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THE STATE OF THE RURAL ECONOMY

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

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THE STATE OF THE RURAL ECONOMY

WEDNESDAY, FEBRUARY 27, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to other business, at 10:00 a.m., in Room 1300 of the Longworth House Office Building, Hon. Collin C. Peterson [Chairman of the Committee] presiding.

Members present: Representatives Peterson, David Scott of Georgia, Costa, Fudge, McGovern, Vela, Adams, Spanberger, Hayes, Delgado, Cox, Craig, Brindisi, Van Drew, Harder, Schrier, Pingree, Bustos, Carbajal, Lawson, O'Halleran, Panetta, Axne, Conaway, Thompson, Austin Scott of Georgia, Crawford, DesJarlais, Hartzler, LaMalfa, Davis, Yoho, Allen, Bost, Rouzer, Kelly, Comer, Marshall, Bacon, Dunn, Johnson, Baird, and Hagedorn.

Staff present: Kellie Adesina, Melinda Cep, Patrick Delaney, Jasmine Dickerson, Emily German, Brandon Honeycutt, Keith Jones, Prescott Martin III, Clark Ogilvie, Troy Phillips, Lisa Shelton, Anne Simmons, Mike Stranz, Alison Titus, Katie Zenk, Paul Balzano, Bart Fischer, Rachel Millard, Matthew S. Schertz, Patricia Straughn, Jennifer Tiller, Dana Sandman, and Jennifer Yezak.

OPENING STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

The CHAIRMAN. All right, the Committee will come to order. We welcome all the Committee Members, all the new Members. This is the first official hearing of the Committee, and we appreciate you all being here, we appreciate the Secretary being willing to join us. We have plenty of ground to cover today, and I am sure there will be all kinds of questions that I am glad you have to answer, and not me.

Mr. Secretary, I look forward to hearing your outlook for the farm economy in the coming year, your take on the implementation of the farm bill, an update on the overall health of the Department, and any other thoughts that you would like to share with us.

Before we move on, I would like to take a second to talk about money. Your visits to the Committee over the last 2 years have come roughly at the same time that the White House has called for billions of dollars of cuts in USDA programs. This year, it appears, is no different. Just this week, the White House called for a five percent cut to non-defense spending, and while that is concerning on its own, it is compounded by your comments that this number may potentially be as high as ten percent or higher. That worries me a lot, and given the broad range of challenges that we are con-

fronting as farmers, ranchers, rural communities, and working families, we are concerned about that.

Mr. Secretary, as you know, things have not gotten any better in farm country. Whatever you can tell us about where that process is at, I have no doubt that you are on our side, that you are concerned about our farmers and ranchers, but you have a role to play. We understand that. I would just like your take on things.

As these incomes continue to be down or prices continue to be down and continue to decline, the wins on the trade which I hoped were going to happen have not materialized. The bankers are telling me that they are not going to be financing some people. We are just concerned about where we are heading, and whatever you can tell us in that regard will be helpful.

When it comes to the farm bill, the main thing that I have been focusing on is the dairy provisions. I am very proud of what we were able to do in the farm bill for dairy, and I thank the former Chairman for his help with that, and the other Committee Members. What I am concerned about is that the dairy people were so soured on the old program that it is difficult to get them to look at the new program. And we have a couple dairy farmers in our part of the world going out of business every week or every month. And what I am worried about is that we get the message out to these people that this is a different world that we are facing with these new provisions in the farm bill.

I have had some people tell me that the safety net we put in there is actually too good, because you are going to have $9.50 above feed cost, which is $17.50 milk that you can get for a pretty reasonable price.

I am doing what I can to get this message out. I have been talking to the co-ops, talking to the farm press, dairymen, and so forth to get the word out to dairy farmers that if you are thinking about pulling the plug, give us a couple months until we can roll out this program before you make a decision. Because, if you look at what is in this bill, that will change your mind and the future for dairy is actually pretty good, given this new safety net.

