mission. RUS is important beyond the Universal Service Fund. We need USDA to advocate in that manner. Thank you, Mr. Secretary.

Senator HOEVEN. Mr. Ajit Pai is a very impressive individual. I will add to that. He has been very responsive and very impressive.

I guess I would turn to Ranking Member. Any final comments before we wrap?

COUNTRY OF ORIGIN LABELING

Senator MERKLEY. Well, I just want to follow up about Senator Tester's comment about country of origin labeling. I would like to live in a nation where if I want to choose to buy American grown beef or pork at the store that I can see it labeled and I can buy it. And so I am very disturbed that we were not able to work out a system to enable us to keep that country of origin labeling. And

I hope that the experience regarding the export of American beef to China will give us some practices that we might be able to go back and fix that and restore that opportunity to all Americans who want to support our own local ranchers.

Secretary PERDUE. I think you are aware, Senator, that was a WTO adjudication and we simply had to comply. And I think again from a statutory perspective, if Congress wants to address that, I stand by ready to implement.

Senator MERKLEY. Well, there was an adjudication based on the fact that our meat packers could not find a way to basically do it at the same cost and therefore not to create a trade barrier. But maybe what the lesson we are going to learn with China, maybe we can find that method and apply it.

Senator HOEVEN. Mr. Secretary, again, I want to thank you for being here. I would just check to see if you have any final comments or from Dr. Johansson or Mr. Young before close. Anything else that you want to put of record?

Secretary PERDUE. I have got one final comment and I would offer them if they would like to speak at all. Hearing none.

You all have been very kind in expressing your confidence and I want you to know that I take that very seriously. And I am an outcome based kind of guy willing to be held accountable. If you see us—you asked, Senator Merkley, earlier about inquiries and oversight.

If you see things that you disagree with, obviously I expect us to have a discussion about that or provide reasons for decisions that are made. But it has been a very friendly conversation and I respect your role in that. Having been in the Legislative Branch and the Executive Branch, I fully understand our system of government and I want you all to know I have got confidence in the wisdom of the committee.

Senator HOEVEN. Thank you, Mr. Secretary, and we very much look forward to working with you.

Secretary PERDUE. Thank you. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator HOEVEN. For members of the subcommittee, any questions that you would like to submit for the hearing record should be turned in to subcommittee staff within one week, which is Tuesday, June 20th. We would appreciate it then if we could have responses back from USDA within four weeks of that time for any written questions.

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. On August 12, 2016, the United States Department of Agriculture (USDA), the Drug Enforcement Agency, and the Food and Drug Administration (FDA) released a joint statement of principles (Federal Register; Vol. 81: no. 156) on industrial hemp research and production as established under section 7606 of the Agricultural Act of 2014 (Public Law 113–79). In this joint statement, the Federal agencies state that “institutions of higher education and other participants authorized to carry out agricultural pilot programs under section 7606 may be able to participate in USDA research or other programs to the extent otherwise eligible for participation in those programs.” What has the Department done beyond issuing this joint statement to disseminate information and work with stakeholders on Federal funding opportunities for which industrial hemp pilot program participants may be eligible?

Answer. The National Institute of Food and Agriculture (NIFA) responds regularly to industry groups and university requests for information on NIFA programs that could support research and development to help commercialize industrial hemp as a crop. Industrial hemp is one among many crops that can be used to produce an array of value-added plant products, and as such, can be supported by NIFA programs.

HORSEBORING

Question. On July 26, 2016, the Animal and Plant Health Inspection Service at USDA proposed a rule entitled, “Horse Protection: Licensing of Designated Qualified Persons and Other Amendments” (Federal Register; Vol. 81: no. 143). Although the comment period for this proposed regulation closed on October 26, 2016, no final regulation has been issued. This proposed rule seeks to implement legislative proposals that have not been considered or adopted by the Congress and would have devastating impacts on the walking horse industry in Kentucky. It is my understanding that APHIS is following the directives from Congress included in the fiscal year 2016 and 2017 Appropriations Acts by communicating with stakeholders in the walking horse industry and working to bring consistency and objectivity to the inspection methodology in a way that protects horses. Will the Department, through APHIS, continue to work with stakeholders and equine veterinarians to ensure that objective inspections are implemented and that more consistency is brought to the inspection protocols and methodology? Secondly, with respect to the proposed rule, will you work with stakeholders to ensure that any final regulation does not exceed the powers granted to the Department by Congress under the Horse Protection Act?

Answer. Yes, we will continue to work with stakeholders and equine veterinarians to ensure inspection protocols and the methodology used are more consistent. If we decide to pursue final rulemaking, we will thoroughly consider the input provided by stakeholders in response to the proposed rule to ensure that the powers granted do not exceed what was provided under the Horse Protection Act.

Question. The President’s Budget also includes a legislative proposal to eliminate Regional Conservation Partnership Program—which is a new, comprehensive and flexible program... that uses partnerships to stretch and multiply conservation investments and reach conservation goals on a regional or watershed scale. The National Resource Conservation Service in New Mexico—partnering with the New Mexico Conservation Districts—have competed and secured critical funding to revitalize three projects in New Mexico the Canadian River, North Central New Mexico and, an issue of personal interest to me, Acequia Revitalization. These partnerships are bringing new farmers into the conservation program and reducing overhead costs for USDA. And we need to protect and improve this program, not eliminate it.

If this Committee provides funds for RCPP, will you commit to working with me to implement these programs in New Mexico as Congress intended, notwithstanding the President’s budget request to eliminate the program?”

Answer. If Congress provides funds for the Regional Conservation Partnership Program (RCPP), we will commit to implementing programs as Congress intended in New Mexico and other States.

Question. Secretary Perdue, I am very concerned that the Rural Development program is being cut in this proposed budget, to the detriment of people in New Mexico. Over the past decade, New Mexico has received \$1.7 billion dollars in Rural Development loans and grants. These loans and grants build water systems, provide housing, install renewable energy and connect rural areas with broadband. And much of this assistance is not just in rural areas, but frontier areas as well. New Mexico has some that are the most economically distressed in the country.

What is your vision for revitalizing rural America? And how do you think that can be done with these drastic budget cuts proposed in the President’s Budget—in particular to programs like Rural Development?

Answer. The increased emphasis on Rural Development at USDA will help in providing to Rural America the tools necessary to improve its economy and to remedy some of the economic difficulties facing rural communities. Rural America has serious needs and this Administration recognizes the need for action, which will be discussed through the Agriculture and Rural Prosperity Task Force. The Task Force will focus its efforts on Rural Development activities, including access to broadband, community infrastructure, community mental and physical health, workforce training and veterans’ employment, agricultural research, regulatory reform, improved access to capital, and increased local control of decisionmaking.

Question. The President’s budget cuts \$193 billion dollars from the Supplemental Nutritional Assistance Program over the next decade—a 25 percent cut—including

shifting \$116 billion dollars of that to funding requirement to states. For states like New Mexico with a budget crisis, it would be impossible for them to maintain that safety net. In addition more than one out of every five New Mexicans counts on the food stamps to assure they don't go to bed hungry. New Mexico has the third highest percentage of recipients in the nation after D.C. and Mississippi. This change would abandon the national commitment to provide low-income families, seniors, and people with disabilities with a basic diet regardless of where they live. Instead, states' ability to contribute to the cost of SNAP could drive the level of benefits available to poor households in that state. This is a radical departure from SNAP's basic design—which has been proven to reduce hunger and poverty.

Secretary, do agree that making sure Americans are not going hungry should be a core tenant of our Federal social safety net?

Answer. Yes, I agree making sure Americans are not going hungry is key to our Federal social safety net. That is why, our motto at the USDA is to “Do right and feed everyone.” However, I also believe we have the responsibility to ensure that the program operates with efficiency and effectiveness and delivers on that purpose. The package of proposals in the fiscal year 2018 President's Budget will help target SNAP benefits to the neediest households while ensuring able-bodied adults are expected to work.

Question. Do you believe transferring this responsibility to the states is a not financially sustainable?

Answer. I am willing to work with Congress on meeting the needs of program participants in a fiscally responsible manner, while supporting State flexibilities.

Question. Will you commit to working with Congress to assure that sufficient funding is provided at the Federal level for food stamps?

Answer. Yes. I look forward to working with Congress as we go forward in budget proceedings, to assure sufficient funding is provided to appropriately and adequately serve program participants.

Question. Secretary Perdue—Yesterday Secretary Zinke announced his interim 45-day review of the Bears Ears National Monument. That review states that:

“In consultation with the Secretary of Agriculture, the Secretary of the Interior recommends that the existing boundary of the Bears Ears National Monument be modified to be consistent with the intent of the [Antiquities] Act.”

