

**AGRICULTURE, RURAL DEVELOPMENT, FOOD  
AND DRUG ADMINISTRATION, AND RE-  
LATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2019**

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**WEDNESDAY, APRIL 11, 2018**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, D.C.*

The subcommittee met pursuant to notice, at 10:36 a.m., in room SD-138, Dirksen Senate Office Building, Hon. John Hoeven (chairman) presiding.

Present: Senators Hoeven, Collins, Blunt, Moran, Hyde-Smith, Merkley, Tester, Udall, Leahy and Baldwin.

U.S. DEPARTMENT OF AGRICULTURE

**STATEMENT OF HON. SONNY PERDUE, SECRETARY**

**ACCOMPANIED BY:**

**ROBERT JOHANSSON, PH.D., CHIEF ECONOMIST  
DIEM-LINH JONES, ACTING BUDGET OFFICER**

OPENING STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. We will call this meeting of the Agriculture Appropriations subcommittee to order.

Mr. Secretary, right off the bat, we want to thank you very much for being here. We truly appreciate it.

The purpose of today's hearing, of course, is to discuss the Department of Agriculture's fiscal year 2019 budget.

In addition to welcoming Secretary Perdue, we want to welcome Dr. Johansson. Thank you for being here.

And also, Ms. Jones, thank you as well.

Before we begin, I want to extend a welcome to our newest Member, Senator Hyde-Smith, who is here. She was sworn in on Monday, and we very much appreciate having you as a Member of our subcommittee.

Senator HYDE-SMITH. Thank you. It is great to be here.

Senator HOEVEN. Welcome.

I also, Mr. Secretary, want to thank you for your visit recently to North Dakota. We really appreciate it. I know it was a cool day, a beautiful, cool day, and I know that you enjoyed that very much coming from Georgia, where it is quite warm, to get a chance to enjoy that beautiful, sunny, cool weather.

You did a great job with our farmers and ranchers from not just across North Dakota, but we had a lot of them from Minnesota. And they really appreciate it, really appreciate it.

We are here today to discuss the Administration's proposed budget for rural America and production agriculture. Reductions proposed in the President's budget directly impact our small and rural communities and rural areas, as well as our farmers and ranchers. Production agriculture is the cornerstone of local rural economies, and we need the farm safety net to help our ranchers and our farmers weather low commodity prices and unforeseen weather conditions.

Ranchers in North Dakota are recovering from drought, for example, and many rely on many of the tools that you have to stay in business through these tough times. And that is just one example of how important farm programs are to our farmers and ranchers, as you know, Mr. Secretary.

Also, agriculture research is vital to our country's ability to compete internationally and to meet the demands of a growing global population. And agriculture remains one of America's net export industries, right? It is something we are very proud of, and we have a tremendous balance of trade in our favor in agriculture, thanks to our great producers.

So we need to continue to do everything we can, not only to protect our markets but to open up markets and make sure, as we go through any trade negotiation, that there are no retaliatory tariffs on our agriculture products. It is extremely important.

It is something that our farmers and ranchers, as you know, Mr. Secretary, are very concerned about. We can outcompete anyone, but we have to have that level playing field and that opportunity in those export markets.

While I support many proposals in the President's budget, such as the support for the military, which is a huge priority for all of us, and we see how important that is in a dangerous world, we cannot put the burden of balancing the budget solely on the backs of our farmers. Agriculture has already done a lot to help reduce the deficit.

When we passed the last Farm Bill in 2014, the calculation was that we would save about \$23 billion, okay? But actually, the most recent CBO estimate is that the Farm Bill actually saves more than \$100 billion over the 10-year scoring period. Let me repeat that. This is important as we talk about funding for agriculture. The CBO estimates that the Farm Bill, over a 10-year scoring period, saves \$104 billion.

So as we talk here today on this budget, and as we go into the Farm Bill, it is important to acknowledge that, that our farmers and ranchers are helping find savings to help address the debt and deficit.

In the final fiscal year 2018 appropriations bill, this subcommittee made real progress, working with you, Mr. Secretary, in terms of modernizing infrastructure in rural America, supporting rural development programs, and increasing funding for agriculture research. We appreciate that. So we look forward to hearing an update from you on implementation of those programs.

We need to be investing in the future of agriculture and rural America. The average age of our farmer now, the average age is 60 years old. I know, Mr. Secretary, to you and me, that seems pretty young—

[Laughter.]

Senator HOEVEN. But overall, when you think about the average farmer out there is 60 years old, we have to continue to find ways to help young people get in this great business of agriculture.

So I look forward to working with you, Mr. Secretary, and the Members of this subcommittee to identify priorities and do everything we can in the most effective and efficient way, to make sure that we are providing the necessary support and help and resources for our great farmers and ranchers.

So with that, I will turn to our Ranking Member, Senator Merkley.

#### STATEMENT OF SENATOR JEFF MERKLEY

Senator MERKLEY. Thank you very much, Chairman Hoeven. It has been a pleasure to work with you, and now we get to take on fiscal year 2019.

I want to echo your welcome to Senator Hyde-Smith. Terrific to have you here. I understand this is your very first subcommittee hearing, so welcome. That kind of makes it official, you are here and engaged.

It is certainly appropriate, given that you were co-chair of President Trump's Agriculture Advisory Committee, so I know that you will have a lot to contribute to the conversation.

You have already accomplished several things, one is you are sitting here on the Appropriations Committee, a goal that I had when I was elected, but it took me 7 years to make that happen. You have done in a single week, so well-done.

[Laughter.]

Senator MERKLEY. Second, you brought the number of women in the Senate to an all-time high of 23, so you are pushing forward on new boundaries, and it is great to have you here. Welcome.

Secretary Perdue, thank you for coming before us to explain the fiscal year 2019 Ag budget, and welcome to your colleagues as well, Ms. Jones and Dr. Johansson.

I am just completely confused about the Agriculture budget, so I am so glad you are here to help me understand it. The reason why I am confused is that, a year ago when you came, you noted on several of the issues that we asked about, you said that, well, you had not been confirmed when the budget was put together, that you did not share all the views in the budget, that you might have done it differently.

But here we are, a year later when it is your budget, but it looks very much like the fiscal year 2018 budget. So I know that you will help us understand that apparent mismatch.

The budget before us for agriculture and rural development is cut more than \$5 billion, more than 25 percent from the fiscal year 2018 omnibus levels, and little is spared. Rural America is not spared. Our producers are not spared.

More than 20 research programs at the National Institute of Food and Agriculture (NIFA) like last year, 20 research programs

at NIFA are eliminated or cut. The Agricultural Research Service is cut by \$184 million.

Twenty agricultural research stations are closed, including one close to my heart in Corvallis, Oregon. It is certainly an outstanding contributor to agriculture in my State, which has so many specialty crops that need special efforts to make sure they remain productive.

When you were commenting last year, you said, "Research is one of the areas where we may have missed the mark," referring to the fiscal year 2018 budget. You went on to say, "If American manufacturing had the same level of basic research, applied research, and a delivery system like the extension service, we would not be talking about the demise of American manufacturing." You went on to say, "That is how strongly I believe in research in our land grants and research in our Agricultural Research Service."

But here in the budget, I do not see that same passion that we heard last year reflected in the numbers, so I would love to understand that better.

Also, we see nutrition programs being cut, both domestic and international. I was just over in some of the most challenging parts of the world, South Sudan and Somalia, Democratic Republic of the Congo, which should change its name because it is not a democratic republic at all, gripped by tremendous violence. And in each of those places I went to, both refugee camps and internally displaced persons camps, people are on the brink of starvation, some 20 million people at risk of starvation.

The thing that is standing between them and starvation? The United States of America. It is the USAID program, McGovern-Dole, Public Law 480 really doing something that is very important.

And even if one said that the humanitarian issues are outside of our responsibility, that food, those stacks of grain that I saw were grain purchased from American farmers. The oil, the cans of oil that I saw, was oil purchased from American farmers.

And that program has a huge impact on our soft power in the world, and also on our moral leadership in the world, important, powerful elements in our foreign policy and our leadership, international leadership.

So I want to understand that part of the budget better.

We also see the Commodity Supplemental Food Program eliminated, making this budget, in that sense, even more draconian than last year's. Thousands of low-income elderly people rely on this program here in America to supplement their diets.

I did find some irony that the Commodity Supplemental Food Program done through an existing, cost-effective network of non-profits is kind of a food box program. So I find it interesting to see that eliminated while at the same time advocacy for the harvest box strategy. So I would certainly appreciate more insight on that.

The Farm Service Agency is drastically cut and would lose over 1,000 employees. The Natural Resources Conservation Service budget, which farmers talk to me about everywhere I go, is cut by 25 percent.

And when you testified before, you said that USDA is a customer-focused department, but I know in my town halls all over

Oregon, and this year I will hit 360 of them, the agriculture issues that come up, a lot of the programs that are cut in here are the ones that the farmers are raising for me.

Then we have Rural Development, an agency that you had noted was very important to you personally, but more than 43 programs that benefit small, rural communities are eliminated, a number of vital housing loan and grant programs, the entire Rural Business Service, the entire Water and Waste disposal grant program.

I should comment on the Water and Waste program, because as I go to small communities, they talk about the changing standards for clean water and for wastewater treatment, the expansion needed for their towns to grow and their manufacturing to come in, and just the fact that their old systems have worn out makes clean water supply and wastewater treatment just an essential element, a very expensive element, a very difficult element, and how important these Water and Waste programs are.

So those are just some of the concerns I wanted to raise. I hope to get better insight on your strategy and your thinking in this hearing.

Thank you so much.

Senator HOEVEN. Do any other members have opening statements before we turn to the Secretary?

All right, then I will turn to Mr. Secretary for opening comments.

#### SUMMARY STATEMENT OF HON. SONNY PERDUE

Secretary PERDUE. Thank you, Chairman Hoeven, Ranking Member Senator Merkley, for the opportunity to visit with you today.

As we all know, it is no secret that there is a good bit of anxiety out in the farmland today. There are a lot of concerns.

I want to thank you all for the omnibus budget amount that you were able to do and pass in the Bipartisan Budget Act recently here. That gave our producers some hope. But from the long-standing commodity prices that have created anxiety, the current trade disruptions that are there, wildland fire disasters, hurricanes this last year, even Renewable Fuel Standards (RFS) issues of uncertainty have given for quite a bit of concern and anxiety among our agriculture community.

The forest management tools that you all were able to give us, as well as the fire funding, I think will go a long way toward us getting control of the wildland fire budget in that regard.

While you bring up many of the issues here, Senator Merkley, over some of the deficiencies, we think, again, that there are some good things in the proposal that we plan to execute. We commit to you to use and deploy the money that you appropriated in the 2018 omnibus in a timely fashion as quickly as possible, along with the disaster provisions that were passed earlier. We are working almost full time in trying to determine the fair and just way to deploy those resources as well, whether it be fire or whether it be hurricane disasters.

So there are a lot of issues that I know that your Members want to talk about, and I am going to make my remarks fairly closely to deal specifically with the specific questions that Senator Merkley and others may have to address to us as questions and answers.

So thank you again for the opportunity to be here, and we look forward to addressing the questions and concerns of you and of those of your constituents.

Thank you.

[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 President's 2019 budget for the Department of Agriculture (USDA). Joining me today are Robert Johansson, USDA's Chief Economist, and Diem- Linh Jones, USDA's Acting Budget Officer.

A PRODUCTIVE YEAR

When I first appeared before this Subcommittee almost a year ago, I presented my vision for agriculture and laid out my goals for making the Department of Agriculture the best run Department in the Federal Government. Since then we have set out to give the men and women of America's agricultural and agribusiness sector every opportunity to prosper.

Today, USDA is in a better position to support agricultural producers, while providing increased accountability to American taxpayers. Through the OneUSDA call to action, we are establishing a new operating model for USDA to better serve its customers. As a result, we are modernizing USDA operations and service delivery; reducing burdens on our stakeholders; serving customers; and ensuring responsible use of the Department's resources.

The newly established Farm Production and Conservation (FPAC) Mission Area, comprised of the Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service, has put a stronger focus on domestic agricultural issues. Through this organization, USDA supported an effective safety net for the more than two million agricultural producers who provide food and fiber to over 300 million Americans, and millions more around the globe. In response to Hurricanes Harvey, Irma and Maria, thousands of FPAC staff were deployed across hurricane-stricken regions to provide timely assistance through various emergency conservation, clean-up, and indemnity programs while authorizing additional time flexibility for reporting losses and completing requests for assistance. In addition, our employees assisted Puerto Rico with a one-of-a-kind program that provided feed for dairy cattle to prevent herd losses, following virtually complete destruction of feed sources across the island.

To reduce redundancies and improve operations within the FPAC mission area, we have created an FPAC Business Center to centralize administrative and information technology operations for the three FPAC agencies. This will strengthen customer service and capitalize on efficiencies across the Mission Area. In addition, we are making it easier for producers to interact with FPAC employees through the introduction of Farmers.gov. When fully operational, this website will provide producers the ability to leverage FPAC resources and enroll in our programs. We will continue to improve our systems to make us more responsive to their needs so we can optimize the time we spend with producers in our county offices.

Since the day he took office as USDA's first Under Secretary for Trade and Foreign Agricultural Affairs, Ted McKinney has been circling the globe, promoting U.S. agricultural products and engaging with foreign government counterparts to break down barriers to U.S. exports. I said he'd be our "million mile flyer" and he's already getting close to hitting that mark. In just over 5 months on the job, he has covered 9 countries—India (twice), Colombia, Panama, Brazil, Mexico, Belgium, the United Kingdom, the United Arab Emirates and, most recently, Japan—advancing our policy interests and promoting our products. The trade missions to India and Guatemala he led will generate more than \$30 million in projected 12-month sales for the U.S. agribusinesses that took part. International trade continues to be an engine for economic growth in rural America, with U.S. farm and food exports reaching \$140.5 billion for 2017, the third-highest total on record. USDA has worked to find, open, and expand markets for the high-quality food, fuel, and fiber that our farmers and ranchers produce. We are leaving no stone unturned as we work to enter into trade agreements that will benefit American agricultural producers.

China is a key market for U.S. agriculture, but China's unfair trade policies, including for agriculture, have undermined fair trade and the global trading system. The President is taking steps to address those policies. We will also respond to China's unjustified threats to retaliate against U.S. farmers. America's farmers, ranchers, foresters, and producers are the ones who feed, fuel, and clothe this nation and

the rest of the world and the Administration stands ready to defend agricultural producers who may be harmed. As we take a stronger approach to the way we handle trade as a nation, President Trump has directed me to use all of my authorities to ensure that we protect and preserve our agricultural interests.

The creation of the Assistant to the Secretary for Rural Development recognizes that the economic health of small towns across America is crucial to the future of the agricultural economy. It is our responsibility to use our resources and expertise to work with these communities to achieve a higher quality of life for the 46 million people living in rural America. In 2017, USDA made significant investments in rural infrastructure, including telecommunications, e-connectivity, water and sewer systems, and critical community facilities that have improved educational, health, and economic opportunities for rural residents. These vital services are part of the foundation of a high quality of life and provide support to rural communities in designing and building solutions based on their own specific needs and strengths.

The Food, Nutrition, and Consumer Services mission area has announced several new initiatives. We are seeking ideas to promote work and self-sufficiency among able-bodied adults participating in the Department's Supplemental Nutrition Assistance Program (SNAP). We intend to use the input to find improvements to SNAP policy and related services that can best assist SNAP participants return to self-sufficiency. USDA will continue to build state capacity for workforce development through the SNAP to Skills Initiative and the Employment and Training Work Academy. The School Meal Flexibility rule has provided local food service professionals the flexibility they need to serve wholesome, nutritious, and tasty meals in schools across the nation. Additionally, we continue to pursue efforts to provide states and school districts with additional flexibility and support to operate more efficient school meal programs. Recently, we announced a proposal to provide much-needed relief for school districts with less than 2,500 students, allowing them more flexibility in the hiring of new school nutrition program directors. To support states' efforts to improve program integrity, USDA also rolled out a suite of customizable resources to help local school districts improve the accuracy of their school meal application processes.

For the first time, the USDA and Department of Health and Human Services are seeking comments on the proposed priority topics and supporting scientific questions that will guide the development of the upcoming 2020–2025 edition of the Dietary Guidelines for Americans (DGA). This new public comment stage at the beginning of the DGA development process will help maintain the integrity of the process and ensure transparency in communicating the topics that meet the priorities of Federal nutrition programs. Through these and other actions, USDA has improved customer service across all the mission areas of the Department. We successfully eradicated New World screwworm after the first detection in the U.S. in 35 years, established the necessary workforce to quickly respond to animal health emergencies, and reduced sanitary and phytosanitary barriers to trade. In 2017, these latter efforts helped preserve trade valued at \$7.5 billion through resolution of foreign market access issues related to U.S. export detention, technical barriers to trade, and other impediments to trade.

We have maintained our critical responsibility for ensuring that America's food supply is safe, while allowing establishments to be as efficient and effective as possible. Improving the effectiveness of inspection makes better use of the agency's resources by allowing a greater focus on process control and offline food safety activities as well as removes unnecessary regulatory obstacles to innovation. Regulatory changes we are proposing will improve inspection processes and allow for more rapid adoption of food safety technologies, while achieving a high level of food safety. Our cutting-edge research program has led to improved productivity and competitiveness, while improving crop quality, nutritional value, and food safety.

In addition, the Forest Service responded to an extreme fire season. In coordination with other Federal, state and local, agencies, over 28,000 personnel, including nearly 10,000 Forest Service personnel, were supporting fire suppression activities. At the peak of Western fire season, there were nearly three times as many total uncontained large fires on the landscape as compared to the five-year average. USDA appreciates the work of Congress to include a bipartisan fix to address funding for fighting wildfires in the 2018 Consolidated Appropriations Act. This solution will allow us to focus on increasing the pace and scale in the many non-fire-related programs we manage. It will enable us to improve overall forest health and keep wildfires from threatening lives, homes, and communities.

We have a strong plan in place to ensure we continue to improve our service to rural America. On my first day in office, President Trump signed an Executive Order, directing me to lead the Interagency Task Force on Agriculture and Rural Prosperity. On January 8, 2018, we released the findings of the Task Force. The re-

port is the result of an intensive six-month effort made by 22 Federal agencies in partnership with state, local, and tribal leaders. The recommendations centered on five areas: e-connectivity, quality of life, rural workforce, technology, and economic development. To ensure that the findings of this report have a meaningful impact on rural America, we are moving forward to implement the initial recommendations and to expand stakeholder participation. We are working closely with the White House so that we can move forward together in making a lasting impact in rural America.

While the Task Force worked tirelessly to identify solutions to the problems plaguing our rural communities, there is more work ahead. No doubt, rural America has struggled under burdensome regulations, but this Administration is taking aggressive action to reduce confusing, burdensome regulations that impair productivity, and USDA is not an exception. As we visit with producers and rural residents in the coming year, we will continue to listen intently and communicate to our Federal partners if there are regulations that are unfair or overly burdensome. Whether it is duplicative paperwork or unneeded process requirements, we want to hear about it. At the President's direction, regulatory reform is one of the cornerstones of the Department's strategies for creating a culture of consistent, efficient service to customers, while reducing burdens and improving efficiency. USDA has identified 27 final rules that will be completed in fiscal year 2018 and result in over \$56 million in annual savings.