Whatever the Department can do to help us with that message—as I understand it, it is going to be probably early summer before you get these regulations written, but they will be retroactive, as I understand it, to the first of the year. We have some information, for any of you on the Committee, that show what you would have gotten last year if this program would have been in effect in 2018. If you have 5 million pounds of milk and you signed up for the whole thing at $9.50, it would have cost you about $5,000 to get almost $100,000 of benefit if the program would have been in place last year.

I just hope that we can all talk to our dairy farmers and make sure that they factor that in before they go off and make a decision that is going to be irreversible, because when we lose these dairy folks, they are hard to replace. It is hard to get the expertise and what it takes to learn how to be a dairy farmer back into place.

The farm bill also provides the resources to small communities for broadband, and we hope that that will be focused on people that don't have broadband, and not overbuild existing systems like we have done over the last number of years. There has been help for

mental health and substance abuse, which are problems in rural areas. As I said, what doesn't help would be to take an indiscriminate whack at this funding. I know you are on our side. We will do whatever we can to help convince the Administration that this is not a good idea, and we will see where that all goes.

It is my hope that you have good news to share with us today, and that there is some blue sky amongst the clouds that I have mentioned. The thing about it is you have always given it to us straight, and I expect that you are going to do that again today. You have always been a fierce defender of the programs at USDA, and we appreciate that. We look forward to your comments.

[The prepared statement of Mr. Peterson follows:]

PREPARED STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Good morning, and welcome to our witness, Agriculture Secretary Sonny Perdue. We've got plenty of ground to cover today, so I will be brief in my comments.

Mr. Secretary, I look forward to hearing your outlook for the farm economy in the coming year; your take on the implementation of the farm bill; an update on the overall health of the Department; and any other thoughts you'd like to share. Before that, I want to take a second to talk about money.

Your visits to the Committee over the last 2 years have come roughly at the same time as the White House's call for billions in cuts to USDA programs. This year is no different. Just this week, the White House called for a five percent cut to non-defense spending. While that is concerning on its own, it's compounded by your comments that this number may potentially be as high as ten percent or higher. That worries a lot of us given the broad range of challenges confronting farmers, ranchers, rural communities, and working families.

It's worrisome, Mr. Secretary, because the situation hasn't gotten any better in farm country. In our discussions the last few times you've been up here, I've sadly started my comments by pointing to the growing economic storm in farm country.

Incomes continue to decline, wins on trade have yet to materialize, credit and capital are becoming harder to obtain, and folks are deciding it's easier to sell the farm and move to the city than to continue trying to grind out a living.

When it comes to dairy, I'm worried that folks are so soured on the old program that they'll decide to hang it up before they give the new dairy provisions in this bill a chance. That's a mistake, because the new Dairy Margin Coverage is specifically designed to give those smaller and medium-sized dairies the safety net they need. We need them to know that this program will help. But they're "snakebit", and it's going to take persistent outreach to get them on board. I hope that's a challenge you're committed to tackling, Mr. Secretary.

Beyond the dairy provisions, the farm bill helps provide resources to small communities for broadband connectivity, mental health services, and substance abuse prevention.

But what doesn't help is taking an indiscriminate whack at funding for these and other programs in the midst of a farm economy like this one.

Now it's my hope that you've got some better news to share—that you see some blue sky through these clouds. You've always given it to us straight, Mr. Secretary, and you've always been a fierce defender of the programs USDA is charged with administering. I appreciate that very much. I look forward to your comments and with that I recognize the distinguished Ranking Member from Texas for any remarks he would like to make.

The CHAIRMAN. And with that, I recognize the distinguished Ranking Member, former Chairman of the Committee from Texas, Mr. Conaway.

OPENING STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN CONGRESS FROM TEXAS

Mr. CONAWAY. Thank you, Mr. Chairman. I appreciate you convening this important hearing this morning on the state of the farm economy.

Mr. Secretary, welcome back. Thank you for being here with us as well.

Earlier during the consideration of the Committee's budget and views estimates letter, I commented on the extremely difficult conditions in farm and ranch country. As I said then, I wish we could have strengthened the farm safety net more in the farm bill, but folks in the other body had different ideas about what to spend money on. In any event, worsening conditions certainly warrant our close attention.