Simply put, you and Secretary Zinke recommend removing protections for Bears Ears.

The Forest Service is under your jurisdiction. What was your role in this recommendation?

Answer. USDA personnel worked in conjunction with the Department of Interior (DOI) to develop information necessary to make the recommendation provided to the Administration.

Question. How did Secretary Zinke consult with you? And why were you not a co-signatory on this document—which includes recommendations about hundreds of thousands of acres of Forest Service lands?

Answer. The USDA Forest Service provided input and was in contact with DOI counterparts throughout the Monument review process. The Administration designated the DOI as the lead Department in the Monument review. That said, the Secretary of the Interior was the appropriate signatory of the recommendation document.

Question. Have you ever visited the Forest Service lands in question?

Answer. No, I have never visited the lands in question as the Secretary of Agriculture. However, the Forest Service personnel have a deep understanding and working knowledge of the lands in question and have established a comprehensive analysis commensurate with the recommendations made by the Department.

Question. Have you or your senior staff consulted with the tribal communities impacted by these lands in this report?

Answer. Forest Service officials participated in the scheduled listening sessions across the country as well as the Bears Ears National Monument specific meeting with Interior Secretary Zinke and the Bears Ears Inter-Tribal Coalition.

Question. How do you plan to maintain the existing co-management of Federal lands?

Answer. The Forest Service and Bureau of Land Management have experience at co-management of Federal lands in other parts of the country. The framework for the management of this particular site would be through the establishment of a Monument Management Plan.

Question. Finally, do you believe the President has the legal authority under the Antiquities Act, FLPMA and NFMA to rescind national monument protections?

Answer. I feel that the Administration's position on the statutory authorities and scope and scale of decisionmaking within those authorities is best provided by the lead Department of the review.

Question. The 502 and 504 programs have financed the construction and repair, as well as ensured the affordability of millions of homes for low and moderate income rural Americans across the country. It does this by offering homeowners access to high quality loans who often have little to no other options for mortgage financing.

Given the importance of 502 and 504 lending in addressing underserved, rural populations, why has the President proposed to completely defund them?

Answer. Keeping in line with the Administration's priority to reduce the Federal deficit and create a balanced budget, USDA had to make some tough funding decisions. USDA looks forward to working with the Subcommittee more to ensure that the unique needs of rural communities are met. If it is determined that USDA should continue to administer this program, I will work to ensure that we do so in the most effective and efficient manner possible.

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

BIOENERGY PROGRAM FOR ADVANCED BIOFUELS

Question. The forest products industry is a vital part of the Maine economy. Wood pellet manufacturers in Maine, however, continue to have concerns with an interim rule that the Department has issued for the Bioenergy Program for Advanced Biofuels. Wood pellets, recognized by USDA as "advanced biofuels," represent a very efficient end use for material that is otherwise a waste byproduct. I am told that this program is being implemented in a way that severely disadvantages solid based advanced biofuels, including wood pellets used in heating applications. USDA has imposed deep discounts on the payments to solid biofuel producers and an overall payment cap on companies in this sector, which starkly contrasts with the payments being made to liquid advanced biofuel producers used in the transportation sector. It seems that this program should be implemented in a way that is fuel and technology neutral. Will you work to bring fairness and equity to the administration of this program for all producers of qualified advanced biofuels?

Answer. Creating and expanding economic opportunities in rural America is a primary concern for me as Secretary. As a result of the elevation of the Rural Development mission area to report directly to me and through the work of the Agriculture and Rural Prosperity Task Force of which I am the Chair, I expect that USDA to further create opportunities. In our review of the Department's energy-related programs, we will assess the issue you identified above to determine whether a more fair approach to delivering the program is needed.

RURAL DEVELOPMENT

Question. I am concerned that the President's budget request proposes to eliminate several programs run through the Department of Agriculture's Rural Development agency that assist rural communities in maintaining and improving critical municipal water infrastructure. This includes the Rural Utilities Service's (RUS) Rural Water Circuit Rider Program, which provides technical assistance to rural water systems that are experiencing operation, financial, and/or managerial issues, and is widely used in my home state of Maine. The President's budget also proposes to eliminate the RUS's Water and Waste Disposal Program, which has been used to provide financing for rural communities to establish, expand, or modernize water treatment and waste disposal facilities. What do you view as the proper role for the Federal government in assisting small rural communities with water infrastructure requirements to comply with Clean Water and Safe Drinking Water requirements? Can you describe current efforts by the Department to make sure water infrastructure assistance in rural areas is adequate?

Answer. The Federal Government plays a very critical role by providing technical support and financing so that rural communities may have safe drinking water and adequate water disposal facilities. Rural communities can be served by private sector financing or other Federal investments in rural water infrastructure, such as the Environmental Protection Agency's State Revolving Funds. USDA looks forward to working with the Subcommittee more to ensure that the unique needs of rural communities are met. If it is determined that USDA should continue to administer this program and funding is provided, I will administer the program and ensure that it is run in the most effective and efficient manner possible.

Question. USDA Rural Development's rural housing programs, such as the multi-family subsidized housing program, single-family home loans, remodeling funds, and rental assistance, have been vital in my state. In Aroostook County, Maine's northernmost region, a flood in 2008 left some families homeless and in need of Federal assistance. The President's budget request includes \$1.35 billion for multi-family housing program rental assistance payments to fund all contract renewals as well as \$20 million for the multi-family housing voucher program, while proposing to eliminate programs such as the multi-family housing direct loan program and the multi-family housing preservation and revitalization programs. Given the overall funding requested for these programs, what steps is the Department taking to ensure rural families that rely on Federal housing assistance can continue to do so?

Answer. Rural Development (RD) will continue to leverage the funding that is provided to ensure that low-income families receive the support they need. The fiscal year 2018 President's Budget includes funding for the Multifamily Guaranteed program, which can be used to rehabilitate aging multifamily housing properties and maintain low rent prices for tenants. RD continues to promote public-private partnerships to further assist rural America and stimulate the economy. Additionally, we recently launched a pilot program to incentivize non-profit organizations to acquire the multifamily housing properties to continue providing affordable housing in the rural areas.

LAND-GRANT UNIVERSITY RESEARCH

Question. The land-grant university system helps ensure integration of experiment station science with the educational missions of universities. Matching Federal funds with state funds increases capacity and strengthens the long-term commitment of states to research and development. Local input from advisory and constituency groups informs decisionmaking on research programs. In Maine, research is focused on the natural resource areas that have long been the backbone of Maine's economy agriculture and food, forestry and wood products, marine fisheries and aquaculture, wildlife, and tourism. This research uses cutting-edge tools to address current challenges, including fuel innovation, pest-management and disease treatment, value-added products, and nutrition improvements. I have heard concerns, however, regarding a backlog of deferred maintenance at land-grant university facilities. Infrastructure improvements would help modernize research facilities and increase competitiveness. Do you see a role for the Department to partner with land-grant universities to help address these infrastructure needs?

Answer. Yes, currently we provide support to the 1890 land-grant institutions for the acquisition and improvement of agricultural and food sciences facilities and equipment.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

RESEARCH FUNDING

Question. As you mentioned in your testimony, growing global food demand will mean that we have to double food production by 2050, or just one working lifetime. America has historically been the breadbasket of the world and American producers stand ready to meet this challenge. One of the key reasons that American producers have filled this role is that we have lead the world in Agricultural research and innovation. Much of this innovation has been borne out of research performed at the USDA's Agricultural Research Service (ARS) or at leading institutions of higher education through the National Institute of Food and Agriculture (NIFA).

Unfortunately, USDA's fiscal year 2018 budget seems to take a step back in supporting research by calling for cuts to NIFA and ARS including a proposal to close 17 ARS research stations.

Do you stand by the proposed cuts to research funding included in your budget request?

Answer. The fiscal year 2018 budget was finalized before my arrival at USDA, but I agree that research is the basis of our agricultural productivity today. I look forward to working together to right-size USDA's research budget to ensure American producers remain the most competitive around the globe.

Question. How do you plan to ensure that American producers can meet the opportunity of growing food demand (while using the same amount of land and less resources) with a diminished role of USDA research?

Answer. Ensuring that American producers can meet the opportunity of growing food demand will require that we partner with the private sector and land-grant universities. Additionally, I look forward to working with the Subcommittee to en-

sure our research agencies have the resources necessary to improve U.S. agricultural productivity and are equipped with the expertise to address future opportunities and challenges for producers and consumers around the world.