We are strengthening our work with our interagency partners in furtherance of these efforts. At USDA, we are driving interagency coordination to ensure that we can address the challenges that affect our stakeholders, whether they are under our jurisdiction or beyond. For example, we recently signed an agreement with the Food and Drug Administration aimed at making the oversight of food more efficient and effective by bolstering our coordination. The formal agreement outlines efforts to increase interagency collaboration, efficiency and effectiveness on produce safety and biotechnology activities, while providing clarity to manufacturers. We also are working closely with the Environmental Protection Agency, Department of the Interior and other Federal partners to coordinate on issues such as pesticides, endangered species, Federal land management and other cross-cutting issues.

President Trump has made it a priority to rebuild our infrastructure since the day he took office and he has followed through on that commitment. Under the President's infrastructure plan, rural America would receive a much-needed boost in investment. With a quarter of the new Federal money heading to rural parts of the country, states will have the ability to expand broadband access, increase connectivity, rebuild roads, and supply affordable utilities. Importantly, states will have the flexibility to choose which projects will best meet their unique needs. In my travels across the country, I have heard from the people in the Heartland, and the overwhelming view is that this is just the type of investment they are looking for to help create jobs, improve education, improve the quality of life, and increase overall prosperity.

#### 2019 PRESIDENT'S BUDGET

I am here today to present to you the Administration's Budget for the Department. The President's Budget for 2019 for USDA programs within this Subcommittee is about \$134 billion, of which approximately \$120 billion is mandatory funding and \$14 billion is net discretionary funding. The Budget includes mandatory funds to fully support estimated participation levels for SNAP and Child Nutrition programs, and discretionary funds to fully serve the expected participation level in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). It includes the funding needed to meet our responsibility for providing inspection services to the Nation's meat and poultry establishments. The Budget focuses on core mission-critical activities, such as expansion of agricultural production jobs and research, while also supporting the Department-wide reorganization efforts. The Budget demonstrates fiscal constraint and responsible use of taxpayer resources.

The Budget provides resources to help agricultural operations prosper, fulfilling their mission to feed, fuel, and clothe the world. Funding is requested to support over \$7 billion in direct and guaranteed farm loans for over 46,000 producers. It provides over \$1 billion for the Animal

and Plant Health Inspection Service to promote the health of animal and plant resources and facilitate their movement in the global marketplace. For agricultural research and extension activities, it requests a total of \$2.6 billion, including \$375 million for competitive grants through the Agriculture and Food Research Initiative. The Budget includes \$42 million to transfer operational responsibilities for the Na-

tional Bio- and Agro-Defense Facility from the Department of Homeland Security to the USDA. This proposal will more effectively align missions and facilities protecting our Nation's food supply within the Cabinet Department that houses some of the world's preeminent expertise in animal disease research and diagnostics.

The Budget continues to support USDA's efforts to promote American agricultural exports, develop international standards, remove trade barriers by monitoring and enforcing existing trade agreements, and negotiate new trade agreements that benefit the U.S. agricultural economy. Funding is increased to strengthen monitoring and enforcement of existing trade agreements, which will help maintain \$140 billion in agricultural trade. Funding is also requested to address barriers to preserve or expand trade valued at \$4.5 billion through resolution of foreign market access issues. 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.

The Budget proposes to leverage over \$36.6 billion in Federal funds to stimulate public-private partnerships needed to build rural infrastructure including broadband, community facilities, safe and affordable housing, health services and facilities, and provide capacity-building to help underserved communities become thriving communities. This includes \$1.2 billion to improve water and wastewater services for 1.5 million rural residents and \$3.5 billion to provide access to improved community facilities for over 5 million rural residents. The budget provides \$24 billion to lenders in providing 164,000 low- to moderate-income households the opportunity to own their primary residence through the single family housing guaranteed loan program. The budget also includes \$1.3 billion to fully fund multi-family rental assistance grants for about 274,000 contracts. This funding is in addition to the President's infrastructure proposal.

The Budget provides the resources necessary to ensure USDA programs are delivered efficiently, effectively, and with integrity and a focus on customer service. It invests \$15 million in IT modernization projects to support customer engagement. This includes the initiative I previously mentioned to establish a "customer portal" that will allow farmers and ranchers to more easily access USDA services. It also provides \$8 million to enhance the Department's cyber security capabilities through the acquisition and implementation of tools and services needed to enhance the safety and security of customer data and government networks.

The 2019 President's Budget includes a number of legislative proposals that produce savings to reduce the deficit. The proposed legislation would generate savings of \$272 billion over 10 years compared to current baseline spending. The Budget proposes to optimize and improve crop insurance and commodity programs in a way that maintains a strong farm safety net. The Budget does this by eliminating subsidies to higher income farmers and reducing overly generous crop insurance premium subsidies to farmers and payments made to private sector insurance companies. The Budget also includes proposals to streamline Federal conservation efforts to focus on programs that protect environmentally sensitive land and increase conservation practice implementation.

The Budget supports a foundational principle that those that need assistance have access to wholesome and healthy foods. The "USDA America's Harvest Box" initiative—an innovative approach to providing nutritious food to participants in SNAP that combines the traditional retail based benefit with a package of 100-percent U.S. grown and produced wholesome food staples—and all of it would be home grown by American farmers and producers. It maintains the same level of food value as SNAP participants currently receive, provides states flexibility in administering the program, and is responsible to the taxpayers. States would have substantial flexibility to distribute these food benefits to participants through existing infrastructure and public-private partnerships, or States could choose to deliver directly to residences through retailers or commercial delivery services. Both rural states and urban areas with food access issues have shown interest in direct delivery options. We are also hearing from the private sector about helping us innovate around access to food. This proposal combines the best elements of SNAP and the USDA Foods programs, and could even allow states to provide participants the opportunity to select from a list of food items and some states may choose to include additional items, such as fresh fruits and vegetables through public-private partnerships. In addition, the Budget expands on previous proposals to strengthen expectations for work among able-bodied adults, preserves benefits for those most in need, promotes efficiency in State operations, and improves program integrity. Combined, these reforms maintain the Administration's commitment to ensuring Americans in need of assistance have access to a nutritious diet while significantly reducing the cost to taxpayers.

The economy is strong with 103,000 jobs created in March and unemployment at 4.1 percent. The Nation's Gross Domestic Product (GDP) is growing at a healthy pace. The Bureau of Economic Analysis estimates GDP grew at the annual rate of 2.9 percent in the fourth quarter of 2017. But, according to the US Treasury, the National debt has grown to more than \$21 trillion. At USDA, we will do our part to reduce government spending. That is why we are committed to making USDA the most effective, most efficient, most customer-focused department in the Federal Government.

I would be happy to answer any questions at this time.

#### DISASTER SUPPLEMENTAL

Senator HOEVEN. Thanks, Mr. Secretary. We will have 5-minute rounds of questioning then. We appreciate you being here and answering these questions.

I am going to start on the disaster supplemental that you referred to. What is the status, in terms of getting that funding out?

Obviously, we had hurricanes, wildfires, droughts. There was a lot that went on. So what is the status of getting funding out to those farmers and ranchers that were impacted?

Secretary PERDUE. Frankly, Senator, we had hoped to announce the program this week. Honestly, one of the issues that has come up is the concentration in the citrus industry there that could lead to some disparity in awards, some large awards. The industry is so concentrated in citrus that we have really had to dig in.

We have most of the other things figured out, and we hope to have that as soon as possible. We are working on it, frankly, every day, in that issue. I would hope by—I would give ourselves a time period probably of next week to have some announcement of that.

We would expect it takes a while to get the software, as you know, in the Farm Service Agency (FSA) offices aligned with the applications. So we hope that the sign-up can be in June.

We are anticipating announcing a 50 percent advance of anticipated losses. Oftentimes, producers, by the time the disaster money is deployed, they forgot what it is for. So we have challenged our people, since you all passed the disaster provision sooner rather than later, the challenge is, many people in this public arena want to have comments and stakeholder comments about that. We have taken time to listen to various components of the industry, as well as your Members and colleagues on this side, and the House side as well, as well as Governors and industry representatives on both sides, trying to get a good sense of what is the best way, the most fair way, the most equitable way to deploy the disaster provisions that you all provided.

You, obviously, gave the Secretary a lot of discretion in that from the USDA, and we want to honor that confidence by making you pleased with the way we deploy those resources. So, hopefully, we are, again, within a week to 10 days of that announcement of the provisions of that.

Senator HOEVEN. I appreciate that. And you have put some of them out. For example, drought funding is an area where you have put it out there. I want to acknowledge that and thank you for that.

Secretary PERDUE. We have on the programs that were already set in place, not the wildfire and hurricane issues, but where there are places ready for predetermined Farm Bill programs, we have already gotten that money out the door and deployed that.

## FARM PRODUCTION AND CONSERVATION BUSINESS CENTER

Senator HOEVEN. Right, which directly affects, for example, our ranchers. So that is helpful.

I want to ask you about your Farm Production and Conservation Business Center. It looks like you are working to realign staffing. So if you would, talk a little bit about your vision for the business center and the services that it is going to support. And what kind of timeline are you looking at to put this in place?

Secretary PERDUE. Excellent question. I know there are some other issues and concerns and questions about staffing.

What I felt was the right thing to do was to get our Under Secretaries in place. As you know, in our business reorganization, we realigned our FSA offices along with our Natural Resources Conservation Service (NRCS) offices, as well as the crop insurance Risk Management Agency (RMA) offices there that are directly customer-facing.

Senator Merkley reminded me of my conversation and my vision of being the most efficient, the most effective, but he also left out the most customer-focused. We know that we do that with people. With Bill Northey finally on board as the Under Secretary for that division, we are undergoing a strategic mission-wide staffing plan.

We know there are obviously some deficiencies based on attrition in various places. There have not been any Reduction in Force (RIFs) or layoffs or anything like that. This is a matter of, with 100,000-plus employees, you are going to have a certain degree of attrition every year. This has not been purposeful, to leave those unfilled. It has been the strategic plan of getting where the right people ought to be in the right amount in the right places to do what we want to do by our customers in that regard.

We are probably, I would say, 75 percent through that. We have authorized already some hiring and some different levels in different mission areas, and I hope to have that completed within the next 3 weeks, probably, for all those agencies, including the Forest Service as well.

## HIRING FREEZE

Senator HOEVEN. Is there a hiring freeze? You show reductions in some of the staffing, and we are getting that question. So, I mean, I understand you are going through some reorganization here, but is there a hiring freeze?

Secretary PERDUE. There was initially, but the hiring freeze has been off for a while now. So as I indicated, we have not been operating under a hiring freeze. It has been operating under: What is the right number, the right job title? What are the right responsibilities? And what are the expectations in all of these offices across the country to get the customers served in the most efficient way?

We are also looking at, as you know, and you all funded some IT improvements that will help NRCS and FSA do their work in a more collaborative fashion.

## FARM SERVICE AGENCY COUNTY OFFICES

Senator HOEVEN. One area we are concerned about are the FSA offices. Our farmers are very concerned about that. Right now, you are prohibited from closing FSA offices. Is there some intent in your proposal to do that?

Secretary PERDUE. Well, there is not, but you all need to be mindful that, while the prohibition remained in the 2018 omnibus to closing offices, we have them open, but no employees there. That is the problem. I think there are between 60 and 70 like that.

And that is, frankly, one of the things I would like, when we bring back a comprehensive staffing plan to you all, that you would look at and have an opportunity to observe and see where we plan to staff and how we plan to staff. I hope that you all would give some consideration to the flexibility of managing the work force in a way that we want to serve your constituents as much as you do.

Senator HOEVEN. That is why I am saying we need to look at your proposal, because all those things go together, and figure out what serves farmers and ranchers the best here.

Secretary PERDUE. We would expect that, and we would love to do that in collaboration with the Members of Congress who have to, obviously, account to their constituents for the level of service they are getting, and we want to be held accountable for that.

Senator HOEVEN. Thank you.

Senator Merkley.

## FISCAL YEAR 2018 RESCISSION PROPOSAL

Senator MERKLEY. Thank you very much. And I really have appreciated the dialogue over the last year on multiple issues so important to the diverse agricultural stakeholders in Oregon.

Three weeks ago, Congress passed the fiscal year omnibus spending bill, and the Agriculture Division of the omnibus reflects a bipartisan, bicameral determination to fund programs so important over a broad swath of agriculture. However, we understand that there is a possibility that Office of Management and Budget (OMB) will submit to Congress a rescission bill that will target specific programs.

Are there going to be rescissions proposed on the agriculture budget? If so, what is your advice to the President?

Secretary PERDUE. I am relieved today, Senator, that I can claim plausible deniability about that. I have had no discussions with the White House about that. I think that is kind of a recent discussion that maybe cropped up over the weekend last weekend, or maybe the weekend just before this most recent one, about that.

But we have not been included in that. I know there has been probably some staff communications over ideas. But as I said, it is not something that I am familiar with or have been asked about thus far.

Senator MERKLEY. Would you consider, as you enter that dialogue, consulting with the subcommittee here on what should or should not be in a rescission bill?

Secretary PERDUE. I think that would be a wise thing to do.

## DROUGHT CONDITIONS

Senator MERKLEY. Thank you. And I did note that you started out by saying that you were committed to spending the fiscal year 2018 omnibus funds effectively. I appreciate that very much, because those funds out in the field can do a lot.

We have a challenging situation in Klamath County in Oregon. Very little snowpack, quite possibly our worst drought ever.

Senator HOEVEN. We still have some snow we can send you.

Senator MERKLEY. Can you please?

Senator HOEVEN. Tester does, too.

Senator MERKLEY. Great. I was offering to ship some snow up to Alaska, if needed, for the Iditarod. But this year, I cannot make the same offer, because we do not have it. But you can truck it out our way.

So the low snowpack means very little water. So there is plenty underway for how this—we had the worst ever drought in 2001, 2010, 2013, a big shortfall in 2015. But the Klamath Basin is really worried about this particular year.

So I wanted, first, to invite you to come to that agricultural region, so you can firsthand see some of the impacts there and maybe join us and partnering on brainstorming on how the resources of the omnibus might be effectively deployed to assist the farmers and ranchers in that region.

Secretary PERDUE. I appreciate the invitation. I have clicked off 35 States, and your State and Washington are the next two on the list, so we hope to make it very, very soon. We are in the planning stages there now of Oregon and Washington, to see just those impacts.

Senator MERKLEY. I know that when you come to Oregon, you may not want to leave, because it is paradise. But paradise does have an affliction.

Secretary PERDUE. I noticed that in North Dakota as well.

[Laughter.]

## FOOD AID PROGRAMS

Senator MERKLEY. It is paradise in North Dakota, undoubtedly, but it looks a little different, a different type, a different type of paradise.

So we really would appreciate your partnership in helping to take on that specific challenge.

Let me turn to the question. You have a motto for the Department, “Do right and feed everyone.” You may have been primarily referring to Americans, but as I mentioned in my opening statement, the work this subcommittee does stand between the issue of people dying or not dying, and I do not exaggerate, by the millions. So it is both, as I mentioned, a soft power but also a humanitarian and a world leadership issue.

So these pictures are representative of what I saw on my recent trip to South Sudan, Somalia, Congo, and the Democratic Republic of Congo (DRC). I saw warehouses full of American food, cans of oil, American cans of oil, American funding at the health care clinics.

I will never forget meeting these three women at a refugee camp in Kenya. They had babies in their arms, one baby afflicted by HIV/AIDS, another baby afflicted by malaria. The third baby, as far as we could understand, simply on the edge of starvation.

And the hope and possibility for a better life as people flee to these internally displaced persons camps and refugee camps, often the first, fundamental thing is something to eat.

So I just wanted to ask about your decision to not fund Food for Peace and McGovern-Dole, and whether you might consider working with us to go a different direction on that.

Secretary PERDUE. Senator, I applaud your moral consciousness on this, and I think anyone who has had the opportunity to view these sites as you described comes back changed. I know I have talked to many friends who have been on missionary trips in different parts of the world such as this and see the horror of malnutrition and starvation and come back changed in that way. And I agree with you.

I also have had the opportunity last year to visit with Governor Beasley, who is implementing many of these programs around the world and describing the impact and the influence that the United States gains from those, so I cannot disagree with you at all over that issue.

If you all see fit to appropriate money for that, we will deploy that and use that. As you know, much of it is passed through with USAID that does that.

I would appeal to you all, while there is some effort to demonstrate—to give cash, I would ask that you all continue the policy that has been in the past to let us use commodities grown by U.S. growers in order to do that and not just dispense money.

#### DROUGHT CONDITIONS

Senator MERKLEY. I was sure pleased to see those U.S. flags on grains and cans everywhere I went.

I will just close by saying I am glad that Oregon is next on your list, and I will look forward to coordinating with you in that regard and, hopefully, having the chance to not just talk about the drought in Klamath but also the great diversity of Oregon's specialty food crops and the real importance of our research station in Corvallis.

Thank you.

Secretary PERDUE. Thank you, Senator. Certainly, your area, obviously, is vulnerable with the drought predictors we have this year for wildland fires. That is one area I would like to visit with you out there, to tell you our plans about what we want to do in wildland fire prevention and how we can use the tools that you have afforded us to help to reduce that threat this year.

Senator MERKLEY. Thank you.

Senator HOEVEN. Mr. Secretary, I agree with your comment very much about using the commodities in those programs. It is a great way to do it and really a double benefit for our country and for the people that we are trying to help, so I appreciate that comment.

Senator Blunt.

Senator BLUNT. I believe Senator Moran was here first, and he will talk to me about this for the rest of the week if I take his time.

Senator HOEVEN. He was, but he is being penalized for getting such a big buffalo head, so we have to deduct a certain amount of time for that.

Senator MORAN. And my preference, Mr. Chairman, is to not have Senator Blunt hold it over my head that he deferred to me.

Senator HOEVEN. Which one of you wants to go next?

#### FARM ECONOMY

Senator BLUNT. In that case, I will go next, Mr. Chairman.

Secretary, good to have you here.

Dr. Johansson, your work is certainly cut out for you these days, trying to anticipate what is going to happen and how that is going to affect American agriculture.

Mr. Secretary, we had a forum at Missouri State University a few days ago. Chris Chinn, our Director of Agriculture; the president of the Farm Bureau in Missouri, Blake Hurst; and I answered questions for 45 minutes, and the Farm Bill never came up.

Now, I do not think I have ever been in one of those forums before when that happened, but the topics were trade and regulation and rural broadband. I think that says a lot about what is on the minds of our producers in the country today.

Certainly, on trade, I noticed that the proposed budget actually reduces the market access funding and the foreign market development funding at a time when I think that is probably the worst thing to do. But our trade relationships are having an impact on commodities right now.

In an earlier discussion this week, it was pointed out that people trying to borrow money to put in a crop based on the future commodity prices are disadvantaged by the current downturn in those future prices.

I do not really know what question to ask here. I believe you are an advocate for expanding our trade opportunities. That is clearly not the message that is coming out of the Administration or the trade representative right now.

But to either you or Dr. Johansson, at a time when we are going to see world food need and world food demand accelerate so rapidly, what is the danger of uncertainty for farming families and for production agriculture, as well as all the other things that are impacted every day by just the economy of food?

Secretary PERDUE. Great question, Senator. Before you were able to arrive, I talked about the cumulative effect of low commodity prices even before all these disruptions and the anxiety over farm income. We know that it has decreased about 50 percent over last 4 or 5 years, which puts a lot of stress on any kind of business. Certainly, with the trade disruptions in various ways, both from a trade dispute standpoint, both from RFS uncertainty that we have dealt with, and those kinds of things, these things are cumulative.