Thankfully, there are some things we can do right now to improve conditions in rural America and farm and ranch country, and Mr. Secretary, I believe you are at the tip of the spear on this front. You ably defended the critical market access for our farmers and ranchers gained at NAFTA while the agreement was improved upon under the USMCA. If we truly want to help our nation's farmers and ranchers, and the entire U.S. economy, moving USMCA should be a priority of every Member of Congress.

Mr. Secretary, I know you are also working hard to ensure there is a successful resolution very soon to the ongoing trade dispute with China, a resolution that will help level the playing field for the United States and require China to live by the same rules that we do. During this process, I greatly appreciate the initiative you took to provide farmers and ranchers the Market Facilitation Program to help them weather the unjustified retaliatory tariffs that had been imposed. And Mr. Secretary, I am behind you and the Administration, and your efforts to unwind all the arbitrary and costly regulatory burdens that have been heaped upon our nation's farmers and ranchers, including the prior Administration's *Waters of the U.S.* regulation and its climate change regulations. Expanding markets, regulatory relief, and a strong safety net are three essential ingredients to a healthy environment in rural America, and you, Mr. Secretary, have worked hard to ensure all three.

I am looking forward to visiting with you further at this hearing and offline about how we can improve the lives of those who feed and clothe our nation, and the lives of all rural Americans. Our farmers and ranchers and rural Americans are still the backbone of our country, and if we keep them strong, we will also have a much stronger country.

Mr. Secretary, I know you and I share this conviction. I am grateful for all that you do. I look forward to your testimony, and I yield back.

The CHAIRMAN. I thank the gentleman.

I just want to notify the Members that you are going to be put in order by seniority, based on the fact that you were here when the gavel was struck. Anybody that comes in later will be put down the list, and you will keep your place if you have to—I know there are a whole bunch of committee meetings going on and all that. If you have to step out, as long as you get back here in time to keep your place, you will keep your place in line. We will try to work this in an orderly fashion and make sure everybody has a chance to weigh in.

Mr. Secretary, again, thank you very much for being with us today. We appreciate it. We know you have a tough job, and I was dealing with some of your Georgia constituents last week, and I

know they are having a very tough time. We appreciate what you do and we want to be supportive and helpful with USDA to complete your mission.

The floor is yours.

STATEMENT OF HON. SONNY PERDUE, SECRETARY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Secretary PERDUE. Thank you, Mr. Chairman, and [audio malfunction in hearing room] good partnership with this Committee, as well as your Members.

I come willingly. I thought it was better than being subpoenaed, but nonetheless, you stated the obvious. The farm economy and coming to speak about the farm economy, we know it is tough out there. You mentioned one sector, certainly, that probably has been under more duress than most any, and that is the dairy industry. We will talk more about that later on. If they can hold on, help is on the way, thanks to the farm bill.

We know that the farm income has fallen about 50 percent over the last 5 years. There are very few businesses that can survive that kind of revenue decrease. That is from probably the peak in 2013. Most commodity prices have fallen, while global stock levels due to good growing seasons around the world, primarily in other places, have rebounded with several years of record production. Working capital, farmers, just like any other business, depend on working capital to fund their operations, and that has decreased by 70 percent since 2012. Farm debt has been rising more rapidly over the last 5 years, increasing by 30 percent since 2013. But fortunately, we are not to the levels of the early 1980s. I don't think we will get there, but what you all have done in this farm bill, and previous farm bills, has been a great safety net with crop insurance, primarily, that enables our farmers to be better risk managers.

Certainly, one indication of that is relatively firm land values have kept farmer debt-to-asset levels relatively low. By historical standards, and certainly our low interest rates over the last period of years have helped as well.

USDA and our economists are projecting a net farm income of $77.6 billion. That is an increase from last year, not including the Market Facilitation Program, but it remains to be seen, and farming, as you well know, it is never over until the crops are in the bins and the check is in the bank. Many things can happen, as we saw in 2017 and 2018, regarding disasters.