Question. Can you describe how you prioritized funding for research programs in your budget?

Answer. The fiscal year 2018 budget was finalized before my arrival at USDA, but I will work to ensure research programs maximize benefits to producers, train the next generation of scientists and others to enter the agricultural workforce, and promote nutritious and safe food for all Americans. USDA's research agencies are continuously evaluating the progress of their research portfolios and shifting limited resources around as necessary to ensure their efforts are meeting the needs of US producers and consumers.

FSA STAFFING

Question. The budget requests calls for a 9 percent cut in Farm Service Agency staffing. This would obviously require substantial consolidation and closure of certain offices.

How will you ensure consistent and accessible service for farmers and ranchers if these cuts are instituted?

Answer. The fiscal year 2018 President's Budget does not call for FSA office closures or consolidations. I will continue to work to identify how best to allocate our financial resources and ensure that the FSA continues to provide efficient service to America's farmers and ranchers.

Question. How would an FSA consolidation plan be constructed to ensure geographic fairness?

Answer. The fiscal year 2018 President's Budget does not call for FSA office closures or consolidations. FSA, RMA and NRCS were realigned to a new mission area for Farm Production and Conservation (FPAC). As part of this reorganization, FSA, RMA and NRCS are exploring ways to improve customer service and increase collaboration.

I will continue to work to identify how best to allocate our financial resources, and insure that the FSA continues to provide efficient service to America's farmers and ranchers.

Question. What functions of FSA would you prioritize in a consolidation plan?

Answer. FSA, NRCS and RMA, now part of the new FPAC mission area, are conducting a rigorous review to look for opportunities for collaboration, improved administrative efficiencies, and improved program implementation. Improving customer service, increasing administrative efficiencies, and providing a simplified one-stop shop for America's farmers, ranchers and foresters continues to be a top priority of the Department.

FOREIGN MARKET DEVELOPMENT PROGRAMS

Question. In May, you announced a reorganization plan that, among other changes, calls for the creation of an Undersecretary for Trade and Foreign Agricultural Affairs. The creation of this position was required by the 2014 Farm Bill and your announcement stated that the mission of this office will be to coordinate all trade functions to address trade barriers facing U.S. exports. Agricultural exports have been one of the strongest sectors of American trade as these products have run a positive trade balance since the 1960's with exports nearly tripling since 2000.

As we all know, the farm economy is in the midst of challenging times. Increased export opportunities have the potential to help alleviate the pressure put on family farmers by opening up new markets.

What role do you foresee the Under Secretary for Trade performing in upcoming trade agreement negotiations such as NAFTA renegotiation?

Answer. The Under Secretary for Trade will bring new energy and support to our interagency relationships as we work closely with the Office of the U.S. Trade Representative and the Department of Commerce in the NAFTA renegotiation.

Question. What assurances can you give the American farmer that the export gains made by agriculture won't be lost in these negotiations?

Answer. I share your views on the importance of agricultural trade with Mexico and Canada to the overall U.S. economy. USDA will work closely with others in the Administration to preserve the existing benefits to agricultural markets that we have created through NAFTA. At the same time, there is plenty of room for U.S. agriculture to benefit from renegotiating NAFTA. It is one of our earliest trade agreements and trade policy has evolved considerably since NAFTA entered into force.

Question. Programs like the Market Access Program (MAP) and the Foreign Market Development Program have a proven track record of success. Can you describe how elimination of trade promotion programs will help to advance American agricultural trade?

Answer. The Market Access Program (MAP) and the Foreign Market Development Program (FMD) have been important tools in the effort to export U.S. agriculture's production. These programs leverage Federal dollars through public private partnerships and maximize collaboration with producer groups. However, eliminating funding for MAP and FMD will not end these types of trade promotion activities; rather, it means the private sector entities will need to fully fund those activities. In addition, USDA will continue trade promotion functions that are inherently governmental, including leading trade missions and using the overseas network of USDA's Foreign Agricultural Service to connect U.S. exporters with foreign buyers.

CROP INSURANCE

Question. We all know the challenges facing American farmers with the low global commodity price environment. Many Missouri farm families are struggling to make ends meet with input costs often exceeding sale prices. We ask these farmers to continue producing a safe, affordable, and abundant food supply while having to deal with Mother Nature and the ever present threat of drought, flooding, pests, and disease. Congress made significant changes to the farm safety net in the 2014 Farm Bill and one of the programs that many farmers have told me is essential to their survival is the Crop Insurance Program. Your budget request proposes a nearly 36 percent cut (\$28.6 billion over 10 years) to the crop insurance program.

In your opinion, if your proposed crop insurance cuts were enacted, would family farmers in Missouri still have an effective safety net when disaster strikes?

Answer. USDA would continue to provide an effective strong safety net for family farmers in Missouri as well as other U.S. family farmers. Federal crop insurance would continue to provide coverage to protect against natural perils and low prices.

Question. How do you see these cuts going forward, especially as it relates to our discussions on drafting the new Farm Bill?

Answer. I believe that crop insurance is an area where we will work with the Authorizing Committees as they draft the new Farm Bill.

FOOD FOR PEACE

Question. The Food for Peace programs is one our nation's premier international food assistance programs. It is a great example of a program that advances our foreign policy and humanitarian policy goals while enjoying robust support from domestic industry.

Do you see a role for USDA to play in addressing world hunger?

Answer. Yes, I believe that USDA has a role to play in addressing world hunger. As I stated during the hearing, I will work with the resources provided by Congress. If funding for Food for Peace is provided, I will work diligently to administer them in the most effective and efficient manner possible.

RURAL UTILITY SERVICE WATER PROGRAMS

Question. Your budget proposes eliminating Rural Utility Service Water and Waste Disposal loans and grants as well as a number of technical assistance programs. Many of the smallest communities in Missouri rely on these programs for guidance, assistance, and financial help to ensure clean drinking water and safe waste water disposal for their citizens.

Where should these small communities turn for assistance with water system management if the USDA no longer offers rural focused programs?

Answer. Rural communities can be served by private sector financing or other Federal investments in rural water infrastructure, such as the Environmental Protection Agency's State Revolving Funds. However, as I stated during the hearing, if these programs are funded, I will work diligently to administer them in the most effective and efficient manner possible.

Question. Do you believe that the water programs offered by EPA and other agency effectively incorporate the unique characteristics and needs of rural communities?

Answer. The water programs offered by EPA and other agencies complement the water programs offered by USDA to meet the needs of rural communities. You have my commitment that if the program is funded, I will work to administer it in the most effective and efficient manner possible.

QUESTIONS SUBMITTED BY SENATOR JEFF MERKLEY

FOOD AID

Question. Could you please explain to what extent the procurement and shipment of Title II commodities today compares with similar operations over the past several decades, especially in reference to the time necessary for commodities to reach food insecure populations once the need for assistance is recognized?

Answer. USDA has worked closely with USAID on the provision of Title II food aid abroad, which has evolved from the distribution of surplus U.S. in-kind commodities to, in recent decades, mainly distributing U.S. commodities purchased on the open market. To move U.S. commodities to intended recipients overseas takes an average of three to 6 months. Section 202(e) of the Food for Peace Act, as amended by The Agricultural Act of 2014 (i.e. the 2014 Farm Bill), authorizes additional enhancement of Title II in-kind programs through local and regional procurement and other interventions where appropriate to reach more beneficiaries in a timely manner or fill gaps until U.S. commodities arrive. With this additional authority, more beneficiaries can be reached in a more timely manner.

Question. What problems or delays exist today that create problems in providing food assistance in a timely manner, and identify if remedies to such problems require a policy, regulatory, or statutory response.

Answer. Global hunger and food crises often occur in difficult and remote locations. We face many obstacles to improve the speed and cost-effectiveness of aid delivery, ranging from political challenges, such as working in countries in conflict, to technical challenges. Sending U.S. commodities tends to be higher cost and is slower than other options. In some cases, the U.S. flagged fleet cannot provide the service necessary to deliver food to required locations. In fiscal year 2017, USAID received no U.S. flag vessel bids for over 253,620 metric tons of Title II commodities and U.S.-flag regular direct services do not exist to most of our destination ports. As a result, we typically pay substantially more per metric ton for U.S.-flag vessels as compared to shipping commodities on foreign-flag vessels, which reduces our ability to address ongoing and unanticipated global food needs. To address the requirement of shipping commodities on U.S.-flagged vessels as compared to other vessels, a policy, regulatory, and statutory response would be needed.

Question. What lessons can be learned from the U.S. private sector's ability to move commodities internationally that can be applied to food aid shipments? What changes would be required to allow food aid agencies, including our many NGO partners and international organizations like the World Food Programme, the ability to employ those same efficiencies in the pursuit of saving lives?