I think you accurately observed the fact that these things have overshadowed in a Farm Bill year the reauthorization of the Farm Bill. What we hear about, you identified two of the three topics that we hear, and that is trade, labor, illegal farm work force and immigrant regulation. That is what we hear.

Obviously, trade has taken the lead by a considerable amount, in light of the recent days. The President has assured me, and I have

tried to assure the constituency, our constituency out there, that we are not going to ask farmers to bear the brunt and to be the casualties in a trade dispute war. How we do that—and, obviously, our goal is to have negotiations.

I was very pleased over the weekend to see the Chinese President come back and indicate some willingness to sit down and talk. I applaud the President for kind of getting their attention. What has happened over the years is the Chinese have talked and talked and talked and talked, and nothing ever happens. And so with this issue of intellectual property theft, you also are aware that that has happened to agriculture as well, in fact, in digging up seeds in fields of Iowa and trying to reverse engineer those genetics.

So it has affected us all, and farmers understand that. They are patriots first, but when their livelihood and their futures are exposed as they are now, there is considerable anxiety about that.

And our role, our goal, is to afford them as much as we can a strategy to negotiate and to win the negotiation discussions about fair trade—we do not believe the Chinese have played fairly in those issues—but how we can do that while also having their back from a mitigation standpoint if it comes to that. And that is what we would plan to do.

#### RENEWABLE FUEL STANDARDS

Senator BLUNT. One final observation, I am about at the time here, and, Dr. Johansson, you and I can hopefully talk about this later, I think it is going to be challenging enough to meet the new demands and opportunities in agriculture without adding things to it. People continuing to want to be part of the thing that we are the most competitive in the world is a good thing.

I think the regulatory efforts generally by the Environmental Protection Agency (EPA), certainly well-received where I live, on the Waters of the U.S. and the power rule that would have really damaged our economy, but one EPA issue I am going to bring up, even though this is not an EPA hearing, is the economic hardship waiver authority on the Renewable Identification Numbers (RINs) issue.

I got a letter that we sent the Administration, Senator Thune, Senator Ernst, Senator Grassley, Senator Fischer and I, and I will see that you get a copy of that as well, Mr. Secretary.

But I would like to enter that into the record, Mr. Chairman, of this meeting as part of our record, just our concerns that, if you are going to use that waiver authority, you really need to use it in the way it has been intended. Reduction in commodity prices, another reason to reduce commodity prices, is not what we need to see right now.

Secretary PERDUE. Senator, you might imagine that an astute Secretary would already have that letter, and I have seen it, and I concur with your opinion.

As you know, we have a statutory volume of 15 billion gallons, and those waivers reduce that gallon for gallon. And we asked for that information from EPA, and the Administrator has promised to have that as soon as they can gather that information over the waivers that have been issued.

But that is demand destruction in that way, along with the trade dispute anxiety right now, it is having a cumulative effect over our producers and their financiers and bankers and others in the whole supply chain of agriculture.

Senator BLUNT. Right. Thank you, Mr. Secretary. And thank you for the job you are doing and being on top of that and other issues even before being brought up here.

Senator HOEVEN. The letter will be entered in the record, without objection.

[The text of the letter was reprinted for clarity. The information follows:]

## United States Senate

WASHINGTON, DC 20510

April 12, 2018

The Honorable Scott Pruitt Administrator  
Environmental Protection Agency  
200 Pennsylvania Avenue, N.W.  
Washington, D.C. 20460

Dear Administrator Pruitt:

We are writing to you regarding the actions the Environmental Protection Agency (EPA) has taken to undermine commitments President Trump made on the Renewable Fuel Standard (RFS) to our constituents. Recent reports indicate dozens of small refiner waivers have been secretly granted to large, multi-billion-dollar companies under the guise of the small refinery hardship exemption provision in section 211(o)(9) of the Clean Air Act. This is extremely concerning to us.

During your confirmation hearing for the post of Administrator of the BPA, you said, *"Any steps that the EPA Administrator takes need to be done in such a way as to further the objectives of Congress in that statute, not undermine the objectives of Congress in that statute."* You also wrote to a number of Senators in October 2017 and said, *"I reiterate my commitment to you and your constituents to act consistent with the text and spirit of the RFS. I take seriously my responsibility to do so in an open and transparent manner that advances the full potential of this program..."*

According to recent reports, the EPA has already issued 25 "disproportionate hardship" waivers to large, multi-billion-dollar refining companies reporting billions of dollars of profits since 2016. Such action would represent a clear violation of your commitments and clearly undermine the President's long-standing support of the RFS.

These waivers fall well outside the bounds of the letter or spirit of this provision in the law, which sought to provide flexibility for the smallest of U.S. refiners, and only in cases of genuine hardship. Worse, EPA's actions are already hurting biofuel producers and farmers across the United States at a time when farm income is at the lowest levels since 2006 and retaliatory trade measures from China threaten to deepen the crisis.

In 2015, 37 Senators wrote to the EPA requesting that the agency issue a strong Renewable Volume Obligation (RVO), citing the RFS's success in driving economic development, strengthening agriculture markets, and creating hundreds of thousands of clean energy jobs in rural communities. Early reports indicate that the small refinery waivers you have granted could effectively cut biofuel demand by 1.5 billion gallons, thus effectively lowering President Trump's commitment to seeing 15 billion gallons of ethanol blended to 13.5 billion. Additionally, once these select refiners are no longer responsible for complying with these 2016 requirements, they are able to sell excess Renewable Identification Numbers (RINs) back into the market, increasing supply and lowering the price.

This further reduces incentives for blending, slashing demand for biofuels and feedstocks, and hurting farmers and biofuels companies. These waivers could cripple the

market for years to come, holding back homegrown biofuels while creating a wind-fall profits for large oil refiners—the exact opposite of this administration’s promise to voters.

Perhaps most concerning, these lucrative waivers have reportedly been issued behind closed doors, outside of the public process, while the EPA has simultaneously been working with refineries to pressure President Trump to sign off on a RIN cap that would wreak further havoc on the RFS.

We request that you take the following actions immediately:

- Cease issuing any refinery waivers under the RFS;
- Provide a full list of the refiners that have received a refinery waiver in 2016, 2017 or 2018, including the name, location, refining capacity, date waiver was issued, and number of gallons waived;
- Provide a detailed report to Congress within two weeks of receipt of this letter that describes your justification for providing each of these waivers. Specifically, please include whether the volumes were redistributed to other obligated parties. If the volumes were not redistributed, please explain why they were not and the reason EPA decided to undercut the RVOs against the President’s commitment;
- Respond in writing describing your commitment and plan to consider future small refinery waivers only during the annual RVO rulemaking process and commitment to provide full notice and opportunity for comment on any future small refinery waiver requests.

We appreciate your timely response to these matters.

Sincerely,

  
Charles E. Grassley  
United States Senator

  
Amy Klobuchar  
United States Senator

  
Joni K. Ernst  
United States Senator

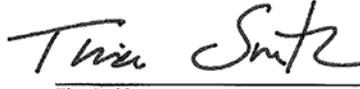
  
Debbie Stabenow  
United States Senator

  
Deb Fischer  
United States Senator

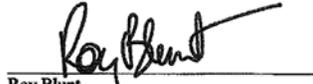
  
Richard J. Durbin  
United States Senator



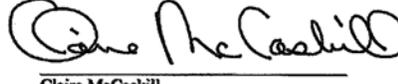
John Thune  
United States Senator



Tina Smith  
United States Senator



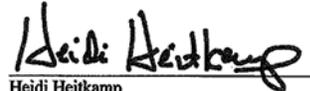
Roy Blunt  
United States Senator



Claire McCaskill  
United States Senator



Tammy Duckworth  
United States Senator



Heidi Heitkamp  
United States Senator



Joe Donnelly  
United States Senator

Senator HOEVEN. Senator Leahy.

#### FISCAL YEAR 2018 RESCISSION PROPOSAL

Senator LEAHY. Thank you, Mr. Chairman.

Secretary Perdue, welcome. I have appreciated the conversations we have had since the time of your nomination.

I like your slogan about do right and feed everyone. But I also look at the budget, and the programs you want to eliminate or cut benefit our rural communities. And you certainly are familiar from your own State of rural communities, as am I, that these communities face housing, infrastructure, and opioid crises. And they eliminate some important work being done around the world to feed people.

We need to make investments, so we actually do right by all and feed everyone. It has to be more than a slogan.

Now, President Trump agreed with the Republican leadership and the Democratic leadership on our bipartisan budget agreement, and we passed it knowing that he said he would sign it.

A few days later, he starts tweeting he does not like it, he has changed his mind, and he wants to send up rescissions, a package of rescissions that would go back on his word and everybody else's.

Now, I am probably a little bit old-fashioned, but I have been here with a lot of Republican and Democratic Presidents. I have always felt that, if you strike a deal with them, they keep their word and we keep ours. I am hoping that the Senate does not and the House does not change the budget we passed.

Now, you talked about the importance of investing in our rural communities. I agree with that, in infrastructure, telecommunications, water and sewer systems, community facilities.

Would you support rescissions to programs we just funded in the bipartisan Republican- and Democratic-supported fiscal year 2018 omnibus appropriations act to advance these goals: rural broadband funding, water and wastewater loans and grants, rural

business development grants, funding for community facility grants? Would you support rescissions to what we did?

Secretary PERDUE. Senator, I indicated, maybe before you went in, that I have plausible deniability.

Senator LEAHY. I heard the words. I just want to hear them again.

Secretary PERDUE. To answer your question specifically, we are very grateful of the omnibus appropriation and our commitment to deploy that as wisely and as quickly as possible what you have appropriated.

I agree with you. I think, again, once a budget is set, it certainly would require extreme collaboration to look at any rescission issues in that area, and we would be extremely very careful about that. We have not been participative in those discussions.

#### DAIRY SECTOR

Senator LEAHY. The Senators I have talked with and House Members have talked with in both parties are not eager to see any rescissions. We worked hard enough to get to the deal we had. We have kept our word. We want the President to.

Now, you are looking for new ways to compensate farmers for the losses due to the new Chinese tariffs and trade war. Dairy farmers are still wondering when you will use some of your existing authorities to help them. I get calls all the time for my office about this.

Our Republican Governor and others in our State Agency of Agriculture are supporting a crisis hotline for farmers who are feeling financial stress and depression and, tragically, thoughts of suicide.

Beyond the reopening of the Margin Protection Program on Monday with the changes in lower premiums included in the Bipartisan Budget Act of 2018, how are you applying the standard of protecting and preserving to the Nation's dairy farmers who are already facing enormous stress?

That may sound like a parochial view, but you hear it from a lot of other States, too.

Secretary PERDUE. There is no doubt, Senator. We discussed it coming over with Dr. Johansson that, out of all the agricultural sectors I am familiar with, I think the dairy sector, particularly the smaller dairy sector, is probably under more duress than any other one we know.

We are hopeful that the new revised Margin Protection Program that you all rolled out in the Bipartisan Budget Act will be helpful. We tried to implement and announce that as quickly as possible. We will look at any other kind of animal or forage type of help that people qualify with in that way.

Again, I think that this is an issue for the broader Farm Bill discussions coming up. We know that the dairy sector did not fare as well as we had hoped in the 2014 Farm Bill, and I think there probably needs to be some additional help in that bill.

Senator LEAHY. My staff will probably talk with your staff, and please direct them to be as open with us as possible.

Secretary PERDUE. Certainly. And if they have ideas about what we can do in the meantime, I would request the same thing, rec-

ommendations of authorities that we can use. We are willing to do that in the dairy sector.

#### FARM-TO-SCHOOL PROGRAM

Senator LEAHY. The last thing I would ask, about the Farm-to-School program, this has had enormous success. I take some credit for getting that program through originally.

It has brought farm-fresh products to schoolchildren. It has helped them learn about healthy eating, which is even more important, in some ways. It has connected children to local farms.

My wife and I go and visit a lot of the schools that have that. She is a nurse. We were just excited to see these children eating sometimes things that they had never seen before and find out that it actually tastes good.

We included \$5 million in discretionary funding in last month's omnibus appropriations act to support Farm-to-School grants. These funds have been authorized in the past, but they have never been in there. But I see some Members of the Appropriations Committee here. We got it in.

Would you please help get this funding out the door as quickly as possible to help support these Farm-to-School programs around the country?

Secretary PERDUE. I will absolutely commit to that. With my RV tour up in your part of the world, I was really stunningly, pleasantly surprised about the number on farm growth, particularly in the smaller farms, the farm-to-table type movements up there, the farm markets. Agriculture was alive and well. We talk about the age of producers, these were young millennials coming back with a spirit of healthy eating and healthy producing.

So we will absolutely get on that as quickly as possible.

Senator LEAHY. And look at the front page of the food section of the Washington Post today about how we make maple syrup. Thank you.

[Laughter.]

Senator COLLINS [presiding]. Senator Moran.

#### FARM ECONOMY

Senator MORAN. Chairwoman, thank you very much.

Mr. Secretary, thank you for your presence here. I am pleased with your leadership at USDA and the responsiveness that you and your team have had with us in trying to take care of issues that we care about at home.

You have commented about trade. The photograph behind me is my arrival in Kensington, Kansas, to speak at a Veterans Day event, and I am driving down the street of a town of less than 500 people and notice that there is something piled on the ground. You can barely see the grain elevator in the background. It is the circumstance that we face across Kansas. This is not an unusual photograph.

And I would highlight for you what Senator Merkley said about food aid and the importance of us meeting our moral obligations around the globe to put grain into the diets of people who are suffering in five different famines across the globe.

But I will not dwell on trade not because it is not important, but I know that Senator Blunt and others have raised this topic, and I want to raise other topics with you.

But this is a reason why we need every market. And if we are going to engage in a potential war in China based upon tariffs, that means we need to be making certain that are other countries are our allies—the European Union, Mexico, and Canada, those who buy grain from us. We need to be engaged again in the Trans-Pacific Partnership (TPP), in trying to get those markets.

We need to pick our battles, would be a point I would make to you. We need more trade agreements, not less. And if the President is interested in bilateral, let's get those bilateral trade agreements negotiated.

On the other hand, this is the surplus. There is no such thing. I should not use that word. There is no surplus of grain. It can be consumed around the globe where people are starving.

But this has a price consequence. Commodity prices are as dramatically challenging as they have been.

Now we face a drought. I want to thank you for the decision to open up Conservation Reserve Program (CRP) for emergency haying and grazing. That will expire on April 15, just a few days away, and I would be interested, maybe save this for your response in writing, tell me what else the department is thinking about in regard to how to respond to drought. The emergency haying and grazing will be insufficient.

Mr. Northey was in Kansas this past week, and we appreciate his visit to the drought-stricken areas of our State.

#### BROADBAND LOAN AND GRANT PILOT PROGRAM

I want talk about RUS. We have had this conversation in passing. This is not a checking-the-box kind of question, to say that I said something. But over the years, I have seen RUS loans—and you now have additional authorities, monies that come from the omnibus spending bill that Senator Leahy mentioned.

One of the things that I have seen happen—it transpired in the past, and it continues to occur—that I would complain about for two reasons. RUS makes loans or grants to those who are going to provide broadband services in underserved or unserved areas, and there are plenty of them in our State. But in doing so, they also allow that provider to overbuild in communities that already have broadband service.

My complaint about that is, one, it does not emphasize, does not prioritize where the money desperately needs to be spent; and, secondly, it creates competition with the private sector who is already invested in putting fiber in the ground, cell towers, whatever the mode is for delivering that service.

So we have put in the omnibus bill some parameters requiring that 90 percent of the residents live in a place that is not served, and I assume that you would assure me that when you develop the rules and regulations as you are doing that you will abide by those parameters.

Let me explain why, again, we do not have this problem with the Federal Communications Commission (FCC) and Universal Service Fund, but when I have made these suggestions, these complaints

to folks at RUS over the years, they tell me, no, they need the subsidy from those bigger communities in order to pay for the service in the smaller communities.

My point to you and to them is the subsidy is what money we are providing to provide service in rural communities. It is not a matter of competing and taking business out of a community and taking those dollars to provide service in that smaller community.

Does this issue resonate with you, make sense?

Secretary PERDUE. Yes, sir. It resonates with me, because we cannot afford duplication. We cannot afford duplicative type of programs. There is not enough money to go around to overbuild. You stated the fact that it destroys the economic model of the private sector investors there.

So the \$600 million that you all put in the omnibus and the parameters there, I think we will even enhance those parameters. We are looking for some of our cooperators to be the rural electrification associations and co-ops that serve those areas in your State and other States across the country to be our partners in that area, with specificity that this is not for overbuilding.

Our new administrator of RUS comes from one of those rural co-ops, your neighbor to the east in Missouri, and has a great perspective of how we can get that done.

#### NATIONAL BIO AND AGRO-DEFENSE FACILITY

Senator MORAN. We are pursuing a meeting with Ken Johnson and understand that it is in the works, but he needs to arrive at his job before we can have that conversation. But it will be very similar to the one you and I had.

In the 47 seconds that I have already overused my time, I would raise the topic with you, Mr. Secretary, about the NBAF, the National Bio and Agro-Defense Facility. The last appropriations bill is moving that authority from the Department of Homeland Security over time to the Department of Agriculture.

That facility is located in Manhattan, Kansas. I look forward to having additional conversations with you and your team. If you can point the person to me who is responsible for NBAF at USDA, I would like to have dialogue with that person.

Secretary PERDUE. We will do that, as we have with Senator Roberts as well, who is vitally interested there. We think Kansas State will do a great job. We think the Department of Agriculture has a core competency to manage the NBAF facility, and we would love to have those conversations.

By the way, your visual aid there, you have a Secretary of Agriculture who understands that was a pile of grain sorghum that was vulnerable to the washing machine and solar issues early on.

Senator MORAN. Ninety-nine points the price of grain sorghum dropped in my hometown of Plainville, Kansas, on the day the tariffs were announced.

Secretary PERDUE. We are very mindful of that.

Senator MORAN. Thank you, Mr. Secretary. Please come to Kansas.

Senator COLLINS. Senator Tester.

## CROP INSURANCE PROGRAM

Senator TESTER. Thank you, Madam Chair.

And I want to thank you for being here today, Secretary Perdue. I very much appreciate hearing from you.

I have a few thank-yous. First of all, I thank you for your commitment to use commodities instead of cash. You are right on. I thank you for the work that you did on Brazilian beef. It took a lot of guts, and you did it, and you did it early. I think it set a standard that I very much like.

The (CRP) part in your budget where it is 80 percent of fields will not work. If I have a 10-acre field, I am not going to put eight acres into CRP and farm the other two acres. However, 80 percent of whole farms will work, and I think that is a good policy. What we saw the 1980s was people putting whole farms in and a mass exodus from the land.

So I thank you for your vision, and, hopefully, you have the same vision in that as I do.

I want to talk about crop insurance, because when I go home, most people are pretty damn happy with the Farm Bill. They are. And they tell me unequivocally, "Don't screw up crop insurance. It is our lifeblood. It is our safety net."

You know in this proposal, for the second year in a row, you are going to cut subsidies for crop insurance. I know there are some out there that do not understand agriculture that think that is just a good thing to do. You understand agriculture.

I will tell you that it is unacceptable. And I want to know if this is real or if you have an expectation of us putting that money back in, and this is just a way to make the budget look better.