The current state of the rural economy, as you indicated Mr. Chairman, leaves many producers vulnerable to market disruptions, including illegal retaliatory tariffs and disasters, as we said. Overall, the new farm bill fulfills the primary goal of farm programs, helping farmers and ranchers manage risks and continue to produce food, fiber, fuel in good years, as well as bad, as well as taking care of our consumers and food safety in many ways as well.

We were honored to participate in the deliberation of the farm bill last year. I was very proud of our team in providing over 2,000 items of technical assistance, both to Majority and Minority in that area, both Senate and House, and we believe that you all gave a

good product at the end of the day. We are eager to implement that farm bill.

Our Deputy Secretary, Steve Censky, is already leading those implementation efforts. We had been since the beginning, even prior to the signing, as I had some heads-up about some of the provisions there. We actually continued during the shutdown, although on a more limited basis, during that period of time, and so we are following a process similar to one that USDA put in place to implement the 2014 Farm Bill. Our farm bill implementation group formally met on December the 20th, and as the signing of the bill, enactment, and catalogued provisions requiring action, assigned them to responsible agencies and finalized timelines for implementation.

We have already begun and are getting stakeholder input on how best to implement the provisions. Just on Tuesday, yesterday, our FPAC production and conservation group held a public listening session. I think over 600 people were there and present, and many others joined by the Internet. These formal and informal listening sessions will continue.

Although not under the direct jurisdiction of the Agriculture Committee, these are the top three legislative issues that farmers continue to raise for me as I travel. Certainly, we will have some discussion about that today. Labor, a legal farm workforce. Labor is becoming more and more difficult to attract in most all areas of the country. I don't hear of any people that are flush with ag labor in that regard. Regulation, as the Ranking Member mentioned, we are continuing to work on regulations to keep it safe but make it productive. And the third thing that we hear more about now, certainly in certain regions of the country, from California to Florida, the Carolinas to Georgia, are the disaster programs.

In conclusion, over the past 2 years as I have traveled across the country—in fact, I have been to 48 states since May of 2017 and will finish up those last two this year, hearing directly from the people we serve. It is important for us to get out among them, and to look them in the eye and to hear directly from them.

I am proud of the great strides that the good men and women of USDA are making. I found them to be an honorable, hard-working workforce when we got there. Our goal and our mantra that drives us each and every day is to be the most effective, the most efficient, the most customer-focused agency in the Federal Government.

As we work to implement the 2018 Farm Bill, we want to keep in mind our motto that we think drives us in all that we do, and that is: "To do right and feed everyone."

Thank you for the opportunity to testify, and I look forward to discussions with your Members.

[The prepared statement of Mr. Perdue follows:]

PREPARED STATEMENT OF HON. SONNY PERDUE, SECRETARY, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Chairman Peterson, Ranking Member Conaway, and distinguished Members of the Committee, I am honored to be with you this morning. Today's hearing marks my third occasion to appear before this Committee as the 31st Secretary of Agriculture. I thank you once again for the opportunity to testify about the current state

of the rural economy and our work at USDA on behalf of the American people and our farmers.

Over the past year, USDA made great strides toward becoming the most effective, most efficient, and most customer-focused department in the Federal Government. Our Rural Development agency delivered the ReConnect program to create high-speed, reliable broadband e-Connectivity. The Food and Nutrition Service (FNS) finalized a rule to make school meals more appealing to children and reduce food waste through flexibilities in the National School Lunch Program and School Breakfast Program. FNS proposed another to encourage able-bodied adults without dependents to take steps toward self-sufficiency through the dignity of work. We refocused USDA to be more customer-oriented, merging offices and agencies where it made sense to maximize efficiencies, while modernizing and optimizing IT to improve delivery of services. The Interagency Task Force on Agriculture and Rural Prosperity, which President Trump established and appointed me as Chair, completed a report identifying over 100 Federal actions to help improve life in rural America.

In addition to these notable achievements, USDA responded in 2018 to conditions that tested the resilience of the American farmer with initiatives to create economic conditions where they can prosper. With the help of crop insurance, natural disaster assistance programs, and short-term trade mitigation programs, many producers are managing the stresses of these difficult times and are indicating increased optimism, particularly with expectations that trade partnerships will strengthen in the near future.