Answer. The private sector continues to innovate and find new ways to cost-effectively address the rise in demand for shipping products, including through new technologies to better track and ensure the security of shipments, and is looking increasingly to apply its methods to development and humanitarian contexts. Leveraging its expertise—in logistics, transport, and other arenas—and working collaboratively with private sector leaders are critical to generating new ideas and solutions in tackling global hunger. We will continue to explore ways to work more closely with the private sector so that we can better serve populations in need.

RURAL BROADBAND

Question. The FCC and USDA play important, complementary roles in promoting rural broadband infrastructure deployment and consumer use of such services. We have heard in the past that the FCC and USDA programs aren't always coordinated well in terms of how changes to one affect the other. How does USDA work with the FCC and others to ensure a consistent, stable set of policies that will promote and sustain investments, and protect the integrity of the USDA portfolio?

Answer. USDA's Rural Utilities Service (RUS) and the FCC are currently working to closely coordinate outreach efforts to better assist rural areas in providing high-speed broadband access. Discussions have progressed on development of joint outreach materials that explain how programs can be interrelated, and how available funding options may be leveraged. Both the USDA and the FCC offer programs to improve Internet availability and adoption in unserved and under-served areas.

USDA co-chairs the Broadband Interagency Working Group (BIWG) along with the Department of Commerce. The BIWG partners with over 25 Federal agencies to improve coordination across programs, reduce regulatory barriers to broadband deployment, and collect and share information with communities about available Federal resources for broadband deployment. Through the BIWG and separately, RUS will continue to work closely with the FCC in developing joint outreach events focused on providing high-speed broadband access to America's rural areas.

SINGLE FAMILY HOUSING DIRECT LOANS

Question. Is there a commensurate increase elsewhere in the Federal budget to make up for the elimination of the single family housing direct loan program?

Answer. Yes, as part of the fiscal year 2018 President's Budget, the U.S. Department of Housing and Urban Development (HUD) requested \$160 million for the Mutual Mortgage Housing Insurance Fund, a \$30 million increase from fiscal year 2017, which also provides financing to individuals and families that cannot participate in the conventional market. Very low- and low-income families may obtain funding through that program, as well as the USDA Single Family Housing Guaranteed Program.

Question. Since many families in this program cannot obtain commercial credit, where can they go to obtain the assistance they need?

Answer. As noted above, programs exist within the Department of Housing and Urban Development that may be of assistance, in addition to the USDA Single Family Housing Guaranteed Program.

WATER AND WASTE DISPOSAL PROGRAM

Question. The budget states that rural communities can access private sector financing or State Revolving Funds to meet their financing needs. What evidence exists indicating that these sources would be sufficient to meet rural community needs, and would not result in overly high user rates?

Answer. EPA's State Revolving Fund is the key Federal program for water infrastructure financing and can provide low-cost assistance to communities in need. Moreover, the absence of the USDA program could stimulate infrastructure lending from rural lenders, because there is no prohibition on rural communities to seek out private sector lending for the municipal needs.

CONSERVATION

Question. If the USDA budget request for Conservation Operations were to be enacted, how many fewer conservation plans will be put into place by USDA?

Answer. Currently we do not anticipate that fewer conservation plans will be put into place by USDA if the budget request for Conservation Operations were to be enacted.

Question. What effect would a cut of this size to conservation operations, and the resulting reduction in conservation plans, have on the participation of other USDA programs which require conservation plans to participate?

Answer. Currently we do not anticipate that fewer conservation plans will be put into place by USDA if the budget request for Conservation Operations were to be enacted.

FARM SERVICE AGENCY

Question. The budget proposes to reduce FSA by nearly \$76 million, assumes a reduction of 973 staff years, and cuts Farm Operating direct loans by \$226 million. Will this budget request allow USDA to adequately serve our farmers and ranchers?

Answer. Yes, this budget request will allow USDA to adequately serve our farmers and ranchers. I will identify how best to allocate our financial resources and ensure that the FSA continues to provide efficient service to America's farmers and ranchers.

Question. What impact will these reductions have on the ability of the Department to service existing loans?

Answer. I do not anticipate any change to the servicing of existing loans.

SNAP

Question. The budget includes several legislative proposals that would dramatically change the program. What impact the proposed legislative changes to SNAP will have on the program and participation in it?

Answer. The table below reflects how the proposed legislation will impact SNAP.

[The information follows:]

SNAP Budget Proposal	Fiscal Year 2018 Budget Impact (\$ millions)	Participation Impact
Eliminate the link between LIHEAP receipt and HCSUA	-\$647	No impact

SNAP Budget Proposal	Fiscal Year 2018 Budget Impact (\$ millions)	Participation Impact
Standardizing HCSUA across States at 80th percentile of low-income households' utility costs.	-507	No impact
Restrict categorical eligibility to HHs receiving cash TANF	-1,514	8 percent of participants lose eligibility
Limit ABAWD waivers to counties with unemployment rate exceeding 10 percent averaged over 12 months.	-1,806	3 percent of participants lose eligibility
Cap benefits at 6-person max allotment	-163	No impact
Eliminate minimum benefit	255	3.6 percent of participants lose eligibility
Impose a State match formula to share SNAP benefit costs	0	No impact
Reduction in Savings due to Interactive Impacts of Proposals	255	No impact
Implementation of Authorization Fees for SNAP Retailers	-252	No Impact
Other Proposals (State Dept., HHS)	-6	No Impact
Total Impact (fiscal year 2018)	-4,895	

Question. What impact will these changes have on low-income Americans who rely on these benefits?

Answer. These legislative changes will strengthen program integrity and move people to work, making it more accountable to the American taxpayers, while targeting services to those most in need.

CONSERVATION

Question. I have a letter from Western farmers, ranchers, sportsmen, and conservation organization that are all deeply concerned about the proposed budget cuts to conservation programs. Why does the budget propose to cut the Regional Conservation Partnership Program when these efforts are really helping agriculture producers and others on and off farm conservation needs and stabilize the Colorado River basin?

Answer. The proposal to eliminate the Regional Conservation Partnership Program (RCPP) is part of a larger effort to better target USDA conservation funding. Since the Environmental Quality Incentives Program and the Agricultural Conservation Easement Program already provides a substantial portion of the funding and authority for the existing RCPP, many of the existing activities, including those in the Colorado River basin, will continue.

Question. How do you plan to ensure that the 2018 Farm Bill contains adequate funding and new tools to expand USDA's efforts to enhance drought resiliency and water conservation?

Answer. I plan to work with the Agriculture Authorizing Committees as they draft the 2018 Farm Bill to ensure that drought resiliency and water conservation are addressed to meet the needs of America's farmers.

SUDDEN OAK DEATH

Question. Sudden Oak Death is a disease that is very concerning to me and many Oregonians. I understand that APHIS' work on this disease is funded through its Specialty Crop Pest line, which is proposed to be cut by over \$18 million. Will you commit to us that APHIS will, at a minimum, maintain its efforts in combatting this devastating disease?

Answer. I recognize the concerns about this serious disease and will bear them in mind as we prioritize many pest and disease threats to agricultural production.

Question. What assurances can you provide to this Subcommittee that the proposed cuts to APHIS in the budget will not threaten U.S. agriculture with damaging incursions of new foreign pests and diseases?

Answer. Yes, I assure you that APHIS will continue to protect agricultural health and defend America's animal and plant resources from foreign agricultural pests and disease incursions.

RURAL ECONOMIC INFRASTRUCTURE GRANT PROGRAM

Question. Would the new Rural Economic Infrastructure Grant Program proposed in the budget have any new authorities?

Answer. The Rural Economic Infrastructure Grant program proposed in the fiscal year 2018 President's budget does not have any new authorities. The authorities requested are the same as the grants that have been combined in this account.

Question. Will you maintain all of the current authorities in the four existing grant programs, and ensure a minimum funding level for each one?

Answer. The request would maintain all the existing authorities for the four grant programs that are combined in the account but would not establish a minimum funding level for each one. This account will provide the Administration with flexibility on delivering the programs in the areas that will provide the best opportunities. The Department will work with communities across the country to ensure the funding is used for projects that will make the biggest impact in these communities.

Question. It appears that the set-aside for Appalachia included in this proposal is the only such set-aside in the budget. Why?

Answer. The fiscal year 2018 budget eliminated the Appalachian Regional Authority; however, the budget provided the Department with funding to continue work in this area of the country. With such a set-aside, USDA will be able to address a variety of critical needs in the Appalachia area.