Secretary PERDUE. I think you have rightly articulated my view of crop insurance, certainly, and understand the value of it. I think it is one of the great programs in 2014 that was guided toward producer risk management that we can continue to utilize. I think, again, I support the crop insurance program and will support what you all added in 2018, to utilize that.

## TRADE BARRIERS

Senator TESTER. All right. Thank you for that.

I would just tell you that, and it has been expressed earlier, we did some stuff on direct payments, and we made crop insurance a better program, I believe. I would love to tell you that we do not need taxpayer dollars in that program. I think you would like it, too. But the truth is, we do. Otherwise, it will be unaffordable, and people will not use it. We are dealing with nature. We are dealing with volatile markets.

And I want to talk about those volatile markets for a little bit. It has been touched on already.

Mexico is the biggest importer of American grain in the country. They just signed an agreement with Argentina for 30,000 tons of wheat late last year. Due to a number of reasons—probably the North America Free Trade Agreement (NAFTA) talks, maybe the border wall, maybe tariffs, and period—our largest trading partner Canada is uncertain.

Look, there are a lot of things wrong with NAFTA, you and I both know. But I am going to tell you that, you pull out of this, it is going to be major havoc to the markets. You combine that with what is going on with TPP where I believe 11 nations signed it, the United States was not part of it, and one of the countries was not China, by the way, we have a series of things that are going on with the Administration that are not going to be helpful for farm gate prices.

So if you combine that with the tariffs on steel and aluminum, and the fact that durum and cattle and other things, China said no, and it is a huge market. And as the Chairman said, we should be expanding them, not contracting them.

But what I hear in the press is the President was going to say: You know what? Don't worry about it, farmers. We are going to give the responsibility to Secretary Perdue to make you whole.

Not exactly those words, but that is what I hear. That means that we are going to be depending on more taxpayer dollars, not less. We just talked about the Administration's view of cutting aid for crop insurance, and now we are going to turn around and say, you know what? Because what I believe are uncertain trade policies, we are going to take more taxpayer dollars and reimburse farmers who do not want government subsidies as a general rule. They want their paycheck coming from the marketplace.

Could you address what you are going to do when, in fact, these markets go to hell? Because they are going to, and they are.

Secretary PERDUE. Let's address what we will hopefully do to keep them from going wherever you said that they are going.

Senator TESTER. Well, the truth is, Sonny—and I really like you. You are really a good guy, and I mean that. I mean, you are a guy I would like to go have a beer with.

But the truth is, what is going on right now is having impacts right now today. I had Lighthizer in my office. He said we are signing bilaterals. It has been 15 months. Has there been a bilateral signed? I do not know of any. But I but I know we backed out of TPP. I know we are talking about backing out of NAFTA. I know we are putting tariffs on Chinese goods.

Look, China is a bad actor. They have been doing stuff. But you put me and my neighbors out of business in the process—I am not saying you personally, but the Administration—we have a major problem here.

So I know it is to get a better deal. But in the meantime, those prices go to hell? We are done.

Secretary PERDUE. Let's talk about where we are on the trade negotiations again. I think we had a successful negotiation with Korea Free Trade Agreement (KORUS), and that will be announced very soon. Agriculture is better off, no worse off than we were with KORUS.

We are expecting, Senator, an agreement on NAFTA that has some improvements for agriculture, maybe not all that we wanted, but some improvements with agriculture on NAFTA.

I know that you and I probably would not use the same negotiating style that President Trump does, but it appears that even with China calling the question on some of these things—look, there is no doubt I am anxious. Producers are anxious. It is their

livelihood. It is their future. But we do expect that we can get negotiations done on those. I think that will relieve the anxiety meter to a degree, and then deal with the China issue.

Senator TESTER. I will just tell you that we had some pretty damn good years from 2008 to 2014 in Montana because we had good prices and we had good production. The last 3 years have been pretty tough.

If this tax on the margin—it is nonexistent. It is going to be—remember the 1980s. If this does not get solved pretty damn quickly, we are going to see a repeat of the 1980s.

I do not want to see myself losing the farm or my neighbors. That is all. And I know you do not either.

Secretary PERDUE. I hear you, and I agree with you.

Senator TESTER. Thanks.

Senator HOEVEN [presiding]. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

#### ORGANIC AGRICULTURE RESEARCH PROGRAM

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

American consumers are increasingly interested in knowing exactly where and how their food is produced.

You mentioned the farm-to-table program, which is very popular in my State. What we are finding is that the demand for organic locally sourced products is reversing a decades-long trend away from agriculture in the State of Maine. Instead, we are seeing more people buying farmland and becoming involved in farming.

So that is a great sign. Over the past 5 years, the number of certified organic operations in my State has grown by more than 75 percent, representing roughly 90,000 acres of organic cropland.

So I am concerned that the President's budget request would completely eliminate the Organic Agriculture Research and Extension Initiative. Instead, in my judgment, we should be helping producers meet the growing demand for organic products.

Could you please give us what the rationale is for eliminating the organic agriculture research program?

Secretary PERDUE. Senator, all I can tell you is I think, from the proposed budget, there are some deficiencies in the research overall, not just in the organic area.

To their credit, you have to give the organic producers of this country, scratching and clawing over the last 15 years, building a \$50 billion business and growing every year, a lot of credit for their ingenuity and creativeness and innovativeness in that area.

Obviously, research is important to all of agriculture, including organic, and we look forward to using the research dollars you gave us in the omnibus budget to flesh out those areas as well as others.

#### MARKET ACCESS PROGRAM

Senator COLLINS. I am hoping that we can take a look at the fiscal year 2019 budget and restore some funding in that area.

Another important program to the producers and growers in my State is the Market Access Program. It really has been critical to the success of Maine farmers and fishermen as they work to find new markets and remain competitive in the global marketplace.

This program has allowed our producers to greatly expand their markets and create more jobs at home by facilitating the promotion and sale of such iconic Maine products as wild blueberries in the Middle East, Maple syrup in Central Africa, and shellfish in the Far East. One of the Department's strategic goals is to promote American agricultural products overseas.

Other Nations are moving forward on new trade agreements, and I am concerned that that is leaving American producers at a disadvantage. Let me give you an example that hits very close to home.

Canada recently negotiated an agreement with the European Union called Canada Comprehensive Economic and Trade Agreement (CETA). And it has reduced tariffs to zero on live Canadian lobsters, and it will eliminate tariffs over a few years on frozen and processed Canadian lobsters. Well, you are not surprised to learn that Maine lobstermen are put at a huge disadvantage by this new agreement. And the lobster do not stop swimming when they reached Canadian waters and stay in the American side of the boundaries.

But prior to the implementation of this new agreement between Canada and the European Union, Maine lobster dealers were successfully using the Market Access Program funds to find new buyers overseas. And I have proposed a bill that would actually double the funding for that program.

In light of the current barriers to international trade and the many disruptive developments facing domestic agricultural sectors and our farmers and our fishermen, can you speak to the importance of maintaining robust funding for the MAP program in the years to come to help them deal with these new trade agreements?

Secretary PERDUE. I can, and I will, Senator. That is why we argued and fought to keep the MAP program whole at \$200 million. As I learned about it through the last year, the leverage we were getting from our private sector participants in the Market Access Program was significant, many times as much as sevenfold in that area. Oftentimes not as much for smaller industries that did not have the check-off dollars or the funds to do that.

But there has been no doubt that it has been a very popular program among our commodity groups of a variety, not only the seafood.

By the way, we are having direct discussions through Secretary Ross of Commerce, who is negotiating steel tariff and aluminum tariff discussions with EU over the specific seafood issues there as well and the new CETA arrangement, which puts us at a huge disadvantage not only on our seafood but other issues as well.

So we are having direct discussions, candid and frank discussions, with the EU about those agreements.

Senator COLLINS. I am very glad to hear that, and I look forward to working with you. Thank you so much.

Senator HOEVEN. Senator Udall.

#### BROADBAND LOAN AND GRANT PILOT PROGRAM

Senator UDALL. Thank you so much, Chairman Hoeven.

Secretary Perdue, great to see you here today. It was a real pleasure to have breakfast with you in your office and to continue

to visit about these important agricultural issues. We really appreciate your hard work and your care for the mission at the Department of Agriculture.

Everyone on this dais and, frankly, nearly every Senator is concerned about the availability of broadband in our States' rural areas. I am pleased that the omnibus set aside \$600 million for a broadband pilot project, but that is just a drop in the bucket compared to the resources needed to build out in our hardest areas.

I want to ask you for caution. It is imperative that your agency work closely with the other agencies that help support broadband buildout, including the Federal Communications Commission.

The Rural Utilities Service loan programs are essential to helping small companies in New Mexico connect their customers, but we cannot support programs that overbuild other federally supported networks.

Will you commit to working with me and with the FCC as you implement this pilot program?

Secretary PERDUE. Absolutely, Senator. That is one of our concerns.

We deploy a good bit of Federal money into broadband right now, but it is done in a fairly nonstrategic type of way. We plan to use the resources that you gave us in the 2018 omnibus to direct that, along with partnerships. Our goal is to leverage that money, many times with rural cooperatives, in order to do that with the specific direction that it cannot be duplicative, and it cannot be overbuilding in other areas that create unwholesome competition in those areas where they are already served.

So, absolutely. I am very grateful for the momentum and the interest that the Congress has in broadband. I think it is one of the most transformative issues we can have in the 21st century.

Senator UDALL. That is great. Thank you for that answer. Another issue is the time it takes to get pilots like these up and running.

Will you commit to have the pilot project in place by the end of December 2018?

Secretary PERDUE. I do not want to put too much pressure on our people, but my expectations are much quicker than that. I am a sooner rather than later guy, and we think these pilots by the middle of the summer should be announced and taking applications.

#### ANTIBIOTIC RESISTANCE

Senator UDALL. Great. I am glad you are going to push it really hard, and get it up and running as soon as you can.

Mr. Secretary, I am deeply concerned about the antibiotic overuse in livestock impacting the effectiveness of antimicrobials for use in animals and humans. I am interested in the work that USDA is doing to survey the use of antibiotic drugs in farm animals.

How does the President's budget support these activities? Does this budget support activities that increase collaboration and coordination with the Food and Drug Administration to prevent antibiotic resistance? And if so, would you please summarize those activities?

Secretary PERDUE. First of all, I think you all, through the newest statutes there, have brought a new awareness to that with the prohibition over people just going and picking up something at the farm supply store and injecting antimicrobials into the food source. That is the biggest thing you hear about it overall.

We are working in conjunction with FDA, our food service administration. Our Food Safety and Inspection Service monitors antimicrobial residue levels in that area, and we are collaborating with FDA in the overall effort.

I think we have already seen—I don't have the numbers right at my fingertips, but we have already seen quite a bit of reduction there. I think you will see even more as the program matures.

[The information follows:]

The National Antimicrobial Resistance Monitoring System (NARMS) is a collaborative interagency partnership which includes state and local public health departments, the U.S. Food and Drug Administration (FDA), the Centers for Disease Control and Prevention (CDC), and the U.S. Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS). This national public health surveillance system tracks changes in antimicrobial susceptibility of select foodborne enteric bacteria found in ill people (CDC), retail meats (FDA), and food animals (FSIS).

FSIS collects and analyzes antimicrobial resistance data for the animal segment of NARMS through two programs: the Pathogen Reduction/Hazard Analysis and Critical Control Point (PR/HACCP) verification program and the cecal sampling program. Samples from both programs are analyzed for *Salmonella*, *Campylobacter*, *Escherichia coli*, and *Enterococcus*. In 2014, FSIS began to move from a risk-based sampling approach to routine sampling of all establishments in the PR/HACCP verification programs, enabling the Agency to better evaluate prevalence and contamination trends in these commodities over time. In March 2013, NARMS began the cecal sampling program—a collaborative effort between the FDA's Center for Veterinary Medicine (CVM) and FSIS. Samples are collected from cecal contents at slaughter; these samples reflect the microbial characteristics of food animals prior to the application of in-plant antimicrobial interventions.

While available data indicates continued effort is needed to limit the factors contributing to antimicrobial resistance, the following describes trends that suggest recent strides have potentially been made in reducing antimicrobial resistant bacteria in FSIS-regulated commodities:

*Antimicrobial resistant Salmonella*

—The proportion of ceftriaxone-resistant *Salmonella* declined between 2014 and 2016 among PR/HACCP cattle isolates (15 percent to 11 percent) and turkey isolates (10 percent to 7 percent). (NARMS results from 2016 are the most recent available data.)

—In cecal swine (market hogs and sows), ceftriaxone-resistant *Salmonella* has remained below 5 percent since 2013.

*Antimicrobial resistant Campylobacter coli*

—The proportion of erythromycin-resistant *Campylobacter coli* isolates declined between 2013 and 2016 in cecal chicken samples (15 percent to 5 percent) and in cecal cattle samples (5 percent to 1 percent).

*Antimicrobial resistant E.coli*

—The proportion of Trimethoprim Sulfamethoxazole-resistant *E. coli* declined between 2013 to 2016 in cecal turkey isolates (10 percent to 4 percent).

Senator UDALL. Mr. Secretary, I hope you will put in the record the numbers that you cannot quite get off the top of your head now. I mean, I know this is a complicated area, but I hope you will answer this question more thoroughly for the record, so that we can see the kind of progress that you are making.

REGIONAL CONSERVATION PARTNERSHIP PROGRAM

And then just very quickly in the last couple seconds here, I am enormously impressed with the Regional Conservation Partnership

Program (RCPP). As you know, there has been an effort in the President's budget to cut that. I hope, notwithstanding that request, that you will push, if we give you the moneys there, push to make sure that those are spent well.

I just toured one of these projects. I invite you out to New Mexico to take a look at the really solid work that is happening with the RCPP.

Secretary PERDUE. We know, Senator, that waters do not recognize political boundaries. They affect all of us in watersheds. Gravity still works. And we believe in regionalization.

Senator UDALL. Thank you, Mr. Chairman.

Senator HOEVEN. Senator Baldwin.

#### TRADE DISRUPTIONS

Senator BALDWIN. Thank you, Mr. Chairman.

Secretary Perdue, welcome. So you do not need me to tell you that the farmers of the State of Wisconsin are deeply concerned by the Chinese threats of tariffs and retaliation. Wisconsin producers of corn and soybeans, of pork, beef, ginseng and cranberries have all been in touch with me and my office to share with me the devastating impacts that they fear these tariffs could have on their business.

As you also know, and I think some of my colleagues have questioned you about this already, the recently passed omnibus legislation provided your Department with additional resources to address the impacts of retaliatory tariffs on agricultural products.

I support taking action to punish China for its cheating and to create a level playing field for American workers and farmers. But I also believe that the Trump Administration should act to prevent harmful retaliation against farmers in Wisconsin and across the country.

So I am interested in knowing what specific steps you are going to take to help farmers who may be impacted by retaliation by China. And will you use the authorities provided in the recently enacted fiscal year 2018 agriculture appropriations bill?

Secretary PERDUE. We will, if needed. And we very much appreciate that.

Obviously, our first goal is to negotiate ourselves out of the saber-rattling that has occurred and to make sure that these market disruptions do not have a permanent impact. There is enough anxiety, as you well know, already with lower commodity prices, trade disruptions, and disaster and drought and hurricanes. All those have a very cumulative stressful effect on our producers.

So our goal, obviously, is to finish NAFTA, which is important to your State as well, and then to work on negotiations with China, so we do not have to get into mitigation efforts. But thankfully to you all in the 2018 omnibus, you all gave us the liberty to use some of those tools at our disposal to make sure that our farmers do not bear the brunt of retaliation.

Senator BALDWIN. So I just want to dig a little deeper on this. I know there are a lot of what-ifs, because I agree, we want to negotiate our way out of the threats and possibility of retaliation. But have you determined what criteria you would use to ensure prompt action in support of farmers, if we get to that place?

Secretary PERDUE. What we have done so far is, on a weekly basis, look at the market impact. I have talked with our economists. Dr. Johansson may be able to describe more deftly what the calculations of determining the market trade impact or the trade dispute impacts are, versus normal or seasonal market disruptions.

What we do not want to do is create an environment where we take normal trade fluctuations there and attribute them to trade disruptions in a retaliatory kind of way. Our economists tell us that we have very good tools, they feel very precise tools, to identify that.

The authorities that you gave us in 2018, there is also Section 32 that I think cranberries have used before, that are possibilities to use.

#### MARGIN PROTECTION PROGRAM

Senator BALDWIN. Ginseng is another one that we are hearing threats about.

So, as you know, our dairy industry is facing major challenges. We have low prices, oversupply of milk, and unfair trade practices from our Canadian neighbors, all at a time when other export markets are uncertain and the NAFTA market is being debated, at least market access.

I have two questions, now that dairy farmers can enroll in the Margin Protection Program with the revisions, the lower costs and better coverage, and I want to make sure that our farmers have the chance to get enrolled.

So on these two topics, the status of the Administration's effort to follow through on President Trump's promise to ensure Canada changes its unfair dairy pricing scheme, and, number two, what are you doing to get the word out about this enrollment period and to help farmers have really high-quality information about the expansion and improvements in the MPP and dairy insurance options?

Secretary PERDUE. I think the good news is, I was just on an RV tour last week through Ohio, Michigan, and Kentucky, and word travels pretty fast in the agriculture sector. The dairy members that showed up for those hearings understood already. We had made the announcement about the application, and they know about the ability to go back to January 1, and we know that it has already been triggered there.

So dairy-men and -women have to be pretty good business people. They have already calculated they want to sign up. It has been pretty widely distributed. The information should be out at our FSA offices already. They have specific FAQs over the various components there.

But we think it will be a program that the dairy industry will flock to, unlike the previous one. The MPP had kind of gotten a bad name. I think you all have helped to retool it in a way that they understand it can be very helpful.

Certainly, we have impressed upon Ambassador Lighthizer almost on a weekly basis how important it is to get the dairy situation with Canada. He has some larger issues. I think we would love to have any other help in impressing upon the Ambassador how important it is to make sure that the dairy situation in regard to

Canada is also resolved. I am not as optimistic as I would like to be.

#### TRADE DISRUPTIONS

Senator BALDWIN. Mr. Chairman, I know my time has run out. May I just put in one more question? Thank you so much.

Secretary Perdue, I mentioned Wisconsin products like cranberries and ginseng. They do not have futures markets. So without this price indicator information, our producers are concerned that USDA will not have the data and information it needs to respond to the retaliatory tariffs, if they occur, until it is too late.

So I want to ask, how is the USDA monitoring the impact of tariffs on specialty crops like cranberries and ginseng?

Secretary PERDUE. If you do not mind, I would like to ask Dr. Johansson to tell us how we monitor the cash prices when there is no future or board there to do that.

But we have a pretty good discovery price network through our National Agricultural Statistics Service (NASS) program of looking at markets every year, but he will have a more precise answer.

Dr. JOHANSSON. Thank you, Senator, for the question and, Secretary, for giving me an opportunity to say a couple words.

Certainly, with respect to some of the specialty crops, we do not have futures prices, so we rely on price signals that we get from the Agricultural Marketing Service (AMS), for example, that are out there asking what market prices are. We know what the trade value is for those commodities going to China, because they are certainly tracked through our trade data. And we know what it will mean if we face a 25 percent tariff on some of those commodities.

So we will use the tools that we would normally use in any kind of trade dispute to analyze what the potential effects would be.

Senator BALDWIN. Thank you.

Thank you, Mr. Chairman.