The State of the U.S. Rural Economy

Ever since the record prices and farm income levels reached in 2013 the U.S. farm sector has faced declines, leaving producers increasingly vulnerable to production disruptions posed by natural disasters and market disruptions. Net farm income has fallen nearly 50 percent from its peak in 2013, as most commodity prices have fallen over the past 5 years while global stock levels have rebounded with several years of record production. We saw the largest U.S. soybean crop ever in 2017 and again in 2018, U.S. corn production was the second highest ever in 2017 and third highest ever in 2018. However, other countries have also seen high production numbers. In 2019, global production will continue to expand, trade challenges will persist, and these factors will continue to impact commodity prices.

As a result, many farmers will continue to face tight bottom lines with fewer resources. Our Chief Economist at USDA calculated that working capital has decreased by 70 percent since 2012. However, total cash receipts are forecast to be slightly higher in 2019 across crop and livestock commodities and average net farm income is forecast to be higher in 2019 compared to 2018. Overall, the record levels of crop and livestock production we have seen over the past few years have helped to stabilize farm incomes, despite their contribution to continuing low prices. Producers have reduced spending on inputs and tapped a combination of savings, loans, and off-farm income and assets to remain in business in the face of continuing stresses in the farm economy. After 5 years, however, those resources are dwindling for many.

Farm debt has been rising more rapidly over the last 5 years, increasing by 30 percent since 2013—up from $315 billion to $409 billion according to USDA data, and up from $385 billion in just the last year—to levels seen in the 1980s. Demand for commercial farm operating loans continues to increase in most regions despite a steady, if slow, rise in interest rates on agricultural loans. Although the Farm Service Agency's (FSA) Farm Loan Program saw another slight annual decline in lending in 2018 following a year of bumper crops, loan demand remains historically high. Increasing farm financial stress could lead commercial lenders to seek more loan guarantees. FSA may see an increase in repayment difficulties with continued low commodity prices and expected increases in costs, though delinquencies have been stable and restructuring of direct loans fell slightly in 2018.

Relatively firm land values have kept farmer debt-to-asset levels low by historical standards at 13.5 percent and continued low interest rates have kept the cost of borrowing relatively affordable. But those average values mask areas of greater vulnerability. The strength of land values varies geographically, with some regions seeing greater weakness even as others hold steady or see modest increases. Debt-to-asset ratios vary among farm businesses by commodity specialization. Overall, however, the number of crop farms in a highly leveraged financial situation sits at about one in ten and the number of livestock or dairy farms in a highly leveraged financial situation sits at about 1 in 15. Highly leveraged operations are more vulnerable to low prices or market disruptions and less able to recover from natural disasters.

U.S. farmers faced a number of natural disasters, including wildfires, hurricanes, droughts, severe freezes, and even a volcanic eruption. USDA responded with all the tools available to it, making timely payments for loss claims on crop insurance policies and through FSA's suite of disaster assistance programs for non-insured crops, livestock, trees, vines, and bushes. USDA also provided assistance to producers to install conservation practices on land damaged by severe weather and continues to provide help to communities to restore and enhance damaged watersheds and floodplains.

Producers also received payments during 2018 for losses from the disasters experienced in 2017. The Bipartisan Budget Act of 2018 provided $2.36 billion for expenses related to crop, trees, bushes, and vine losses from hurricanes and wildfires in 2017. The funds are being distributed to producers through the 2017 Wildfires and Hurricanes Indemnity Program, also known as WHIP. The program provides benefits above the crop insurance program and incentivizes future participation by requiring recipients to purchase buy-up coverage for the next 2 crop years.

In addition to weather and low commodity prices, farmers contended with significant market disruptions in 2018 arising from retaliatory tariffs that were affecting billions of dollars of agricultural trade and disrupting markets for commodities ranging from soybeans to almonds to hogs. To aid producers facing those disruptions, USDA developed a three-pronged approach at the request of President Donald J. Trump: the Market Facilitation Program to provide funds to help producers implement alternative marketing strategies for their products, the Food Purchase and Distribution Program to direct surplus food commodities to low-income Americans who need them, and the Agricultural Trade Promotion to develop new markets overseas. To date, those programs have provided more than $8 billion to assist with the disruption in commodity markets caused by unfair tariffs on U.S. agricultural products.