ELIMINATION OF THE RURAL BUSINESS SERVICE

Question. Is there any evidence that private commercial market will step in and provide credit and similar rates and terms to ones provided through Rural Business Service programs? Have they done so in the past?

Answer. We expect the private commercial market to continue to provide credit in rural America though other existing Federal loan guarantee programs provided by the Farm Service Agency and the Small Business Administration.

HORSE PROTECTION ACT (HPA)/ANIMAL WELFARE ACT (AWA) TRANSPARENCY

Question. Mr. Perdue, at the beginning of February, APHIS abruptly removed from its website thousands of pages of searchable inspection reports, annual reports, and other documents regarding enforcement of the Horse Protection Act and the Animal Welfare Act. Public access to this data ensures accountability for the agency's enforcement of these laws and acts as deterrence against violations.

It is essential that the public be able to see which dog dealers, horse trainers, laboratories, roadside zoos, and other regulated entities have been cited for subjecting animals in their care to abuse or otherwise failing to meet basic welfare standards. Responsible actors in the regulated communities want to be able to point to their clean records that help them establish public trust. When will the agency restore these vital records and resume posting them in a timely way on a searchable database with names and cities identified?

Answer. I understand your concerns about the removal of records from the Animal and Plant Health Inspection Service (APHIS) Web site. The removal of the search tool was part of a comprehensive review of documents APHIS initiated in early February 2017, after a year-long process, as it strives to balance a commitment to transparency with rules protecting personal information. To date, APHIS has restored all the content it removed, in its original redacted form, with the exception of inspection reports involving individuals or homestead businesses. Roughly two-thirds of the Animal Welfare Act (AWA) inspection reports involve individuals or homestead businesses. APHIS is diligently exploring options for promoting transparency involving inspection activities that center on individuals and homestead businesses while working to protect personal information, which is of greatest concern for these types of licensees.

HORSE SORING

Question. The last Administration proposed an important rule to update Horse Protection Act regulations to end the practice of horse soring—inflicting pain on the hooves and legs of Tennessee Walking Horses and related breeds to force them to perform an artificial high-stepping gait. The rule was designed to fix serious weaknesses in USDA's oversight of this law enacted almost 50 years ago. This rule had overwhelming, bipartisan Congressional support from 42 Senators and 182 Representatives who sent letters to USDA, along with more than 100,000 public comments submitted in support.

Mr. Perdue, will you commit to reviewing this broadly supported proposed rule, and inform us promptly about your intentions regarding final publication?

Answer. We are currently reviewing the input provided by stakeholders before deciding on the appropriate next step, which could include finalizing the rulemaking. Once a decision has been made, we will inform the Congress.

Question. Please provide, for the last 5 years, the number of highly qualified applications received for each competitive NIFA program, the total amount of funding applied for, and the number, and amount, of grants which were approved.

Answer. NIFA is in the process of collecting and analyzing the program data for all competitive programs. Because of the voluminous number of program proposals over the last 5 years, (almost 19,000), and because these pre-award proposal and ranking data exists in many disparate data formats over these years, a report on all competitive programs is not available at this time. This information will be provided as soon as the analysis is completed.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

CLIMATE CHANGE

Question. Agriculture contributes many positive benefits to our nation and the world, but it is also responsible for a significant amount of U.S. greenhouse gas emissions. Specifically, gases such as nitrous oxide and methane are a major by-product of farming and are far more damaging than carbon dioxide.

What is USDA doing to combat this climate threat while also providing the resources that farmers need to continue farming, remain profitable, and adapt to climate change?

Answer. The Department is working to improve the way we help farmers and ranchers manage the risks they face, whether related to weather and pests or financial uncertainty. As we move forward, we will be looking for pragmatic and solution-oriented approaches. In addition, I will work to ensure that we manage programs and make decisions based upon best available data and sound science that support our farmers, ranchers, and forest owners and managers.

Question. USDA's Climate Hubs have become a model for connecting researchers and producers in order to enhance the ability of farmers and ranchers to adopt practices that will help them to plan for changes in climate, as well as a provide coordination across multiple government agencies and research being conducted through universities.

Will the Department be continuing this important work in fiscal year 2018 under the Budget request submitted to Congress?

Answer. Yes, I will continue to support the work of the Climate Hubs. The continuation of this work will allow the Hubs to focus on practical and pragmatic approaches to address risks such as drought, wildfire, pests and disease pressures on crops and livestock, and other threats that are sensitive to the climate.

GROUNDWATER RECHARGE

Question. Title II programs are essential for many producers across the country, and California is no different. Over the last several years, California has faced a historic drought, but over this last winter we received an enormous amount of precipitation that led to massive mudslides, flooding, and several disaster declarations. With rivers and creeks at the levels they are, many producers are hoping to use the excess water for groundwater recharge.

It is my understanding that NRCS does not currently consider groundwater recharge as meeting a "resource concern", thus making projects that seek to use funding from programs such as EQIP ineligible if they list groundwater recharge in their application.

Why does NRCS not consider groundwater recharge to be a resource concern?

Answer. Groundwater recharge is not a resource concern, but is a means to help prevent the depletion of an aquifer water resource by adding water to it. The resource concern is that an aquifer is being depleted at a rate faster than it is being recharged, so aquifer depletion is identified as the resource concern.

Question. Will you direct NRCS to take another look at their position in light of the water situation currently facing many California farmers?

Answer. NRCS will continue to assist producers throughout the Nation through the Environmental Quality Incentives Program (EQIP) to implement practices that address water conservation and mitigate the effects of the drought.

Question. What statutory changes or congressional action would NRCS need in order to provide greater flexibility to regional, state, and local actors who seek to use USDA programs to assist with groundwater recharge?

Answer. NRCS has flexibility within the current program authorities to assist producers to address resource concerns.

ANTIBIOTIC USE ON FARMS

Question. I have long advocated for reducing the use of antibiotics in agriculture, as it is well-documented that the overuse of antibiotics leads to antibiotic-resistant bacteria. I am encouraged that the FDA has now fully implemented Guidance for

Industry #213, but we can do more to ensure that the judicious use standard is followed.

Funding the National Antimicrobial Resistance Monitoring System and continuing collaboration between USDA and the FDA are both key pieces in our efforts to combat the rise in antibiotic-resistant bacteria, and data is key to informing our policy actions. We must also increase the number of trained veterinarians who can assist producers to prevent and treat animals when they need it.

How will USDA be improving their collection of on-farm data?

Answer. USDA conducts the National Animal Health Monitoring System (NAHMS), which conducts national studies on the health and health management of United States domestic livestock and poultry populations. In fiscal year 2017, NAHMS conducted surveys on antimicrobial use and stewardship practices in cattle feedlots and swine operations. Additionally, NAHMS launched the 2017 Beef Cow-calf study, a component of which will survey producers regarding antimicrobial use and collect biological samples to evaluate resistance patterns among foodborne pathogens. The data collected from these surveys will help assess antimicrobial stewardship practices on farms, which can help inform and guide stewardship and judicious use efforts by USDA and other partners in both the public and private sectors.

Question. What is USDA doing to work with producers and veterinarians to decrease the risk that the overuse of antibiotics on farms pose?

Answer. APHIS conducts surveys in cattle feedlots and swine production to characterize antibiotic use and to monitor resistant organisms of importance to animal health and public health. I will have the agency provide you with additional details for the record.

We are conducting these surveys as part of the National Animal Health Monitoring System, and will undertake additional studies to help define appropriate and judicious use of antibiotics for veterinarians. Additionally, we have also launched a pilot in the National Animal Health Laboratory Network with State partners to examine resistance patterns in samples submitted from sick animals. This information will help the veterinary practitioner with antibiotic choices.

Question. How is USDA working to educate veterinarians on the most up to date guidance on antibiotic use? How many veterinarians are being reached through training modules?

Answer. I will have the agency provide you with additional details for the record.

APHIS' National Veterinary Accreditation Program (NVAP) is designed to provide accredited veterinarians with the information they need to ensure the health of the Nation's livestock and protect public health and well-being. This program currently reaches 66,000 accredited veterinarians. We introduced an NVAP module titled, "Use of Antibiotics in Animals" in 2012 in online, classroom, and printed training material formats. Since then, it has played a key role in our antimicrobial resistance global education and outreach efforts and has been completed more than 21,900 times by accredited veterinarians. At the meeting of the Group of Seven (G7) in Germany in 2015, this module was cited as one of only two "Best Practices of Combating Antimicrobial Resistance" from North America. More recently, a module was created in close collaboration with FDA's Center for Veterinary Medicine to provide guidance on FDA regulations that went into effect in January 2017.