Senator HOEVEN. Mr. Secretary, thanks very much for being here and for allowing all of our members to ask you questions and for your responses.

Just in closing here, we want to again emphasize crop insurance as an absolute number-one priority for our producers out there. We hear it day in and day out. I know you do, too. You heard about it when you were out in North Dakota.

Certainly, a very important aspect to that is preventive plant. You are going to see, with the late spring, you are going to see need for preventive plant this year.

And also, on the school meals, the flexibility that our schools need on whole grains, on sodium, and on milk requirements, I know you were working on those regulations, and I know you understand that need for flexibility, so I appreciate that.

Is anything else that you want to provide for the record before we wrap up here?

Secretary PERDUE. I think we have already submitted, but we will be happy to address any of the unanswered questions and things that your members mentioned for the record.

## ADDITIONAL COMMITTEE QUESTIONS

Senator HOEVEN. Right. Members have a week to provide additional questions that they may have, which they can submit in written form.

We would ask that you and your staff respond within 4 weeks, if that seems reasonable.

I think, with that, I will finish on the note that I always do, and that is that our farmers and ranchers provide the highest quality, lowest cost food supply in the world that every American benefits from every single day, and we need good farm policy to support their efforts that are so important to us.

Thank you to Dr. Johansson. Thank you to Ms. Jones.

And, Secretary, thank you for being here and for your advocacy for agriculture.

Secretary PERDUE. Thank you, Mr. Chairman.

## QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

## SNAP HARVEST FOOD BOXES

*Question.* Mr. Secretary, SNAP funding is critically important in Maine, where one in five children are food insecure. Last year, 189,000 Mainers representing 14 percent of the state population received SNAP benefits. The President's fiscal year 2019 budget proposes cutting monthly SNAP benefits in half and replacing them with the America's Harvest Food Box program.

I have heard concerns about the logistics of implementing such a proposal from organizations such as The Good Shepherd Food Bank in Auburn, Maine, which distributes roughly 21 million meals across the state each year and also participates in the Commodity Supplemental Food Program that delivers similar food packages to seniors at their homes. Regularly delivering hundreds of thousands of Harvest Food Boxes—especially in more rural states like Maine—would require a sophisticated network of organizations and infrastructure and could result in unanticipated costs.

Mr. Secretary, can you explain in greater detail the logistics behind implementing the Harvest Food Box program, particularly in rural states like Maine?

*Answer.* SNAP State agencies would be responsible for the administration of the program at the State level and would partner with USDA to determine and implement the most efficient food box distribution model. States would be able to customize their delivery models to consider special circumstances such as rural locations. As is currently done for other USDA nutrition assistance programs, USDA would purchase staple, shelf-stable foods (such as shelf-stable milk, juice, grains, ready-eat-cereals, pasta, peanut butter, beans, canned meat, poultry or fish, and canned fruits and vegetables) and have them delivered to States. States would then be given substantial flexibility in deciding how to deliver the food benefits to participants, for example through existing infrastructure, partnerships, and/or through commercial and/or retail delivery services.

## MAINE LOBSTER INDUSTRY TRADE OBSTACLES

*Question.* The Foreign Agriculture Service's Market Access Program (MAP) provides critical support to U.S. exporters that enable them to promote their products globally, but these programs alone cannot compensate for broad tariff discrepancies.

As the Maine lobster supply has increased in the last 10–15 years, lobstermen, lobster wholesalers, and lobster processors have aggressively pursued new markets for these products around the world. Exports have driven strong demand, and without strategic trade agreements, the Maine lobster fishing community stands to lose opportunities to its Canadian counterparts. The Comprehensive Economic and Trade Agreement (CETA), for example, create preferential treatment for seafood shipped from Canada to the EU. Historically, US lobster wholesalers and processors have been the majority suppliers to the EU market but are now at risk of losing that market.

What steps can USDA take to better support U.S. lobster, seafood, and agricultural producers that distribute their products into Europe and now face a considerable disadvantage in that market?

*Answer.* Opening new export markets are clearly one of the best ways to sustain the vitality of American producers, and USDA remains confident that ongoing negotiations with our trading partners will be successful. Reflecting the strong message we heard from our constituents, the updates to The U.S.-Korea Trade Agreement (KORUS) strengthened that agreement for our workers without harming market access for U.S. agriculture. The President also directed us to seek significant changes to NAFTA, and those talks continue. We have a trade working group with the United Kingdom as it prepares to withdraw from the European Union. We have told Japan that we are interested in having a bilateral free trade agreement. We are exploring possible countries in Africa and Southeast Asia with whom it might be appropriate for us to enter into model free trade agreements. USDA is, and will remain, an active partner in these negotiations as we also continue our work with the rest of the U.S. government to enforce our existing agreements. If the European Union decides to come to the table to try and fix some of the longstanding disparities we face selling into that market, you can be assured that improved access for U.S. agricultural products will be a top priority and that we will share your priorities with our trade negotiators.

*Question.* Furthermore, the Maine lobster industry benefits from fluid trade with Canada due to the timing of the supply of fresh-caught live lobster in both countries and thus has concerns about the potential impact of NAFTA to this trade relationship.

Given that one of the USDA's strategic goals is to promote American agricultural products and exports, can you please provide an update on NAFTA and the efforts being made to ensure that the existing trade relationship between the Canadian and American lobster industries is not negatively affected by these negotiations?

*Answer.* The United States is working to secure the best possible deal for American farmers, workers and businesses as we work to update the North American Free Trade Agreement (NAFTA). We will not rush to conclude an agreement that does not fully meet congressional and Administration objectives. To date, substantive discussions have concluded in nine chapters of the Agreement and six sectoral annexes. We have also made significant progress in several other chapters. In these areas, we have secured ambitious, TPP-plus commitments. However, significant challenges remain in many areas of our modernization and rebalancing agenda, including rules of origin, intellectual property, agricultural market access, labor, dispute settlement, and others. Trade Ministers of the three countries are in regular contact and are considering how to advance the negotiations. In the meantime, the current NAFTA agreement remains in place.

#### SPECIALTY CROP PROGRAMS (AMS)

*Question.* Specialty crops, including Maine potatoes and wild blueberries, constitute half of all crop value in the U.S. and provide regional economic development as a high-value enterprise for rural communities. I am encouraged that the budget request includes strong funding for Specialty Crop Block Grants, particularly since the fiscal year 2018 budget request proposed to eliminate this important program. Maine farmers were deeply concerned by that proposal. In addition, I am encouraged that the request proposes increasing funding for the Specialty Crop Research Initiative, which funds quality research projects that address long-term and emergency needs in the specialty crop industry.

Is USDA committed to funding these critical Specialty Crop programs moving forward?

*Answer.* It is wonderful to hear that you value the Specialty Crop Block Grants and the Specialty Crop Research Initiative. With available funding, USDA is committed to funding Specialty Crop programs.

#### SUPPORT FOR FORESTRY RESEARCH

*Question.* With the recent decline of the pulp and paper industry in Maine, state officials and industry stakeholders have been working together to create opportunities for new and expanded forest products businesses, a more diversified forest economy, high value exports, and increased jobs and wages.

According to a 2017 report from The Blue Ribbon Commission on Forest and Forest Products Research and Development in the 21st Century, Federal research capacity in the forest sector has fallen by half in 30 years. As such, I am concerned that the fiscal year 19 budget request proposes to reduce funding for critical forestry research activities.

For example, the budget proposes to reduce funding for the U.S. Forest Service's Northern Research Station (which covers a twenty state region across the Midwest and Northeast) by \$12 million. According to researchers at the University of Maine,

the Research Station is already operating at a deficit, jeopardizing several existing joint venture agreements. In addition, the budget proposes to reduce funding for McIntire-Stennis Cooperative Forestry grants by \$5 million. These grants are crucial for increasing forestry research in the production, utilization, and protection of forestland; training future forestry scientists; and involving other disciplines in forestry research.

What is the Department's justification for proposing to reduce funding for forestry R&D at a time when the industry is facing obstacles to growth and working to expand new forest products markets?

*Answer.* The fiscal year 2019 President's Budget required hard choices for the Forest Service—one of which was to propose reduced funding for Forestry Research and Development and focus funding on the management of National Forest System lands. The Budget demonstrates the President's commitment toward achieving major goals such as rebuilding our military, sustaining 3 percent economic growth, deregulation, and ensuring American families keep more of their hard-earned money through tax reform.

*Question.* Is the Department taking steps to facilitate growth and expansion of the forest products industry?

*Answer.* The fiscal year 2019 President's Budget proposes to maintain the funding level for the Forest Products Laboratory (FPL). The FPL focuses on collaborative work intended to maximize the use of forest products coming from all the Nation's forests.

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QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

MCGOVERN-DOLE PROGRAM

*Question.* If the drought in Kansas and across other areas of the country continues or intensifies, what steps (beyond allowing emergency haying and grazing on CRP) will USDA take to help producers in the summer and fall of 2018?

*Answer.* USDA will continue to provide assistance to drought-affected producers through the following programs:

*Emergency Watershed Protection (EWP) Program.*—EWP provides recovery assistance to help local communities and private landowners relieve imminent hazards to life and property caused by drought, windstorms, wildfire, and other occurrences that impair a watershed. The funding can also be used to reseed drought-stricken areas that would be prone to erosion and could potentially pose a threat to life or property.

*Environmental Quality Incentives Program (EQIP).*—EQIP provides financial resources and technical support to help producers conserve scarce water resources, reduce wind erosion on drought-impacted fields, improve livestock access to water, and recover from drought-related natural disasters like wildfire.

*Conservation Technical Assistance (CTA).*—CTA provides one-on-one, personalized advice and planning support to help drought-affected farms and ranchers increase their resiliency by recommending and providing technical assistance implementing practices that protect crop and forage yields from weather extremes.

*Conservation Reserve Program (CRP).*—Emergency haying and grazing of CRP allows participants to continue to receive CRP rental payments and provides needed forage during times of drought.

*Emergency Conservation Program (ECP).*—ECP provides emergency funding and technical assistance to farmers and ranchers to rehabilitate farmland damaged by natural disasters, such as drought, or to implement emergency water conservation measures during periods of severe drought.

*Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP).*—ELAP provides assistance to livestock producers that suffer losses resulting from the additional cost of transporting water to livestock including, but not limited to, costs associated with water transport equipment fees, labor, and contracted water transportation fees.

*Livestock Forage Disaster Program (LFP).*—LFP provides financial compensation to eligible livestock producers who have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or is planted specifically for grazing.

*Noninsured Crop Disaster Assistance Program (NAP).*—NAP provides financial assistance to producers of crops for which Federal crop insurance is not available to protect against natural disasters, such as drought, that result in lower yields or crop losses, or that prevent crop planting.

*Tree Assistance Program (TAP).*—TAP provides disaster assistance to eligible orchardists and nursery tree growers to replant or rehabilitate trees, bushes, and vines that are lost because of an eligible natural disaster, such as drought.

*Emergency Loan (EM) Program.*—The EM program provides low-interest loans to family farmers who have suffered a production or physical loss resulting from a natural disaster, such as drought.

*Question.* Will USDA consider allowing emergency haying and grazing on CRP, including on acres enrolled in CP-25, during the 2018 primary nesting season due to drought conditions?

*Answer.* USDA may approve emergency haying and grazing on CRP, including acres enrolled in CP-25, during the primary nesting season under certain conditions. I understand the importance of providing farmers and ranchers with the option to emergency hay or graze their CRP land during times of drought.

*Question.* The fiscal year 2018 and fiscal year 2019 budgets claim McGovern-Dole International Food for Education and Child Nutrition Program “is duplicative of U.S. Agency for International Development (USAID) programs, lacks evidence that it is being effectively implemented, and has unaddressed oversight and performance monitoring challenges.”

What specific school feeding program within USAID does McGovern-Dole duplicate?

*Answer.* In 2014, USDA and USAID signed a medum of understanding to leverage and complement programs, and USDA is an active member of USAID’s Reinforcing Education Accountability in Education Act to develop a strategy.

*Question.* What steps has USDA taken to improve the implementation of McGovern-Dole and address any oversight and performance monitoring challenges?

*Answer.* We have not yet begun to formulate the fiscal year 2020 budget. In response to a Government Accountability Act report, USDA implemented a monitoring and evaluation (M&E) policy in May 2013. The policy is updated regularly; the most recent major update related to the nutrition indicators. All implementing partners are required to adhere to the M&E policy, which includes expending no less than 3 percent of total project funds on M&E. All the implementing partners must execute baseline, midterm and final evaluations using third party evaluators and report biannually on their progress on indicators set forth in their projects.

*Question.* Why did those actions not result in the claim being removed from the fiscal year 2019 budget proposal?

*Answer.* The Administration believes that further improvements can be made in the program oversight and performance evidence. The claim was not removed from the fiscal year 2019 budget because substantial steps had not been taken to monitor and evaluate projects and share data publically since USDA implemented the M&E policy in May 2013.

*Question.* What steps will USDA commit to take to improve implementation of McGovern-Dole and address any oversight and performance challenges to avoid having the claim repeated in the fiscal year 2020 budget proposal?

*Answer.* We have not yet begun to formulate the fiscal year 2020 budget. Beginning in fiscal year 2018, all McGovern-Dole awards are required to contribute to the McGovern-Dole Learning Agenda, which builds the evidence base on school meal programs and supports adaptive management for improved performance. USDA is updating its Monitoring and Evaluation Policy and Indicator Handbook and will continue to collect regular performance data from all McGovern Dole projects, and will commit to sharing that data publically, including on the FAS website and in congressional reports such as the McGovern Dole annual report and the congressional budget justification. USDA is also investing in rigorous studies to generate evidence of the effectiveness of the McGovern Dole program, which will be directly applied to performance improvement in the future.

*Question.* USDA’s food purchases for The Emergency Food Assistance Program (TEFAP) are down in 2018 compared to previous years. Have fewer Section 32 funds been used to purchase surplus commodities for TEFAP in 2018? What, if anything, is USDA doing to expedite USDA TEFAP bonus commodity purchases?

*Answer.* FNS works with the Agricultural Marketing Service on purchases of commodity food products that are delivered to schools, food banks and households in communities across the country. USDA intends to provide high quality services to our customers and recently announced a new streamlined purchasing process for

bonus commodity purchases for the nutrition assistance programs, including The Emergency Food Assistance Program. As of the date of this hearing and using this new process, USDA will make up to \$177.4 million in timely purchases of products, including pork, tart cherries, dried peas, cheddar cheese, peaches, tomatoes, prunes, pinto beans, lentils, blueberries, and raspberries. This is comparable to past years' planned purchase totals for the same time period.

*Question.* USDA is conducting a study regarding USDA field offices. In most cases, conservation districts in Kansas share space/leases in these offices. The conservation districts are concerned how they might be affected by a reorganization of USDA at the service center level. The conservation districts have not been included in the USDA office study. Due to the valuable contributions conservation districts provide to help NRCS deliver conservation programs, why have they not been included in these discussions?

*Answer.* The realignment of FSA, NRCS, and RMA into the newly-formed FPAC Mission Area will not impact the longstanding agreements we have in place with conservation districts to share office space. The core of the Optimally Productive Office study was a rigorous analysis of FSA's and NRCS's productivity rates at the county levels. We are looking at how efficiently and effectively FSA and NRCS are serving farmers, ranchers, and forest stewards across the country based on core deliverables, products, and metrics.

We are also in the process of evaluating the impact of key variables (e.g., historical and forecasted customer demand) to inform the level and types of capabilities needed to meet producers' needs and optimize staffing distributions over time. Incorporating additional variables, such as driving distances and producer demographics, will inform how scaling staffing (upwards or downwards) may impact the communities we serve.

Because the primary focus of this study is to analyze productivity, we had not previously asked conservation districts to provide specific metrics (e.g., their cycle time for delivering core products). We are, however, incorporating the number of partners' full-time equivalents in aggregate to evaluate their impact on FSA's and NRCS's overall productivity rates and ability to achieve mission success.

*Question.* A number of management positions, as well as county office positions, are vacant at Kansas NRCS and FSA. There are growing complaints across Kansas regarding delays and lack of staff who can offer guidance and make decisions regarding conservation programs, technical assistance, and FSA loans. What is USDA doing to expedite hiring to fill these vacant positions so that USDA can better serve Kansas producers?

*Answer.* NRCS and FSA began filling positions in February 2018 as work began concurrently on the analytical staffing tool to better inform hiring decisions. NRCS and FSA used version 1 of the tool to fill approximately 800 positions in high priority functions and areas. Additional positions will be filled in August and September 2018, utilizing version 2 of the analytical staffing tool. At least 90 percent of the hires are focused on state and field level staff who work directly with farmers and ranchers.

#### BUSINESS AND INDUSTRY LOANS

*Question.* I understand that a rationing scheme will begin on May 1 for the Business and Industry loan program because the demand for loans exceeds the expected available resources.

The fiscal year 2018 appropriations bill added \$10 million to the Rural Business Development Grants—can a portion of those funds could be used to back B&I loans by applying more budget authority to the program?

*Answer.* Yes, RBS could have requested a reprogramming of funds from Congress, however, RBS chose to keep funds allocated as specified by Congress.

*Question.* Can USDA move toward zero subsidy, which is the methodology used in the SBA program?

*Answer.* RBS is currently considering whether the policy goals of the program support a "zero-subsidy" or fee-based approach like the SBA program.

*Question.* What other actions can USDA take to avoid rationing B&I loans?

*Answer.* To ensure funding meets demand, RBS has directed the States to fund projects identified under the B&I unnumbered letter, which directs State Directors and Program Directors to award administrative Priority Points to projects that support the five "Calls to Action" identified in the Report published by the Interagency Task Force on Agriculture and Rural Prosperity.

## QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

## UNFAIR TRADE PRACTICES

*Question.* What actions are you and Under Secretary for Trade and Foreign Agricultural Affairs, Ted McKinney, taking to support Ambassador Lighthizer's efforts in the NAFTA renegotiations to allow seasonal and perishable produce growers, including many in Florida and Georgia, to more easily challenge, and defend themselves against, unfair Mexican agricultural trade?

*Answer.* USDA is working closely with others in the Administration to advocate for effective solutions to current problems, while preserving the important agricultural markets that we created through NAFTA.

*Question.* How does the fiscal year 19 budget request impact USDA's ability to continue funding detection, research, and control to combat citrus greening?

*Answer.* The citrus greening efforts are very important to USDA. Three agencies are currently participating in these efforts, and I have asked for more specific information be provided for the record.

*APHIS.*—The fiscal year 2019 request provides funding to allow APHIS to focus on maintaining producers' access to export markets, continuing survey activities by shifting more responsibility to States and industry partners, facilitating domestic movement of fruit and plant materials, and preventing the spread of HLB into commercial production areas of California. In fiscal year 2019, APHIS will continue to use funds Congress provided for the HLB MAC under General Provision Sec. 771 in the fiscal year 2018 appropriation to further develop tools to control, manage, and prevent citrus greening.

*NIFA.*—Under the 2014 Farm Bill (FB), funds were allocated to the Emergency Citrus Disease Research and Extension (CDRE) under The Specialty Crop Research Initiative (SCRI) through fiscal year 2018. Per the FB there are no specific allocations to CDRE under SCRI in fiscal year 2019. NIFA intends to build on the success of the CDRE by investing resources from SCRI moving forward. In addition, funds from the Agriculture and Food Research Initiative and the Crop Protection/Pest Management programs could be used to address citrus research and extension activities as well as the various capacity research and extension programs implemented at the state level.