Question. How is USDA working to increase the number of veterinarians who are available in rural areas?

Answer. In fiscal year 2017, USDA has two competitive grant programs dedicated to increasing the number of veterinarians in veterinary shortage situations. The Veterinary Medicine Loan Repayment Program helps qualified veterinarians offset a significant portion of the debt incurred in pursuit of their veterinary medicine degrees in return for their service in certain high-priority veterinary shortage situations. The Veterinary Services Grant Program makes grants available on a competitive basis to qualified entities to develop, implement, and sustain veterinary services through education, training, recruitment, placement, and retention of veterinarians, veterinary technicians, and students of veterinary medicine and veterinary technology. Grants are also made to establish or expand veterinary practices in rural areas.

FOOD SAFETY

Question. I was encouraged by the advances made by the previous administration to improve food safety standards and address concerning antimicrobial resistance trends. It is my profound hope that you will continue rather than abandon Secretary Vilsack's important efforts on this critical public safety issue.

Under your leadership, how will the Department be continuing on this progress?

Answer. We will continue to work with Federal partners at the Food and Drug Administration and Centers for Disease Control and Prevention to further strengthen the twenty-year-old National Antimicrobial Resistance Monitoring System (NARMS). For example, the Food Safety and Inspection Service will continue to strengthen the NARMS program by applying whole genome sequence analysis to NARMS bacterial isolates.

Question. Specifically, will the Antimicrobial Resistance initiative continue, will whole genome sequencing advancements be funded and utilized, and will laboratory analysis upgrades continue to be prioritized?

Answer. Antimicrobial resistance (AMR) has been an area of focus during the past two decades as USDA plays a dual role in protecting animal agriculture and public health. Recognizing AMR as a potential and serious threat, USDA continues, as funds allow, to adopt laboratory technological advancements, including whole genome sequencing that will meet the agency's goal of enhanced public health protection.

Question. When will the Department issue final rules for beef and pork pathogen standards?

Answer. USDA is committed to continue to serve in the critical role of ensuring the food we put on the table to feed our families meets strict safety standards. By having the best science and data, we will be able to make strong strategic decisions that will benefit all Americans. I do not know now when we will be able to issue those rules.

AGRICULTURAL WORKERS

Question. As you know, many farmers rely on immigrant labor for their operations. Indeed, immigrant labor is essential to the productivity of millions of acres of agricultural land across California and the nation. Without these workers, not only would local economies suffer, but crops would rot in fields and on trees, and food prices would rise.

This is simply unacceptable, and I'd like to know if you have communicated the negative impacts that immigration enforcement actions and reckless rhetoric could have on the agricultural economy and rural communities.

Have you communicated these concerns to the Secretary of Homeland Security?

Answer. I have shared with my colleagues in the Cabinet and with the President the need for a solution to agricultural labor demands that is reliable, considers year-round solutions, is secure, and legal.

Question. Have you communicated these concerns to the Attorney General?

Answer. I have shared with my colleagues in the Cabinet, including the Attorney General, the need for a solution to agricultural labor demands that is reliable, considers year-round solutions, is secure, and legal.

Question. Have you communicated these concerns to the President?

Answer. I have shared with the President the need for a solution to agricultural labor demands that is reliable, considers year-round solutions, is secure, and legal.

Question. I also hear every day from constituents who rely on a seasonal workforce and are afraid that the workers simply will not show up this year when they are needed due to the actions this Administration is taking.

Again, what assurances can you provide that you are doing all you can to advocate for these farmers, ranchers, producers, agricultural workers, and their families when it comes to the seasonal workforce they rely on?

Answer. I am a strong advocate for farmers, ranchers, producers, agricultural workers and their families. It is my intention to work with the President, the Secretary of Homeland Security and Congress to design a program that meets the needs of American agriculture.

QUESTIONS SUBMITTED BY SENATOR PATRICK LEAHY

CONSISTENT ENFORCEMENT OF ORGANIC STANDARDS

Question. I consider the passage of the Organic Foods Production Act one of my greatest accomplishments in my Senate tenure. Many said it was a niche industry that would not amount to much. Today it is nearly a \$50 billion market in the United States, with strong growth year after year. But that growth is dependent on consumer confidence in the USDA organic seal and the strict standards it represents. Unequal enforcement of Federal organic standards has long been a problem. This was highlighted recently in two Washington Post stories about poor enforcement of the dairy pasture rule and imports of fraudulent organic grain.

Your budget justification says the National Organic Program will continue to effectively administer its compliance and enforcement program, even with a nearly \$1 million budget cut and corresponding staffing cuts. How can you effectively enforce these standards if you reduce the Program's already limited staff, do not fill vacant positions, and cut funding by over 10 percent? In the face of recent troubling fraud cases and rapid industry growth shouldn't we be increasing USDA enforcement efforts?

Answer. A top priority of mine and the Agricultural Marketing Service's (AMS) National Organic Program is ensuring compliance to protect certified organic farms and businesses. None of the budget and staffing cuts proposed in the President's budget would impact oversight of accredited organic certifiers or the compliance and enforcement mission. AMS has a number of investigations and initiatives underway to strengthen the enforcement of organic imports and to protect organic integrity across complex supply chains. The program will continue to prioritize compliance and enforcement under the proposed President's budget.

RURAL DEVELOPMENT

Question. This budget would devastate rural communities with the elimination of vital programs that support rural economic opportunity and security across the country. In Vermont, we value investing in agriculture, rural businesses, and infrastructure. We see the direct impacts on our families, businesses, and towns. I am concerned by your proposal to reduce Rural Development spending by 30 percent and cut staffing levels by 925 staff across the country. I am also concerned by the proposed reorganization of USDA-RD and elimination of the Undersecretary position.

Our states are waiting for the release of important fiscal year 2017 Rural Development funds from USDA headquarters. Due to so much demand in Vermont for water and waste water projects this year, we have several Vermont towns waiting for the release of national funds for their projects. The construction season is short in Northern New England. They are worried that excessive delay by your Department is going to cost them more money in escalating project costs and compressed project schedules.

Can these small towns expect these national funds to be released soon, because they cannot afford any further delay?

Answer. Yes, this funding will be released soon and I understand that these small towns cannot afford delays.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

Question. The Supplemental Nutrition Assistance Program (SNAP) provides essential help in the form of food assistance to individuals and families across the country. The recent declines in SNAP participation mirror the improving economy, showing that the program is working as intended. As better paying jobs are more available, families are able to move off of SNAP.

Unfortunately, this budget proposes a massive cut to SNAP that would result in a \$193 billion or 25 percent cut to the program. Your budget submission includes a number of legislative changes to SNAP that this administration recommends, many on the basis of creating "a single, consistent policy nationwide."

One of the proposals you submitted is to eliminate the connection between SNAP and LIHEAP, a way that Vermont currently ensures that those in poverty are able to receive SNAP benefits. In fact, many Vermonters live in housing situations where they cannot claim their utility bill because utilities are built into the cost of their rent. This is typical for seniors in my state. The state is able to help those eligible for LIHEAP claim the deduction and therefore receive the benefits they should receive, even though the cost of their utilities is paid through their rent.

Shouldn't states have the ability to simplify eligibility for programs like SNAP so they can better administer these programs?

Answer. We are open to working with Congress on improving the eligibility practices for SNAP to meet the needs of participants in a cost-effective manner.

Question. Why does USDA want to penalize beneficiaries who happen to pay for the high cost of utilities through their rent?

Answer. The proposal to eliminate the Low-Income Home Energy Assistance Program (LIHEAP) and Heating/Cooling Standard Utility Allowance (HCSUA) link eliminates the automatic receipt of the HCSUA when a household receives LIHEAP benefits. This would target the receipt of the HCSUA for those with actual heating and/or cooling expenses and would create a single, consistent policy nationwide.

Question. How does limiting benefits to six household members ensure SNAP works better?

Answer. This proposal provides for a program cost containment strategy by capping household benefits at the six person maximum allotment, reducing benefits and Federal costs for large households. The estimated savings to the program is \$1.8 billion over a 10 year period.

INTERNATIONAL AID

Question. You have said that you are a “facts-based, data driven decision maker.” However, this budget does not appear to be based on facts. If it was, it would not completely eliminate programs like the McGovern-Dole global school meals program or other international aid programs like Food for Peace, that embody the very best of America’s values.

Saving these programs means supporting American farmers and saving lives. It is as simple as that and America is not made safer by failing to feed the hungry. With these USDA programs, we are able to transform people’s lives. We give youth and communities a future.