*ARS.*—The President's fiscal year 2019 budget request would maintain ARS funding for citrus greening research, to detect, mitigate, and combat citrus greening at the fiscal year 2018 Enacted Budget level of \$2.3 million. ARS will continue to conduct innovative research to detect, mitigate, and control citrus greening in fiscal year 2019 according to the capacity provided by available budgetary resources. Research includes crop resistance, insect management, suppression of the disease-causing bacterium, and predictive models that help state agencies survey and monitor the disease.

*Question.* What USDA programs or research initiatives are being prioritized to address the next major invasive threat to Florida agriculture—in whatever form that may be—so that folks on the ground are better prepared?

*Answer.* Florida is a gateway to the United States for invasive species, so we have numerous research initiatives designed to protect and prepare Florida agriculture, and U.S. agriculture as a whole, from major invasive threats. I have asked for more specific examples be provided for the record.

For example, the Agricultural Research Service's (ARS) Mosquito and Fly research program in Gainesville, Florida, conducts research on improved surveillance and control of mosquitoes and biting flies, including the development of new and improved mosquito and fly traps, skin and clothing repellents, insecticides, genetic technologies, resistance management, and models to predict risk of disease outbreaks from invasive pathogens such as Rift Valley Fever (RVF). Introduction of RVF into Florida would be devastating to the Florida cattle production industry due to the impact of disease on cattle and the mosquito species present in Florida, which are very effective at transmitting RVF. ARS also partners with the American Phytopathological Society to prioritize new and emerging pathogens that threaten U.S. agriculture. The Animal and Plant Health Inspection Service (APHIS) and ARS then prepare Response Plans and Recovery Plans for those threats, such as from Citrus Leprosis, Citrus Greening (Huanglongbing), Citrus Black Spot, Citrus Variegated Chlorosis, Laurel Wilt of Avocado, and Cucumber Green Mottle Mosaic Virus, all of which constitute major invasive threats to Florida agriculture. Further, the Oriental Fruit Fly (OFF), a highly invasive tropical pest, destroys more than 400

types of fruits and vegetables including many important to Florida agriculture and U.S. agriculture as a whole. OFF has been detected frequently in Florida and California, each detection triggering expensive quarantine and eradication programs. In fiscal year 2018, ARS embarked on new research on OFF control in Miami, Florida. ARS, in collaboration with APHIS, will apply advanced robotics, nanotechnologies, and other methods to develop improved detection methods and systems to reduce the risk of OFF establishment and spread to Florida and elsewhere in the United States.

In addition to efforts by ARS, the National Institute of Food and Agriculture (NIFA) has several capacity and competitive programs that invest in research and extension activities focused on the invasive species in Florida. For example, NIFA has provided funding to the University of Florida and Florida Agricultural & Mechanical University for research and extension work on: integrated management of major arthropod pests of tropical fruit crops in south Florida; biology and management of arthropod pests of vegetable and small fruits; integrated management of major diseases of vegetable and herb crops important to south Florida; strategic research for the biological control and ecological-based management of invasive insect pests and weeds; biological control of invasive insect pests with fungi; and developing disease tolerance (e.g., Pierce's disease) for Florida grape varieties.

*Question.* Can you speak to USDA's commitment to helping reduce America's seafood trade deficit through domestic aquaculture?

*Answer.* Although the U.S. aquaculture industry is a small producer on a global scale, it is a vibrant and growing industry providing 21 percent of the seafood produced in the United States by value (\$1.4 billion farm-gate value per year). Aquaculture is already important in some regions of the United States where oyster, mussel, clam, fish, and seaweed farms are creating jobs and helping to keep working waterfronts alive. Ensuring this momentum continues and accelerates is key to the Administration's commitment to create jobs and expand a safe, secure, and sustainable U.S. seafood supply now and into the future.

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#### QUESTIONS SUBMITTED BY SENATOR JEFF MERKLEY

##### 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.* We support providing assistance to address natural resource concerns facing the Nation's farmers, ranchers, and nonindustrial private forest landowners. The budget proposal reflects an interest in streamlining programs that address similar concerns. Since the Regional Partnership Program draws its funding from the four "covered" programs (such as the Environmental Quality Incentives Program and Agriculture Conservation Easement Program), NRCS anticipates that it will continue to provide assistance and support the conservation needs of Western producers, including those in and around the Colorado River Basin.

*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.* USDA is committed to providing technical assistance to the Agriculture Authorizing Committees as they draft the 2018 Farm Bill. One of our many Farm Bill principles is to streamline conservation programs, including working lands programs, to achieve efficiencies and maximize producer benefits. This includes enhanced drought resiliency and water conservation. Furthermore, we continue to promote the benefits of healthy soils to promote clean air and water. Extreme weather, such as drought, in the last few years has highlighted the need for soil health management. We plan on implementing efficiencies within existing programs and continuing to provide assistance through our conservation planning process. Additionally, we will be developing products that highlight the economic benefits of soil health for distribution throughout the agriculture community.

##### 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.* In July 2016, APHIS initiated a comprehensive review and update of the USDA Animal Welfare and Horse Protection Act program website, publications, and correspondence to eliminate out of date content, improve the information provided, and balance its commitment to transparency with applicable laws, including rules protecting personal privacy. In August 2017, APHIS announced improvements to the Agency's Animal Care Information System (ACIS), which allows APHIS to make animal welfare information publicly available on the APHIS website and ensure compliance with all applicable laws. The improvements to ACIS are ongoing, and APHIS will notify stakeholders as additional information becomes available. We anticipate completing the updates and having all information available before the end of calendar year 2018. With regards to the Horse Protection program, USDA does not use the same report format under the Horse Protection Act (HPA) and has never posted equivalent HPA records to its website.

#### HORSE SORING

*Question.* The last Administration proposed an important rule to update Horse Protection Act regulations to finally end the cruel 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.* In July 2016, USDA issued a proposed rule amending the Horse Protection Act (HPA) regulations to establish a USDA-administered training and licensing program for industry inspectors and to prohibit the use of pads and other action devices in Tennessee Walking Horses and Racking Horses. USDA received and carefully reviewed 130,975 comments. Consistent with Executive Order 13777, USDA has taken meaningful steps to reduce regulatory burdens on the American people and promote economic growth, as reflected in the Current "Unified Agenda of Regulatory and Deregulatory Actions". Although the rule is on the inactive list for Current Regulatory Plan and Unified Agenda for Regulatory and Deregulatory Actions, USDA continues to develop other solutions to improve compliance with the HPA. We are working closely with horse industry inspectors and USDA inspectors, providing learning opportunities for the regulated community, and will continue to fulfill our regulatory responsibilities under the HPA to the greatest extent of our authorities. USDA continues to conduct inspections at horse shows and other covered events to monitor the performance of industry inspectors and assess compliance with the HPA. USDA also pursues appropriate sanctions for alleged HPA violations. In fiscal year 2017, for example, we initiated 75 cases, issued 213 official warnings, and obtained 88 administrative orders assessing \$113,000 in civil penalties.

#### 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 and USAID work closely together on the provision of Title II food assistance abroad, which has evolved from the distribution of surplus U.S. in-kind commodities to, in recent decades, distributing U.S. commodities purchased on the open market.

Shipping U.S. commodities from the U.S. to beneficiaries overseas takes between three and 6 months. In an effort to reduce these times, USAID pre-positions in-kind food in four key locations overseas as well as in Houston, Texas. However, as main-

taining secure, safe warehouses for food around the world comes with additional costs, USAID limits the number of its pre-positioning warehouses to locations closest to regions where there are recurrent crises and the types of commodities it can effectively store.

In addition to U.S. in-kind commodities, USAID also employs market-based food assistance interventions to support its responses where appropriate. Often, buying food closer to a crisis will get it to those in need more quickly. When USAID buys food regionally or locally, it takes one to 2 months to reach beneficiaries, and is on average 20–30 percent cheaper than U.S. commodities due to decreased shipping, delivery, and related costs. When markets are functioning, food vouchers and cash transfers allow hungry families to buy food directly in local markets. These tools are especially useful for refugee populations, for example, as it can be challenging to reach beneficiaries with normal food distributions due to frequent displacement. Section 202(e) of the Food for Peace Act, as amended by The Agricultural Act of 2014 (i.e., the 2014 Farm Bill), authorized USAID to use a limited amount of funds to enhance existing Title II in-kind programs through these market-based interventions where appropriate to reach more beneficiaries in a timely manner or fill gaps until U.S. commodities arrive. With this authority, USAID is able to reach more beneficiaries more quickly each year.

*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. USAID faces many obstacles to improving the speed and cost-effectiveness of aid delivery, ranging from political challenges, such as working in countries in conflict, to programmatic challenges, such as reaching beneficiaries located in insecure or remote locations or who are more often dispersed within a wide area or forced to move with some frequency in an evolving conflict. In these circumstances, electronic transfers and cash/vouchers are far more timely and effective than in-kind food aid.

Shipping U.S. commodities overseas can be more expensive than other food assistance modalities. For example, U.S. food assistance programs are subject to cargo preference laws and regulations, which require that at least 50 percent of all food assistance be shipped on U.S. flagged vessels providing that vessels are available at fair and reasonable rates. In some cases, the U.S.-flagged fleet cannot provide the services necessary to deliver food to required locations. In fiscal year 2017, USAID received no U.S.-flagged vessel bids for over 253,620 metric tons of Title II commodities, and U.S.-flagged regular direct services do not exist to most of the destination ports for Title II commodities. Further, USAID typically pays substantially more per metric ton for U.S.-flagged vessels as compared to shipping commodities on foreign-flagged vessels, thus reducing USAID's ability to address ongoing and unanticipated global food needs.

*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 the private sector's logistics and transport expertise and working collaboratively with private sector leaders helps generate new ideas and solutions in tackling global hunger.

USAID seeks to increase its engagement with the private sector in efforts to better serve populations in need. USAID continues to explore ways to find efficiencies in its programs that would allow it to reach more beneficiaries with available resources. For example, during the past two fiscal years, USAID has supported a food safety and packaging project with the UN World Food Program (WFP) focused on improving the packaging, quality, and shelf life of food assistance products to ensure beneficiaries are being reached with the highest quality nutritious food through USAID's programs. Private sector suppliers and analytics companies are working in partnership with WFP and USAID to meet these objectives. These changes, however, we have not yet determined the impact of these changes on the costs of food aid.

## BUSINESS AND INDUSTRY LOANS

*Question.* Mr. Secretary, does USDA anticipate a shortfall in the Business and Industry Loan Program based upon the fiscal year 18 funding level?

*Answer.* No, RBS has put in place a funding process to ensure funds will be available through the end of the fiscal year.

*Question.* If there will be a shortfall, will USDA submit a reprogramming of funds to address the shortfall?

*Answer.* At this time, the Department does not anticipate a shortfall in funding, so the Department does not expect to have to submit a reprogramming of funds.

## QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

## TRADE

*Question.* Secretary Perdue, the trade actions under Section 232 and the retaliatory tariffs put in place by China have disproportionately hit California producers, removing markets and causing great distress for fruit, nut, and wine producers.

Can you provide specific details on what USDA is doing to assist producers who are now facing challenges due to lack of foreign markets?

*Answer.* President Trump is standing up to China's abusive trade practices like intellectual property theft. China wrongly believes it can bully our farmers to get America to back away from defending our national interests. The President understands that our farmers feed, fuel, and clothe this Nation and the world, and he will not allow U.S. agriculture to bear the brunt of China's retaliatory tactics.

There is no denying that the disruption in trade relations with China is unsettling to many in agriculture, but if the President succeeds in changing China's behavior, America's farmers will reap the benefits.

In the meantime, the President instructed me to craft a short-term relief strategy to protect agricultural producers while the Administration works on free, fair, and reciprocal trade deals to open more markets in the long run to help American farmers compete globally. At USDA, we have tools at our disposal to support farmers faced with losses that might occur due to downturns in commodities markets.

I recently announced that we will take several actions to assist farmers in response to trade damage from unjustified retaliation. Specifically, USDA will authorize up to \$12 billion in programs, which is in line with the estimated \$11 billion impact of the unjustified retaliatory tariffs on U.S. agricultural goods. These programs will assist agricultural producers to meet the costs of disrupted markets.

This is a short-term solution to allow President Trump time to work on long-term trade deals to benefit agriculture and the entire U.S. economy. The President promised to have the back of every American farmer and rancher, and he knows the importance of keeping our rural economy strong. Unfortunately, America's hard-working agricultural producers have been treated unfairly by China's illegal trading practices and have taken a disproportionate hit when it comes to illegal retaliatory tariffs. USDA will not stand by while our hard-working agricultural producers bear the brunt of unfriendly tariffs enacted by foreign nations. The programs we announced help ensure our nation's agriculture continues to feed the world and innovate to meet the demand.

Of the total unjustified retaliatory tariffs imposed on the United States, a disproportionate amount was targeted directly at American farmers. Trade damage from such retaliation has impacted a host of U.S. commodities, including field crops like soybeans and sorghum, livestock products like milk and pork, and many fruits, nuts, and other specialty crops. High tariffs disrupt normal marketing patterns, affecting prices and raising costs by forcing commodities to find new markets. Additionally, there is evidence that American goods shipped overseas are being slowed from reaching market by unusually strict or cumbersome entry procedures, which can affect the quality and marketability of perishable crops. This can boost marketing costs and discount our prices, and adversely affect our producers. USDA will use the following programs to assist farmers:

—The Market Facilitation Program, authorized under The Commodity Credit Corporation (CCC) Charter Act and administered by the Farm Service Agency, will provide payments incrementally to producers of soybeans, sorghum, corn, wheat, cotton, dairy, and hogs. This support will help farmers manage disrupted markets, deal with surplus commodities, and expand and develop new markets at home and abroad.

—Additionally, USDA will use CCC Charter Act and other authorities to implement a Food Purchase and Distribution Program through the Agricultural Marketing Service to purchase unexpected surplus of affected commodities such as

fruits, nuts, rice, legumes, beef, pork and milk for distribution to food banks and other nutrition programs.

—Finally, the CCC will use its Charter Act authority for an Agricultural Trade Promotion Program administered by the Foreign Agriculture Service in conjunction with the private sector to assist in developing new export markets for our farm products.

*Question.* Will USDA be using its authorities under the Commodity Credit Corporation to make purchases of large quantities of produce that can no longer be sold for profit in one of the largest export markets for U.S. growers?

*Answer.* Section 5 of the Commodity Credit Corporation (CCC) Charter Act authorizes USDA to provide funding to assist farmers suffering from damage due to unjustified trade retaliation by foreign nations. The Market Facilitation Program, Agriculture Trade Promotion Program, and Food Purchase and Distribution Program will be made available to affect this assistance. On September 4, 2018, local FSA offices will begin taking MFP applications that apply to 50 percent of the total production of covered commodities. USDA will reevaluate the trade situation in early December to determine if a second payment is warranted. Through the ATPP, \$200 million will be made available to develop foreign markets for U.S. agricultural products. The program will help U.S. agricultural exporters identify and access new markets and will help mitigate the adverse effects of other countries' restrictions. Under authority provided to the Secretary by the CCC Charter Act, the AMS will purchase up to \$1.2 billion in commodities under its Food Purchase and Distribution Program (FPDP).

*Question.* What outreach is USDA doing to producers who are facing the difficult decision of what to do now that China has imposed retaliatory tariffs on 94 U.S. food products?

*Answer.* As part of its extensive overseas reporting network, USDA has expedited release of public reports from our overseas offices on new import restrictions imposed by foreign governments. This information is made available as soon as possible to players throughout the agricultural sector, including the traditional agricultural press and producer organizations. In addition, USDA officials are in regular contact with producer groups to keep tabs on the impact of these actions. This open communication channel will be essential in helping us design any response that may be necessary.

Discussions about marketing alternatives in light of trade disruptions have been on-going with MAP and FMD participants. In addition, USDA continues an increasingly aggressive schedule of Agribusiness Trade Missions that include participants from a wide-variety of companies, agricultural associations, and State Departments of Agriculture. Recent trade missions to Guatemala and Japan included more than 150 participants and generated \$55.4 million in projected 12-month sales. A total of 17 California companies participated in the Guatemala and Japan ATMs, and the California Department of Agriculture participated on the Japan mission. Additional trade missions are being planned for South Africa, South Korea, Colombia, Mexico, Vietnam, Canada, Taiwan, United Kingdom/Ireland, and Kenya. The trade missions provide participants an effective way to investigate new markets and introduce new products into current markets.

#### DISASTER RECOVERY

*Question.* California experienced its worst wildfire season on record in 2017. More than 1.2 million acres burned in our state, and thousands of homes were destroyed. There was also significant damage to farmland and important watersheds.

Congress passed a disaster supplemental that included more than \$2.3 billion in agricultural disaster assistance for the victims of the hurricanes and wildfires in 2017.

Can you provide an update on what assistance, particularly related to rural development programs, has been provided to individuals, families, businesses, and other entities in California?

*Answer.* USDA will begin sign-up by no later than July 16, 2018 for the 2017 Wildfire and Hurricane Indemnity Program to assist impacted farmers and ranchers. Losses due to conditions caused by last year's wildfires and hurricanes, including excessive rain, high winds, flooding, mudslides, fire, and heavy smoke, could qualify for assistance through the program.

The \$2.36 billion that Congress appropriated through the Bipartisan Budget Act of 2018 was implemented through USDA's Farm Service Agency through the 2017 Wildfires and Hurricanes Indemnity Program (2017 WHIP), not Rural Development. The Bipartisan Budget Act of 2018 also provided additional financial assistance for the Rural Housing Insurance Fund Program Account and the Rural Water and

Waste Disposal Program Account, however those funds were namely available for those areas impacted by Hurricanes Harvey, Irma and Maria, not wildfires in California or elsewhere. In addition, Rural Development is working with borrowers in the affected areas to help with the needs for water and waste systems and multi-family housing properties that got devastated with the 2018 Hurricanes.

#### FOREST MANAGEMENT

*Question.* As part of the fiscal year 2018 omnibus appropriations bill, Congress enacted a comprehensive wildfire budget fix in addition to several new management provisions and additional funding for forest management work.

I have written several letters to you proposing ways the Forest Service could assist California with the more than 129 million dead and dying trees in our state.

Can you provide an update on the number of NEPA-ready acres that are ready for work in California?

*Answer.* In fiscal year 2018, there are 37,000 NEPA-ready acres in the high hazard zones on National Forest System lands in California.

*Question.* How many acres does the department plan to complete work on this year?

*Answer.* In fiscal year 2018, approximately \$19 million has been allocated to National Forests in California, which are experiencing high rates of tree mortality. Treatments cost between \$1,000 and \$2,500 per acre, and the Forest Service will treat as many acres as possible within available appropriations, with the goal of reducing risk to the public.

#### PATHOGEN STANDARDS

*Question.* A recent GAO report (GAO-18-272) recommended several actions the Food Safety Inspection Service (FSIS) could take to enhance our food safety system.

While FSIS has developed pathogen standards for several types of meat products that are widely consumed, there has been significant delay in implementing new standards for additional products such as several pork cuts and turkey parts.

Does FSIS have plans to identify acceptable pathogen levels for these widely available products, and if so, what is the timeframe to develop those standards?