Do you believe that USDA’s work on stabilization, food aid, and development in Africa, and around the globe, is fundamental to our national security?

Answer. Yes, I do believe USDA’s work is fundamental to our national security. We know that where hunger persists, instability often grows. Investing in these critical programs can promote stability and ensure that people have the opportunity to lead healthy, productive lives. As I stated during the hearings, I will work with the resources provided by Congress.

Question. Do you believe that our country’s collective moral convictions make fighting hunger the right thing to do? And that the benefits we receive as a nation from reducing global food insecurity also make it the smart thing to do?

Answer. Yes, investing in the most cost-effective and efficient humanitarian programs helps ensure that people have the opportunity to lead stable, healthy, and productive lives while being sensitive to U.S. taxpayers. I look forward to working with this Subcommittee to achieve these goals. If these programs are funded, I will work diligently to administer them in the most effective and efficient manner possible.

RESPONSE TO LETTERS FROM DEMOCRATS IN CONGRESS

Question. During your confirmation process, you assured the Senate Agriculture Committee Ranking Member that you would “reply promptly to any reasonable request for information” and that you would “respond to her requests for data and technical assistance in drafting legislation.” Yet the Justice Department’s Office of Legal Counsel has issued an opinion in which it opines that the executive is not obligated to respond to requests from members of Congress. Dozens of requests from Senate Democrats have gone unanswered across the administration, including several from Ranking Member Stabenow to your Department.

Do you commit to respond promptly and completely to congressional inquiries, whether those requests come from Republicans or Democrats?

Answer. It is important to me that the Department responds promptly to inquiries from not only Congress, but also its other constituents. We have been working diligently to accelerate the process for drafting such responses. I will continue to work with the USDA team to address inquiries received from USDA partners and constituents in a timely manner.

ELIMINATION OF RURAL DEVELOPMENT PROGRAMS

Question. Given your strong statements about rural jobs and supporting rural economies, this budget makes astounding cuts to programs that do those exact things. Although much of the country has seen recovery from the financial crisis, rural America and rural economies still lag behind. Now is not the time to be eliminating these programs.

A major issue facing Vermont and most of rural America is the lack of adequate infrastructure necessary for our rural communities to compete in the global economy. Specific to USDA’s water and wastewater loans and grants, this funding is a lifeline to small rural communities and in my view the Water and Environmental Programs are complementary to the EPA’s State Clean Water and Drinking Water Revolving Loan Funds, rather than duplicative. Virtually every community in the country with inadequate drinking water has a population of 3,300 or less. In Vermont we have a total of 1,377 active public water systems, 97 percent of these systems are in small communities, and the state has identified some \$154 million in wastewater infrastructure needs and \$510.8 million in drinking water infrastructure needs over the next 20 years. This is a huge amount for a state our size and

without USDA's water and wastewater programs, many of our small communities would lack access to clean water.

Through just the Rural Utilities Service Water and Environmental Programs, Vermont is facing a backlog of some \$33.5 million and nationwide USDA is facing a backlog of 995 applications, seeking a total of \$2.5 billion in USDA funding for water and wastewater infrastructure. Where do you propose these communities turn to if these critical programs are eliminated as this budget proposes?

Answer. EPA's State Revolving Fund is the key Federal program for water infrastructure financing and can provide low-cost assistance to communities in need. In addition, I would note that the USDA guaranteed program has enabled private sector financing to support water and waste disposal projects in these communities. USDA believes that private financing would continue to be a source of funding for such projects. If funding is provided for the program, we will work diligently to administer it in the most effective and efficient manner possible.

Question. The administration claims that the Value-Added Producer Grants are "duplicative and overlap with similar business development programs operated by other Federal Agencies." There is no other program that fills this unique role to help our agricultural producers grow their businesses by turning raw commodities into value-added products. These grants help to expand marketing opportunities and develop new uses for existing products, and grow jobs in rural communities. How do you justify this elimination?

Answer. I look forward to working with the Subcommittee more to ensure that the unique needs of rural communities are met. If it is determined that USDA should continue to administer this program and funding is provided, I will work to ensure that we do so in the most effective and efficient manner.

USDA SERVICE CENTERS

Question. You have mentioned several times that you will work every day to prioritize customer service. But I am concerned that this budget could result in the loss of one-third of USDA Service Center employees, nearly 10,000 jobs. This would mean longer wait times for farmers, and if local offices are closed, farmers would have to drive potentially hundreds of miles out of their away for help. At a time when the farm economy is struggling for the third year in a row, we should not be making it harder for our farmers and local businesses to seek assistance with farm programs, conservation, and rural development assistance. While discussing staffing at Service Centers when you testified before the House Appropriations Committee, you said that "the staffing level is something I've not been able to get to yet."

Have you been able to get to that issue yet and get to an understanding for how this budget proposal would affect staffing at field offices, which are the first point of contact for farmers who enroll in conservation and farm programs? Do you believe that these USDA front line staff can be reduced by 30 percent without an impact on service delivery?

Answer. The Administration is in the process of taking a closer look at the proper role and size of Federal Government. My reorganization announcements earlier this year focused on the goals of improved service delivery to agricultural producers, addressing the needs of rural America, and addressing agricultural issues while providing a simplified one-stop shop for USDA's primary customers, the men and women farming, ranching and foresting across America. I will continue to work to identify how best to allocate resources to serve our rural communities, and manage and implement efficiently delivered services while fulfilling the core mission of USDA.

STAFFING LEVELS

Question. I am concerned that our USDA workforce needs are not being met at our USDA Service Centers in Vermont due to limits placed on hiring. This is exacerbating problems with vacant positions for the Natural Resources Conservation Program and the Farm Service Agency and in the end it is having a negative effect on the services farmers.

How do you plan to prioritize hiring needs at USDA service centers to ensure that you are fulfilling our nation's commitment to our farmers and rural businesses?

Answer. The Administration is in the process of taking a closer look at the proper role and size of Federal Government. My reorganization announcements earlier this year impart the goals of improved service delivery to agricultural producers, addressing the needs of rural America, and addressing agricultural issues while providing a simplified one-stop shop for USDA's primary customers, the men and women farming, ranching and foresting across America. I will continue to work to identify how best to allocate resources to serve our rural communities, and manage

and implement efficiently delivered services while fulfilling the core mission of USDA.

Question. Can you submit to the Subcommittee a list of vacancies for each USDA agency, broken out by state so we know exactly how this limits placed on hiring are impacting your department and our local county and state offices?

Answer. At this time that information is not available. The Department is reviewing the staffing needs throughout all agencies.

NRCS SALARY CAP

Question. You have expressed that the administration is seeking to deliver programs more efficiently across the board and that reductions in staff and operating costs should not impact program delivery. The Natural Resources Conservation Service (NRCS) is currently able to deploy its salary and expense budget without working within an imposed cap for the salary account. This provides NRCS with the flexibility to make ongoing strategic decisions in how to most efficiently deliver its program in response to changing needs and changing resources, without being constrained by an inflexible cap salary or in effect, on the number of employees or FTE's at any given time. Taking away this flexibility, I fear, would make the NRCS less efficient.

Will you continue to allow NRCS flexibility in allocating dollars within its salary and expense account, with no salary cap, in order to achieve efficiency while addressing changing needs and resources? Or do you intend to take away this flexibility by imposing an arbitrary cap on salary expenditures by NRCS?

Answer. Currently, there is no salary cap proposed for NRCS.

FARM PRODUCTION AND CONSERVATION REORGANIZATION

Question. You have been clear about your intent to reorganize the USDA and place both the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) under a new Farm Production and Conservation mission area. While there may be some efficiencies achieved in doing so, there is also a danger that delivery of programs to farmers may be hindered if the reorganizations disrupts long established channels of communication with farmers, or tasks some USDA offices with programs that they may not be well constituted to handle. For example, overseeing NRCS contracts depends on a constant field presence and deep technical knowledge of conservation practices, while overseeing FSA contracts requires more knowledge of finance and business practices but less hands-on field work.

Will your proposed reorganization provide for FSA to continue delivering the loan and risk management programs that have been in their jurisdiction and keep NRCS responsible for writing and fulfilling the contracts for conservation practices? Do you agree that to have FSA oversee contracts for conservation practices or to have NRCS begin to process farm loans and risk management programs would erode overall program delivery?

Answer. The vision for the proposed reorganization of FSA, NRCS, and RMA under a common mission area will be to have these agencies continue to deliver their programs, more efficiently and with enhanced customer service.