*Answer.* With regard to pork cuts, as FSIS explained to GAO, FSIS is collecting data on pork products, including pork cuts, through an exploratory sampling program. Under this program, FSIS samples and tests pork products for Salmonella and other microbial indicator organisms. In 2019, FSIS will analyze the data collected through this exploratory sampling program, along with FSIS baseline data and outbreak/illness data to determine whether standards or additional policies (e.g., training, guidance to industry, or instructions to field personnel) are needed to address Salmonella in pork products.

FSIS also explained to GAO, that the reason the Agency chose to focus on chicken parts and not on turkey parts is because chicken parts constitute about 85 percent of the poultry available to consumers. Further, the amount of chicken parts derived from chicken carcasses is larger than that of turkey parts derived from turkey carcasses. In addition, FSIS has found that chicken carcasses are more contaminated with Salmonella and Campylobacter than are turkey carcasses (80 FR 3940). For example, in 2008, FSIS found that broiler carcasses had a Salmonella prevalence of 7.5 percent, while 2009 turkey carcasses had a Salmonella prevalence of 1.7 percent. Given the lower consumption by consumers of turkey parts as compared to chicken parts, and the lower contamination of turkeys in general compared to chickens, FSIS made a risk-based decision not to develop performance standards for turkey parts.

#### ANTIBIOTIC USE AND DATA COLLECTION

*Question.* As you know, antibiotic resistance is a serious public health threat. I strongly supported the FDA's move to ban the use of antibiotics for growth promotion purposes, and I look forward to the positive impact this policy change will have.

Part of the effort to better understand the risks associated with antibiotic use and resistance is through on-farm surveillance and data collection. The Animal and Plant Health Inspection Service's National Animal Health Monitoring System (NAHMS) is an important initiative that should be prioritized, as it is implementing standardized antibiotic use data collection in commodities central to production agriculture, studying the microbial ecology associated with feeding antimicrobials to food-producing animals, and developing database and data storage standards to support the collection and management of laboratory data for routine reporting.

Can you confirm that this important work will continue to be prioritized?

*Answer.* In fiscal year 2019, USDA will continue to address on-farm surveillance and data collection associated with antibiotic use and resistance. The Agency has developed several initiatives to enhance data collection and management and the understanding of on-farm levels of antibiotic usage. This includes a pilot program, which began in fiscal year 2017, to study antimicrobial resistance data tracking processes at a national level; educational modules and outreach materials for the stewardship and judicious use of antimicrobials; and, increasing the depth of data collection for animal pathogens on swine and feedlot operations.

USDA will continue to conduct surveys on commodities central to production agriculture, including cattle and swine operations, to characterize antibiotic use and to study the microbial ecology associated with feeding antimicrobials to food-producing animals. The Agency is conducting these surveys as part of the National Animal Health Monitoring System. USDA also launched a pilot in the National Animal Health Laboratory Network (NAHLN) to examine resistance patterns in samples submitted from sick animals. The NAHLN laboratories are performing antibiotic susceptibility testing on isolates for *Escherichia coli*, *Salmonella enterica*, *Mannheimia haemolytica*, and *Staphylococcus intermedius* in cattle, swine, poultry, horses, dogs, and cats. In fiscal year 2017, the antimicrobial use data collected on swine and cattle feedlot operations in the 2016 calendar year, was a benchmark for studying use changes over time. Repeating these studies over time will allow USDA to describe changes in on-farm antimicrobial use and stewardship over time by estimating the percent of swine/feedlot cattle operations that use and receive antimicrobials in feed or water. The data collected for the antimicrobial use studies are currently undergoing validation and analysis, and results will be available in at the end of fiscal year 2018. This information will help the veterinary practitioner with antibiotic choices.

*Question.* Can you please provide an update on how NAHMS, and other efforts to collect data on antibiotic use on food producing animals, are progressing?

*Answer.* The Agency has developed several initiatives to enhance the understanding of on-farm levels of antibiotic usage. This includes a pilot program, which began in fiscal year 2017, to study antimicrobial resistance data tracking processes at a national level; educational modules and outreach materials for the stewardship and judicious use of antimicrobials; and, increasing the depth of data collection for animal pathogens on swine and feedlot operations.

In fiscal year 2018, USDA launched a pilot in the National Animal Health Laboratory Network (NAHLN) to examine resistance patterns in samples submitted from sick animals. The NAHLN laboratories are performing antibiotic susceptibility testing on isolates for *Escherichia coli*, *Salmonella enterica*, *Mannheimia haemolytica*, and *Staphylococcus intermedius* in cattle, swine, poultry, horses, dogs, and cats. In fiscal year 2017, the antimicrobial use data collected on swine and cattle feedlot operations in the 2016 calendar year, was a benchmark for studying use changes over time. Repeating these studies over time will allow USDA to describe changes in on-farm antimicrobial use and stewardship over time by estimating the percent of swine/feedlot cattle operations that use and receive antimicrobials in feed or water. The data collected for the antimicrobial use studies are currently undergoing validation and analysis, and results will be available in at the end of fiscal year 2018.

*Question.* Can you provide an update on USDA's work to advance research on antibiotic stewardship?

*Answer.* In fiscal year 2017, the antimicrobial use data collected on swine and cattle feedlot operations in the 2016 calendar year, was a benchmark for studying use changes over time. Repeating these studies over time will allow USDA to describe changes in on-farm antimicrobial use and stewardship over time by estimating the percent of swine/feedlot cattle operations that use and receive antimicrobials in feed or water. The data collected for the antimicrobial use studies are currently undergoing validation and analysis, and results will be available in at the end of fiscal year 2018. This information will help the veterinary practitioner with antibiotic choices.

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#### QUESTIONS SUBMITTED BY SENATOR TOM UDALL

##### CUTS TO STAFF AT USDA

*Question.* Last year when you came before this Committee, I asked you about the unreasonable staff cuts to USDA's programs—specifically the cuts to frontline employees who help make sure our farmers and ranchers operate day to day. In the budget this year, you propose to cut many of those same field staff again. I appre-

ciate the efforts of your staff to work to fill 7 positions in my state of New Mexico, but frankly that is not enough. When you were here last you stated and I quote, “those front line workers are the most important.” You also stated, and I quote, “Many of these offices only have 2 people.” Well, in many of my New Mexico offices, there are no people to provide NRCS and Farm Service Agency assistance because these positions have not been filled—and now this budget recommends cutting them.

Secretary Perdue, if those frontline workers are “the most important,” why do you propose cutting them again this year?

*Answer.* NRCS and FSA employees provide an extraordinary level of customer service at the local county offices, and I continue to be impressed with the quality of service they provide.

While the Administration’s budget proposal did incorporate staffing reductions, any such reductions would be made through natural attrition. We will manage any staffing reductions to ensure that our customer’s needs are met and to strive to balance our staffing resources with other investments, such as information technology, to improve the customer service that the nation’s farmers, ranchers, and forest stewards rely upon. We will begin to utilize phase 1 of a staffing analysis tool and will make improvements to the tool later this year. This staffing analysis tool will help us to place human and technological resources based on demand and customer preference, to utilize taxpayer dollars as efficiently and effectively as possible.

*Question.* Follow up: I appreciate your efforts to modernize and move many of the USDA FSA and NRCS services online, but the FCC estimates that 80 percent of the 24 million Americans households that don’t have reliable and high-speed Internet are located in rural areas. How do you expect to transition all these services online, when the Internet connectivity is not reliable for rural America? Does that not underscore the importance of keeping these rural staff?

*Answer.* While we agree there is a need for online services from FSA and NRCS and are impressed with the response to farmers.gov, we also recognize reliable, high-speed, and cost-effective high-speed Internet service is not uniformly available in all rural areas. We are encouraged by the \$600 million provided in the Consolidated Appropriations Act of 2018 for new broadband loan and grant pilot programs and will continue to support efforts to boost rural economies.

*Question.* Reorganization: Last year, you reorganized the Department and eliminated the Under Secretary for Rural Development, replacing the position with a non-Senate confirmed “Assistant to the Secretary”. In this hearing last year, you said that you would welcome Congress to create an undersecretary of Rural Development in the farm bill. Do you stand by that?

*Answer.* Yes, I stand by those earlier comments.

#### RURAL DEVELOPMENT

*Question.* On April 25th of last year, the president issued Executive Order “Promoting Rural Prosperity”. And in your budget justification to Congress, you include “facilitating rural prosperity and economic development” as one of seven strategic goals. However, the budget also proposes massive cuts in discretionary spending for the Rural Business Cooperative Service and the Rural Utilities Service. The Rural Utilities Service provided telecom, electric, and waste water grants totaling more than \$778 million my state of New Mexico from 2009 to 2016. These grants are for essential infrastructure in rural areas.

How does eliminating the program help achieve your stated goal of rural prosperity?

*Answer.* Rural Development (RD) works with a variety of rural communities and other Federal agencies to ensure rural areas have resources to provide clean, safe water for those who live and work in rural areas. The budget did not request funding for USDA’s Water and Waste Disposal Loan Guarantee and Grant program but did request funding for the Water and Waste Disposal Direct Loan program. Also, RD requested funding for EPA’s state revolving fund account that can be used to improve drinking water quality. The President’s Interagency Task Force on Agriculture and Rural Prosperity, our commitment to rural America, and work with Congress will help us to make the best use of resources allocated to Rural Development to improve the quality of life in rural areas. For the Electric Program and Telecommunication Programs, the budget reflects the fiscal priorities that create the largest economic impact at the least cost to the taxpayers.

#### USDA WORKPLACE MISCONDUCT

*Question.* Mr. Perdue, I know the U.S. Department of Agriculture, Office of Inspector General issued a new interim report, which includes recommendations to

improve the process for investigating sexual harassment and misconduct complaints within the U.S. Forest Service.

It has been reported that it takes 462 days to complete the internal assessment process about a reported misconduct. What are you doing to address this extremely long process?

*Answer.* Most investigations are closed out in fewer than 60 days, however, some cases take longer to reach final decision as penalties need to be agreed upon prior to closure. To alleviate some of the delays incurred in certain cases, the Forest Service has been adding new case managers to their anti-harassment staff. These case managers will be a resource to employees who have cases in process and they will also serve as process “navigators” to keep cases moving, thereby avoiding delays.

*Question.* What are you doing to ensure there are adequate processes in place to report sexual misconduct, to protect survivors and whistleblowers from retaliation, and to ensure perpetrators are held accountable?

*Answer.* Beginning in November of 2017, a harassment reporting center was established to receive all reports of harassment from across the Forest Service. This center is open seven days per week and is staffed by skilled and trained contractors to handle the reports of harassment. In addition, the Forest Service has established an anti-harassment program that is used to share information on what constitutes sexual misconduct, how to report sexual misconduct, including sexual harassment, expectations following a report of sexual misconduct harassment, specifically including for the inquiry or investigation process.

*Question.* What is the agency doing to improve its workplace environment?

*Answer.* The Department and the Forest Service have taken numerous, proactive steps to address work environment issues. Since 2015, and intensifying in the past several months, the Forest Service has put significant effort into advancing a safe, respectful, resilient work environment where employees are treated with respect and dignity. A new position was created in the Chief’s office as of January 2018 to serve as the Senior Advisory on the work environment and that position integrates all agency efforts to improve the work environment. Furthermore, the Department, led by the Office of the Assistant Secretary for Civil Rights, has been providing additional oversight of the actions taken to ensure that improvements are being made to the workplace environment.

*Question.* Will you commit to looking into contracting with an independent third party to address reported misconduct?

*Answer.* Yes, the Department is committed to bringing in outside experts to address the reported misconduct.

#### SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

*Question.* One of every five New Mexicans counts on the food stamps to make sure they don’t go to bed hungry. New Mexico has the third highest percentage of SNAP recipients in the nation, after Washington, D.C. and Mississippi. In addition, New Mexico has a persistently high unemployment rate—currently the second highest in the nation at 5.8 percent. Because of this economic situation, New Mexico currently has a statewide waiver from SNAP’s time limit for able-bodied adults without dependents.

How would your proposals for the time limit affect New Mexicans?

*Answer.* The President’s fiscal year 19 budget proposal has three key legislative proposals related to the able-bodied adults without dependents (ABAWD) time limit. These proposals would strengthen SNAP work requirements, consistent with the goal of helping people move toward self-sufficiency through work. I have asked FNS to provide more detail for the record.

*Limit ABAWD waivers.*—This proposal would limit ABAWD waivers to counties with an unemployment rate greater than 10 percent averaged over 12 months. As fewer areas would qualify for time limit waivers, ABAWDs residing in those areas would be required to work or train for work or participate in a work program in order to maintain SNAP eligibility. ABAWDs that do not comply would lose their benefits after 3 months for up to 36 months.

*Modify age limit definitions.*—This proposal would increase and streamline the age limit to 62 for ABAWDs, those subject to the general work requirements, and those who are considered elderly. Under this proposal, more SNAP participants would be subjected to ABAWD and general work requirements.

*Eliminate 15 percent exemptions.*—This proposal prevents States from using 15 percent exemptions to provide additional months of SNAP benefits to

ABAWDs who are not meeting the program's work requirements. More ABAWDs will be required to work or participate in a work program at least 20 hours per week, or do workfare, in order to receive SNAP.

*Question.* If more people who are out of work would lose benefits, how does the Administration propose to expand work opportunities—especially in states like New Mexico that have persistently high unemployment?

*Answer.* All States are required to operate a SNAP Employment and Training (E&T) Program designed to assist SNAP recipients gain skills, training, or experience that will increase their ability to obtain regular employment. States have a great deal of flexibility in designing SNAP E&T programs that best meet the needs of their SNAP recipients and the local employers. They may choose from an array of services such as job search, job search training, workfare, work experience, basic education, vocational training, on-the-job training, and retention services. States are allocated a portion of \$90 million in 100 percent administrative funds but are also reimbursed 50 percent of non-Federal funds that they spend over and above that amount. FNS will continue to provide technical assistance to States to help them create robust E&T programs. This includes identifying good training providers that have existing relationships with employers to ensure that the training SNAP recipients receive is valued by businesses in their local economy.

*Question.* Do you believe children should not eat [or receive food stamps] if their parents are unable to find work and waivers for states are revoked?

*Answer.* The statutory work requirements for able bodied adults without dependents do not apply to individuals under 18 (children) or parents with responsibility for a dependent child. The President's fiscal year 2019 budget does not propose to change these statutory exemptions. Children and parents with dependents would continue to be exempt from the work requirement and their eligibility for SNAP would not be affected by the work-related proposals in the President's budget.

*Question.* SNAP-Ed: USDA proposes to eliminate funding for SNAP's nutrition education component (SNAP-Ed). New Mexico received \$3.8 million for this initiative in fiscal year 2017, and six local implementing agencies used these funds to provide nutrition education, including cooking and food budgeting skills, throughout the state. Why does the Administration want to end these activities?

*Answer.* The President's budget includes a proposal to eliminate SNAP Nutrition Education as it is duplicative; nutrition education is already accessible from private industry, non-profits, and other government programs. The America's Harvest Box will ensure a base of nutritious staple foods for SNAP households, which encourages nutritious eating without requiring additional education on healthy diet choices.

*Question.* Without this important program, how do you recommend that SNAP households improve their diet quality and make use of their limited food budgets?

*Answer.* The President's budget includes a proposal to eliminate SNAP Nutrition Education as it is duplicative; nutrition education is already accessible from private industry, non-profits, and other government programs. The America's Harvest Box will ensure a base of nutritious staple foods for SNAP households, which encourages nutritious eating without requiring additional education on healthy diet choices.

#### RURAL DEVELOPMENT BENCHMARK REPORT

*Question.* Under the new administration, USDA has so far not completed a report for 2017. Does the Department plan to release one?

*Answer.* USDA is committed to addressing critical needs in rural communities particularly, the issue of persistent poverty. Rural Development has drafted a report on rural poverty that is completing Departmental clearance. We expect to submit the final report to the Committee in the immediate future.

#### CONSERVATION PROGRAMS

*Question.* Do the reductions the Administration proposes in the President's fiscal year 2019 budget for conservation programs that are authorized to receive mandatory funding indicate that the Administration does not support these conservation programs and their reauthorization in the upcoming farm bill debates?

*Answer.* We support conservation efforts on private working lands and will work to implement conservation provisions authorized by Congress. One of our Farm Bill principles is to streamline conservation programs for working agricultural lands, which will provide better service to our customers.

#### NATIONAL AGRICULTURAL IMAGERY PROGRAM

*Question.* Has the USDA made a decision about the licensing data from private companies for NAIP?

*Answer.* The decision to change the acquisition strategy to a commercial-off-the-shelf data provider, aka licensed data model, has been postponed until after fiscal year 2019. USDA continues to explore funding options with the Office of Management and Budget to continue the program as a public domain model.

*Question.* Has the USDA conducted any analysis of the budgetary and operational impact that the loss of public NAIP data would have on Federal agencies, state and local government, public universities, non-profits or private sector? If so, can you provide us with that analysis?

*Answer.* The Federal Geographic Data Committee's National Digital Orthoimagery Program Subcommittee will be gathering data on the impacts to Federal agencies if the National Agriculture Imagery Program is changed to a commercial-off-the-shelf data provider. The decision to change from the current public domain acquisition strategy to using a commercial-off-the-shelf data provider will not be made until after fiscal year 2019.

#### ANTIBIOTIC RESISTANCE

*Question.* Secretary Perdue, I am deeply concerned about antibiotic overuse in livestock impacting the effectiveness of antimicrobials for use in animals and humans.

Will you please outline how the department intends to maintain robust data collection while it cuts funding for the USDA's Animal and Plant Health Inspection Service's?

*Answer.* USDA works with State and Federal partners to promote the judicious use of antimicrobials and to maintain robust data collection of antimicrobial use. USDA runs 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 2017, NAHMS included surveys on antimicrobial use and stewardship practices in feedlots and swine operations for the first time, and the data collected from these surveys will help guide antimicrobial stewardship efforts at USDA and other partners in both the public and private sectors. The Agency intends to repeat the study biennially, monitoring changes in on-farm antimicrobial use and stewardship practices. At the proposed funding level, USDA will not expand the studies to other commodity groups outside of cattle feedlots and swine operations, but will continue to promote judicious use of antibiotics, and leverage the remaining resources across agencies for activities in the areas of surveillance, research, education, and extension/outreach.

*Question.* How does this budget request promote the continued coordination with the Food and Drug Administration on the issue of antibiotic use in animals?

*Answer.* In fiscal year 2019, USDA will continue to collaborate with the Food and Drug Administration to improve the National Antimicrobial Resistance Monitoring System database to detect emerging trends of antibiotic resistance; coordinate input on World Organization for Animal Health's (OIE's) standards for Antimicrobial Resistance; and develop educational modules and outreach materials for the stewardship and judicious use of antimicrobials.

*Question.* I'm worried that proposed cuts at USDA will adversely affect your important work at the Agricultural Research Service (ARS) and in cooperation with university partners and extension officials through the National Institute of Food and Agriculture (NIFA). Can you assure me that the laudable efforts USDA is making to advance research on antibiotic stewardship will continue, and that you will do all you can to maintain the momentum and keep this important work on track?

*Answer.* USDA recognizes the importance of research on antimicrobial resistance (AMR). ARS supports multidisciplinary research on antibiotic stewardship and pathogen control in food animals, crops and on-farms through numerous on-going projects in all five ARS geographic regions across the United States. The ARS Office of National Programs is actively seeking another National Program Leader for Food Safety, with a specific emphasis to coordinate and lead research on AMR. On an annual basis ARS has and will continue, to request research proposals to address AMR problems. These projects foster interdisciplinary collaboration across ARS National Programs and with university partners.

NIFA continues to fund and support antimicrobial resistance work in fiscal year 2018 through multiple avenues through the Agriculture and Food Research Initiative (AFRI), including foundational research grants, the Animal Health and Disease competitive research program, and its new Sustainable Agricultural Systems program. Antimicrobial resistance remains a critical agency cross-cutting issue at NIFA.

## QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

## CONSERVATION RESERVE ENHANCEMENT PROGRAM

*Question.* You have supported water quality as a lynchpin of sustainable agricultural production. So, it is surprising that the USDA recently changed the rules for implementation of the Conservation Reserve Program (CRP), essentially making all the land in the state of Vermont ineligible to enroll in the CRP.

This is a program in which Vermont has invested significant resources to develop a Conservation Reserve Enhancement Program, or CREP. The program has had positive outcomes for water quality in Vermont by helping farmers voluntarily establish vegetative and forested riparian buffers that filter runoff and trap sediment, fertilizers, and pesticides.

Vermont is one of many states that have passed water quality laws and regulations, including buffer requirements that still keep these lands in agricultural production, allowing haying, grazing, and fertilizer application. Our farmers need the CRP.

How will you work with me and the state of Vermont to resolve this issue and ensure that Vermont can continue its successful CREP partnership with the USDA in order to meet the state's ambitious water quality goals?

*Answer.* The change in the CRP regulation was promulgated in 2015. FSA is aware that a current regulation regarding state resource-conserving laws has rendered certain land in Vermont ineligible for CRP and its component, the Conservation Reserve Enhancement Program. FSA supports a rule change and in June 2018, will begin the rulemaking process that will allow for such land to be enrolled in CRP and CREP.

## NRCS STAFFING PLAN

*Question.* You spoke of the work the Department is doing on a strategic staffing plan, and have stated unequivocally that you do not have a "hiring freeze" in place. I am concerned, however, that a de facto hiring freeze has been in place for the Natural Resource Conservation Service (NRCS). Your fiscal year 2019 budget request shows that the NRCS will have nearly 2,000 fewer permanent positions versus in fiscal year 2017, and 1,721 of those positions are essential field positions. Funding for staff salaries at NRCS for the current fiscal year has been provided through both the 2014 Farm Bill, as well as through the Conservation Operations account in the fiscal year 2018 Consolidated Appropriations Act.

Do you commit to utilizing the conservation funding provided by Congress to ensure that the NRCS' workloads are met across the country? Are you committed to hiring the staff necessary to meet program and landowner demand?

*Answer.* NRCS, FSA and RMA have been reviewing farmer and rancher expectations of customer service, and how the FPAC agencies can best meet those needs. There was no hiring freeze in place for fiscal year 2017 or fiscal year 2018, but rather the implementation of a strategic approach to hiring to improve the customer experience and increase efficiency of service. The FPAC mission area is using an analytical staffing tool to inform all hiring decisions. This tool is used to focus hiring to areas of greatest need, to meet the customer service expectations of America's farmers and ranchers.

## SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION (SARE)

*Question.* Your budget proposal makes serious cuts to USDA's research programs, including a \$16 million, or 46 percent, cut to the Sustainable Agriculture Research and Education (SARE). The fiscal year 2018 Consolidated Appropriations Act provided \$35 million for SARE, reflecting Congress's commitment to the program.

Do you agree that SARE fills a unique role in agricultural research in this country?

*Answer.* Yes, I agree that the SARE program fills a unique role in agricultural research and education programs in this country. The program has achieved good citizen engagement through the four regional Administrative Councils. The awarded projects have strong relevancy to the current agricultural needs and opportunities in each region.

*Question.* Why have the SARE Regional Host institutions recently been required to compete every 5 years, as opposed to the previous 10-year cycle?

*Answer.* USDA has a long standing existing policy that requires open, fair, and transparent competition for the discretionary funding opportunities it oversees. USDA-NIFA and its predecessor agency had previously awarded the SARE Host Institution cooperative agreements under a competition waiver. After careful consideration of the competition policy, the continual reuse of the exception authority, the specific history of the SARE program and the significant growth in the size of the

annual Host Institution awards, NIFA determined in 2017 that it was not appropriate to continue making these sizeable awards without open competition.

Based on these considerations USDA–NIFA offered the opportunities to serve as one of the four Regional Host Institution for fiscal year 2018 through fiscal year 2022 in a competitive RFA that was released on June 29, 2017. The application deadline was September 28, 2017. The selection process which was carefully constructed to include input from each regional administrative council and a NIFA appointed peer review panel was successfully completed on December 19, 2017.

For clarification, the SARE Regional Host institutions were never previously required to compete on a 10-year cycle since its first appropriation in fiscal year 1988. Prior to 2017, the regional Host Institution role has been competed rarely if warranted by circumstances in individual regions. These open competitions occurred once in each of the Southern, Western and North Central regions. The Northeastern Regional Host Institution had not been openly competed.

#### FOOD SAFETY OUTREACH

*Question.* Your budget proposal requests only \$5 million for the Food Safety Outreach Program, a reduction of \$2 million from the fiscal year 2018 enacted level. This is a program that I fought to add to the Food Safety Modernization Act in 2010 to help farmers deal with the new and complex food safety regulations.

How do you justify that reducing this program by \$2 million will adequately meet the needs of over 100,000 farmers in this country who are now grappling with complicated new food safety regulations?

*Answer.* In response to the Food Safety Modernization Act (FSMA), the National Institute of Food and Agriculture (NIFA) and Food and Drug Administration (FDA) established a national infrastructure in fiscal year 2015 that included a National Coordination Center and four Regional Centers across the U.S. to facilitate training and technical assistance for producers and processors that are impacted by FSMA. As a result, NIFA has successfully funded 52 projects to Community Based Organizations, Cooperative Extension at 1890 and 1862 Land-Grant Universities (LGUs), and local food hubs between fiscal year 2015 to fiscal year 2017. This effort supported FSMA training and education for over 3,000 Trainers, Trainers of Trainers, Small Producers, and Small Processors in every state across the U.S., including Hawaii, and the U.S. Territories of American Samoa, Guam, and Puerto Rico.

NIFA and FDA partnership will continue to extend food safety education, training, and technical assistance with the requested \$5 million in fiscal year 2019 to specific audiences affected by guidelines established under the Food Safety Modernization Act. Specifically, emphasis will be placed on the delivery of customized training to small and medium sized farms, beginning farmers, socially disadvantaged farmers, small processors, or small fresh fruit and vegetable merchant wholesalers.

#### NATIONAL ORGANIC PROGRAM (NOP)

*Question.* While I was pleased to see that your budget included \$12.032 million for the National Organic Program (NOP); your justification did not speak to the staffing challenges for the NOP. Recent attrition at the NOP has left the program severely understaffed. Consumer trust in the integrity of the USDA organic label is what fuels the \$50 billion plus organic industry in this country.

How will you work to fill these important roles at the NOP?

*Answer.* The National Organic Program currently has 35 full time staff members. In the past year, we have recruited a new Appeals Specialist, a new National List Manager, two new Accreditation Managers to oversee our third-party certifiers, and three new Compliance and Enforcement specialists. By the end of the calendar year, we will recruit for an Associate Deputy Administrator, a Quality Manager, and up to three additional Accreditation Managers/auditors. While Federal hiring takes time, these positions have been approved and are actively in the recruiting process. The program is also added supplemental resources, in the form of contract support, to review incoming complaints, to support the development of the Strengthening Enforcement rulemaking currently on the Regulatory Agenda, and to support program technology needs. These resources are supporting the program's ability to meet our core priority of protecting the integrity of the USDA organic seal.

#### VALUE-ADDED PRODUCER GRANT PROGRAM

*Question.* Value-added agriculture has the potential to aid in the development and revitalization of rural economies across the United States; however, as was highlighted in your own report to the President from the Task Force on Agriculture and Rural Prosperity, access to capital for rural business men and women, entre-

preneurs, as well as beginning farmers and ranchers, is an obstacle to starting, growing or expanding a business. They are often either too large or too small to qualify for, or gain access to, available loans and lending programs.

Why do you recommend eliminating the Value-Added Producer Grant Program?

*Answer.* We continue to work on aligning our programs and program performance commitments to make government more effective, efficient, and customer-focused in managing and delivering RBS programs for maximum economic impact in all rural communities. This new focus will help us identify opportunities for streamlining, cost savings, and improvements to shape policy and management choices in both the short and long term.

*Question.* 4-H is one of our nation's largest and leading youth development programs, and a great achievement for USDA. The positive impact of 4-H for youth from so many diverse backgrounds over so many years is immeasurable. So I am alarmed that recent reports suggest that the USDA may have withdrawn previously posted regional guidance on the delivery of 4-H programs to LGBTQ youth, and may be discouraging national conversations on this subject.

What is the USDA's policy on serving all clients, including LGBTQ youth?

*Answer.* My expectation for all USDA employees and affiliates is simple—"Do right and feed everyone." This pledge is at the heart of all USDA work. Upholding civil rights and all the freedoms enshrined in our laws is not optional, and it is not discretionary. USDA's commitment to "doing right" by treating everyone with respect and dignity is exemplified by the Department's Non-Discrimination Statement and Anti-Harassment Statement.

*Question.* How will you share nationwide best practices to improve the success of the 4-H program and support USDA staff and volunteers as they deliver the benefits of this program to all youth, including LGBTQ constituents?

*Answer.* USDA gives its full support to the mission of 4-H, which has a long history and tradition of youth empowerment. 4-H has a national reach, but it is primarily run as a local program and should retain the power to decide issues of governance at a local level. "Doing right" means treating everyone with respect and dignity. These values are reflected in USDA's Non-Discrimination Statement and Anti-Harassment Statement.

#### ELIMINATION OF RURAL DEVELOPMENT PROGRAMS

*Question.* The President's fiscal year 19 budget proposes to eliminate more than 43 programs benefiting small, rural communities. Specifically, the Administration's proposal proposes eliminating Section 502 direct single family housing loans, Section 515 direct multi-family housing loans, and 504 direct low-income housing repair loans. These loans are overwhelmingly made to individuals and families in rural areas that are otherwise unable to obtain or access credit.

Given that these are loans, not grants, and that the Federal government will more often than not recoup its investment with interest, what is the purpose of eliminating these programs?

*Answer.* USDA remains deeply committed to affordable housing in rural communities and is exploring new strategies to maximize program effectiveness to better assist rural Americans with the least burden to the taxpayers. The Section 515 direct multi-family housing program requires subsidy to operate, and the Department must manage competing priorities in Rural Development and beyond with limited funding resources. The Departmental budget proposes a \$20 million increase in the Section 538 Guaranteed Loan program funding from \$230 million in the current fiscal year to \$250 million in fiscal year 2019. This program, which supports affordable multi-family housing construction and renovation, similar to Section 515, has a negative subsidy rate, enabling USDA to serve rural Americans without burdening taxpayers with additional financing costs. Very low- and low-income families may also obtain funding through the Single-Family Housing Guaranteed Program, which is subsidy neutral and has a proposed program level in fiscal year 2019 of \$24 billion.

*Question.* How can communities in rural America borrow money to purchase homes and repair their homes, specifically older Americans who are on fixed incomes absent these low-interest loans?

*Answer.* Many homebuyers will continue to qualify for USDA's Single-Family Housing Guaranteed Loan program, which can also leverage State and local down payment assistance and owner-occupied rehabilitation programs. Non-profit housing entities, such as Habitat for Humanity, may also be a resource. Conventional lenders and home repair programs available through HUD can also serve homeowners in rural America. In addition, some States also have programs or tax laws that provide property tax relief so older Americans on fixed incomes may obtain affordable housing.

RURAL BUSINESS DEVELOPMENT GRANT PROGRAM

*Question.* Absent dynamic economic engines, many communities in rural America will continue to struggle with low incomes and outmigration. Rural Business Development Grants are designed to support and promote activities leading to development and expansion of small private businesses in rural areas.

Why eliminate a program that is designed to get at some of the core challenges in rural America?

*Answer.* We continue to work on aligning our programs and program performance commitments to make government more effective, efficient, and customer-focused in managing and delivering RBS programs for maximum economic impact in all rural communities. This new focus will help us identify opportunities for streamlining, cost savings, and improvements to shape policy and management choices in both the short and long term.

*Question.* Is this program oversubscribed? Per year for the last 5 years, how many applications did the Department receive for how much funding? How many Vermont applications did the Department receive during that time and how many were funded?

*Answer.* The tables below reflect the number of applications and the funding amounts the Department received. The information is provided for the record.

Fiscal Year	Number of Applications	Amount Requested	Number of Awards Funded	Amount Funded
2013 .....	847	\$63,900,026	426	\$28,544,452
2014 .....	668	49,298,264	451	28,747,387
2015 .....	771	62,650,578	467	30,673,156
2016 .....	741	52,009,890	501	31,122,946
2017 .....	793	59,077,124	488	30,469,181
Total .....	3,820	\$286,935,882	2,333	\$149,557,122

Vermont	Fiscal Year 2013–2017	Funds
Apps Rec'd .....	177	\$11,411,696
Awards .....	98	\$6,694,784

COMMUNITY FACILITIES PROGRAM

*Question.* Community Facilities programs are an essential tool to help rural communities develop essential facilities including healthcare facilities, public facilities, educational services, and utility services like telemedicine. These loans and grants are essential in Vermont and across the country. Given the opioid epidemic, I and others have expressed our support for prioritizing applications for opioid prevention and treatment centers.

Would you agree that we need to increase the overall funding pot for community facilities to achieve that goal while maintain the existing level of assistance for community facilities programs in rural communities across the United States?

*Answer.* The Community Facilities Program (CF) helps to address a wide range of mental and behavioral health needs in rural communities through financing essential community facilities, including those that support prevention, treatment, and recovery from the opioid crisis. In fiscal year 2017, CF invested approximately \$242 million in direct and guaranteed loans and grants in 17 essential community facilities that provided for the prevention, treatment, and recovery of substance abuse and opioid disorders. The President’s Budget requested \$3.5 billion for the CF direct loan program, a \$700 million increase over the fiscal year 2018 enacted levels, to ensure that Rural Development can further address the opioid epidemic while continuing to provide other essential community facilities. The Agency will continue to balance the overall need for essential community facilities while maintaining a focus on helping to address the opioid crisis in rural America.

*Question.* What would you say is an appropriate increase for loans and grants to meet the growing need for community facilities for prevention and treatment?

*Answer.* The President’s Budget proposed \$3.5 billion in program level for the CF direct loan program, which is subsidy neutral. This increase of \$700 million over the fiscal year 2018 enacted level will help ensure RD is able to meet the growing demand for community facilities to prevent and treat those affected by opioids. We will continue to work with Congress to explore innovative approaches and partnerships to leverage available resources to aid in prevention and treatment facilities.

## TELECOMMUNICATION SERVICES IN RURAL AMERICA

*Question.* The Rural Utilities Service Broadband and Infrastructure loan programs are important sources of funding for bringing advanced telecommunications services to rural parts of the country. Unfortunately, states with majority rural populations appear to rank in the bottom half of loan amounts granted since 2004.

Will you commit to reviewing the criteria RUS uses for these programs to ensure that funding is equitably distributed across the country?

*Answer.* In the past several years, the Rural Utilities Service Broadband and Infrastructure Loan Programs have been undersubscribed. RUS has been able to fund all eligible, technically-feasible, and financially-sound applications received. We look forward to working with Congressional leaders, community leaders, our stakeholders, and others to bringing e-connectivity to more rural parts of the country.

*Question.* If at the conclusion of your review you deem the criteria does not allow funding to be equitably distributed, will you communicate those findings with the Subcommittee?

*Answer.* We look forward to working with Congressional leaders, community leaders, our stakeholders, and others to bringing e-connectivity to more rural parts of the country.

*Question.* Will you communicate and work with me and my staff if you determine that you need additional statutory authority to alter RUS criteria for Broadband Service and Infrastructure loans in order to more equitably distribute loans?

*Answer.* We look forward to working with Congressional leaders, community leaders, our stakeholders, and others to bringing e-connectivity to more rural parts of the country while also ensuring due diligence in awarding loans of taxpayer funds based on project soundness and payback capability.

## QUESTIONS SUBMITTED BY SENATOR TAMMY BALDWIN

## AMS—CRANBERRY MARKETING ORDERS

*Question.* In 2017, U.S. cranberry growers approved volume regulations in order to address oversupply issues. These volume regulations were submitted to USDA for approval in September 2017, but was not approved for 8 months, finally receiving approval in April of 2018. Delays in volume regulation approval delays reduce the cost savings and undermine crop production decreases the industry had hoped to achieve from utilizing a marketing order, as processors must to pay to store harvested fruit while the regulation awaits approval. Cranberry growers have approved volume regulations in order to reduce oversupply through a mechanism separate from Section 32 purchases, but delays in volume regulation approval exacerbate the oversupply situation substantially. What does USDA plan to do to reduce excessive waiting periods for volume regulation approval in the future?

*Answer.* USDA is committed to publishing rules as quickly as possible. Because of the time it took to publish a final rule to address cranberry oversupply issues, USDA is taking time at the committee meetings to recap the decisions made and ensure everyone understands the process, timeline and other pertinent information. Additionally, the Department will continue to review our processes to ensure we are as efficient as possible as we work to always meet the needs of our customers.

## SECTION 32 TART CHERRY PURCHASE

*Question.* Tart cherry producers are currently experiencing challenging market conditions, exacerbated by unfair trade practices that allow tart cherry imports to flood the US market, placing US cherry producers at a disadvantage. Tart cherry producers have requested a Section 32 purchase by the USDA, which would provide farmers a much-needed tool to weather difficult market conditions while the trade issues are investigated and addressed. When does the USDA expect to make a final determination regarding the Section 32 purchase request for tart cherries?

*Answer.* AMS has received a request from industry to purchase tart cherry products using Section 32 authority. AMS expects to conduct the economic analysis and make a determination on whether a Section 32 purchase is justified in early first quarter fiscal year 2019.

## FSA POSITIONS

*Question.* With the difficult Ag economy and low dairy prices, we are seeing many farmers applying for loans from FSA. I am concerned that delays in processing loan applications add to the uncertainty farmers are facing and make farm business decisions challenging. FSA staff vacancies are making it harder to provide prompt serv-

ice and help farmers troubleshoot and find creative ways to make it through tough times. What is your plan to ensure full and prompt service is provided to farmers who are working with FSA during this challenging time?

*Answer.* Congress provided \$8 million to fund hiring approximately 200 Farm Loan Officer Trainees. States have been given authorization to proceed with hiring one hundred positions. Authorization for the remaining one hundred positions will be given in August 2018. FPAC has been working on an analytical staffing tool to inform staffing decisions. Phase 1 of the tool will be grounded in state workload data and an evaluation of office productivity at the county level. Phase 2 will be completed in August 2018 and will add more robust productivity data by county and forecast demand by program/activity for each county office, county agricultural profiles and office footprint data. Utilizing this tool focuses hiring on the high priority positions and areas to meet the expectations and needs of America's farmers and ranchers.

#### SUBCOMMITTEE RECESS

Senator HOEVEN. With that, this hearing is concluded. Thank you.

[Whereupon, at 11:56 a.m., Wednesday, April 11, the subcommittee was recessed, to reconvene subject to the call of the Chair.]