INVESTMENTS IN ORGANIC RESEARCH

Question. We have a huge shortage of organic commodities grown in this country. I believe that with more investments in research we could help our farmers to meet these growing market demands rather than relying on imports, yet this budget would slash research, especially for sustainable agriculture. Why?

Answer. With the understanding that research provides the foundation for increasing agricultural productivity, the budget provides an emphasis on basic research and efforts to support the transfer of research and development products to industry to promote the Nation's economic growth through innovation.

Question. With respect to fraudulent imports of organic grain, will your new Trade Undersecretary be focused on organic imports and identifying corrective actions? How will you ensure that we are not losing opportunities for American farmers?

Answer. Yes, the USDA Under Secretary for Trade and Foreign Agricultural Affairs (Trade) will be focused on unfair trading practices, including the improper labeling of organic imports by our trading partners. The organic sector has been a great opportunity for U.S. agricultural producers and USDA's Under Secretary for Trade will work closely with the USDA Under Secretary for Marketing and Regulatory Programs to ensure a level playing field for U.S. producers in the organic and other sectors.

If it is determined that USDA should continue to administer this program and funding is provided, USDA will work to ensure that we do so in the most effective and efficient manner possible.

TRADE WITH CUBA

Question. During your confirmation, in response to questions about expanding markets to support our farmers you stated that, "I think we would love to have Cuba as a customer in many things." You went on to say that, "American agriculture has a wonderful opportunity. That is a country that is hungry," and, "I think we have the product they need and they would like the product. I think the real issue I heard with Cuba was the financing part . . . and I would support the efforts if we could get private financing."

Has anything changed since then? Do you stand by those statements? If not, why not?

Answer. I still stand by my statements and I continue to believe that American farmers produce the highest quality, best valued, food products in the world.

Question. How do you anticipate the President's Trump's recent announcement to restore restrictions on our engagement with Cuba will impact American farmers who are eager to access this market?

Answer. Cuba represents a tremendous opportunity for American agricultural exports. However, in order to capitalize on that opportunity legislation is needed to eliminate the statutory prohibition against a U.S. person providing financing terms for the sale of agricultural commodities or products to Cuba.

UNDER SECRETARY FOR RURAL DEVELOPMENT

Question. I am concerned that the reorganization of the Department, including the decision to eliminate the position of Under Secretary of Rural Development, minimizes the significance of this program, despite reports about the proposed elevation of its responsibilities to the Secretary's office. The Under Secretary has formally overseen a \$216 billion portfolio, 12 programs and 47 state offices that serve rural Americans on a wide range of vital issues from telecommunications to housing. It is commendable that you have an interest in direct oversight of these programs, I however, remain concerned about the feasibility of implementing programs with such size and scope that serve our most vulnerable rural Americans.

How will the Department ensure that the mission of the Rural Development programs, and the economic challenges facing family farmers and rural communities, will not be overlooked without an Under Secretary position?

Answer. I have made the determination that establishing an Assistant to the Secretary for Rural Development is the most effective way to elevate the issues of rural America directly to me. This position will report directly to me and with this decision rural America will have a seat at the main table and have walk-in privileges. The increased emphasis on Rural Development at USDA is in recognition of the economic difficulties facing rural communities, which have lagged behind other parts of the country in prosperity.

Question. How will the Department ensure that high-quality technical assistance and customer service will remain available to states and grantees without the position of an Under Secretary to oversee Rural Development?

Answer. It is my commitment to this Subcommittee to be accountable to rural communities. The Department will continue to maintain the same level of customer service and care provided in the past. Rural Development staff has run these loan and grant programs wisely and I am very proud of them. The change will not affect the functions of the mission area; it will enhance the delivery of the programs and customer service.

USDA RURAL RENTAL HOUSING LOAN PROGRAM

Question. Throughout the country, thousands of properties participating in the Section 515 Rural Rental Housing Loan Program are approaching their 40-year terms, resulting in maturing mortgages that will no longer guarantee rent subsidies, threatening many low-income tenant households with drastic rent increases. In my home state of Vermont, there are 79 active Section 515 properties containing 1,842 units that will expire within the next 10 years. Meanwhile, the statewide vacancy rate rests at one percent, making every unit assuring affordability even more critical to our housing stock.

As these mortgages mature and communities face the challenge of investing in aging housing stock, the budget proposed by President Trump eliminates the Section 515 Program, which makes loans to property owners to provide and maintain affordable rental housing for very low-, low-, and moderate-income families, elderly

persons, and persons with disabilities. One in every four very low-income renter households in nonmetropolitan areas is cost-burdened, inadequately housed, or do not receive Federal housing assistance.

What investments is the Department prepared to make to address maturing mortgages in the immediate future, and over the next several years?

Answer. The Department, through the Rural Housing Service, will continue to refine its Rental Assistance Tool. Through this tool, which provides analysis on which properties are expected to naturally mature and when, the agency can be proactive to assist both the property managers and its residents to maintain quality housing at a low cost.

Question. What resources is the Department currently dedicating to address the immediate needs?

Answer. The Rural Housing Service (RHS) has three main strategies to ensure safe and affordable housing is available to very low- and low-income rural residents. Currently, 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 reamortize 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.

Question. Will the Department be including funding requests in future budgets to address this issue?

Answer. In line with the Administration's goal to reduce the Federal deficit and create a balanced budget, tough funding decisions must be made. I will propose a budget that funds our most necessary and high-performing programs. I look forward to working with the Subcommittee more to ensure that the unique needs of rural communities are met.

Question. What resources is the Department prepared to commit to ensuring that rental housing for very low-, low-, and moderate-income families, elderly persons, and persons with disabilities is accessible in the nation's most rural communities?

Answer. The RHS has several programs that work to provide safe and affordable rental housing options to very low-, low-, and moderate-income families, as well as elderly persons and persons with disabilities. Additionally, we have proposed to fund Section 521 Rental Assistance at its full level, as well as the Voucher Program for properties that prepay or default, to ensure that those who need assistance receive it.

SECTION 502 DIRECT AND GUARANTEED HOMEOWNERSHIP LOANS AND SECTION 504 HOME REPAIR AND REHABILITATION LOANS

Question. The 502 program offers a unique opportunity to advance the economic development of rural areas, which have higher poverty rates and higher rates of unemployment when compared to big cities and suburbs. Unlike other lending programs, the 502 program ensures that mortgage payments are subsidized to not more than 24 percent of a borrower's adjusted income—allowing this program to reach a portion of the population whose income is often too low to obtain credit elsewhere. In recent years, the percentage of applications to the Section 502 Direct and Guaranteed Homeownership Loan Program from very low-income borrowers in my home state of Vermont has topped 40 percent, signaling a strong need for Rural Development's programming to remain available to borrowers with limited financial capacity.

The 504 Home Repair and Rehabilitation Program upholds a key mission of the USDA, to create prosperity for these families that fosters self-sustaining, repopulating, and economically thriving rural communities. The Administration's budget proposes to eliminate these programs, which according to the USDA may guarantee an estimated 159,959 guaranteed home loans in 2017, including home purchases and the refinancing of existing Rural Housing Service (RHS) loans.

With this evidence, why is the President's budget proposing to eliminate the Section 502 and Section 504 programs that directly grant, loan and guarantee funds for low-income homeowners when available capital is so limited?

Answer. In keeping in line with the Administration's priority to reduce the Federal deficit and create a balanced budget, USDA had to make some tough funding decisions. USDA looks forward to working with the Subcommittee to ensure that the unique needs of rural communities are met. If it is determined that USDA should continue to administer this program, I will work to ensure that we do so in the most effective and efficient manner possible.

Question. Vermont is one of many states that continues to see a rise in its senior population with limited earnings. The President's budget proposes to eliminate the Section 504 grants to very-low-income applicants 62 years or older unable to afford a 1 percent loan, what resources will remain available to ensure seniors' housing health and safety is not at risk?

Answer. RHS has several programs that assist elderly and disabled persons. Approximately 60 percent of Section 515 Rural Rental properties are for elderly and disabled persons, and residents living in those facilities can also qualify for rental assistance. Additionally, the Community Facilities program can provide funding for the construction or rehabilitation of nursing homes and assisted living facilities. Additionally, the Rural Economic Infrastructure Grant program proposed in the fiscal year 2018 President's budget included low income housing repair grants as one of the four combined authorities requested in that account. This account will provide the Administration with flexibility on delivering the programs in the areas that will provide the best opportunities.

SUBCOMMITTEE RECESS

Senator HOEVEN. And with that, again, thank you, and we are adjourned.

[Whereupon, at 12:09 p.m., Tuesday, June 13, the subcommittee was recessed, to reconvene subject to the call of the chair.]