In many ways, 2018 underscored the financial risks farmers take to produce food, fiber and fuel for the fellow citizens. Regardless of the challenges the past year brought to rural America, farmers and ranchers are resilient and remain optimistic about the future.

Looking forward, USDA projects 2019 net farm income at $77.6 billion, a $14 billion increase from the projections made last year. The upward swing comes as USDA projects an increase in 2019 cash receipts—$375.8 billion in this year's report, rising $11 billion from last year—and a drop in cash expenses—$322.3 billion, a $3 billion drop from last year's projections. Direct government payment projections for 2019 rose $1.2 billion to $10.2 billion. The majority of farm households are at or above the median income for all U.S. households; and farms of all sizes face lower effective income tax rates due to the Tax Cuts and Jobs Act (TCJA)[.]

It is in this context that USDA is undertaking the important work of implementing the 2018 Farm Bill.

Implementing the 2018 Farm Bill

The 2018 Farm Bill provides a strong safety net for farmers and ranchers, who need the long-term decision-making tool it affords. This farm bill also invests in important agricultural research and supports trade programs to bolster exports. While I feel there were some missed opportunities in forest management and in improving work requirements for certain SNAP recipients, this bill does include a number of helpful provisions, and USDA will continue to build upon these through our authorities. Overall, the new law fulfills the primary goal of farm programs: to help farmers and ranchers manage risks and continue producing food, fiber, and fuel in good years and as well as bad.

I applaud the many of you who worked to complete the 2018 Farm Bill just a couple of months ago. Having a farm bill in place gives our farmers, ranchers, foresters and producers peace of mind to make decisions for the future. At USDA, we committed to provide counsel to Congress at the outset of the legislative process and were pleased to complete over 2,000 pieces of technical assistance to the Congress as you wrote the bill. Now, we are eager to implement it.

I want to assure you that USDA is implementing the farm bill as quickly as possible. Deputy Secretary Stephen Censky is leading implementation efforts within the Department, following a process similar to one put in place by USDA to implement the 2014 Farm Bill. The implementation working group met initially on December 20th before the recent shutdown began. The entire team is working aggressively on implementation, and has catalogued the provisions requiring action, assigned them to responsible agencies and staff, and is finalizing timelines.

Agencies have also started gathering stakeholder input on how best to implement the provisions, in line with Congress' direction laid out in the law. On Tuesday, our

Farm Production and Conservation mission area held a public listening session. Formal and informal listening sessions will continue in the weeks ahead.

As example of our early efforts, USDA already allocated Fiscal Year 2019 funding to recipients for the Market Access Program (MAP) and the Foreign Market Development (FMD) Program, which were both reauthorized in the farm bill. The allocations mark a significant investment in creating new export opportunities for our farmers and ranchers.

Other examples include USDA's work on core conservation programs—Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), Agricultural Conservation Easement Program (ACEP), and the Regional Conservation Partnership Program (RCPP)—which are on-track for FY 2020 implementation as required by the farm bill. Natural Resources Conservation Service (NRCS) utilized mandatory program funding to keep staff working throughout the recent shutdown, providing significant time to begin building the framework for the new and revised conservation programs they are responsible for implementing.

In addition, the FSA dairy task force has begun to identify policy, software, training and other implementation issues and gather recommendations for leadership decisions. We understand the dairy industry's critical financial situation and we will make sure we prioritize the quick yet sound implementation of the industry's safety net.

My commitment is that USDA will plow ahead with implementation, working diligently to deliver quality programs that serve the urgent needs of our customers.

Among the provisions of the new farm bill are significant investments in USDA research. Congress' continued support for these programs is a reflection on our world-class research scientists and their track record of providing solutions to problems that affect farmers and the American consumer. I want our research programs to be on the cutting edge, and I believe that the research our scientists are conducting at USDA will be even more effective if the team is closer to the farmers they serve.

In August, USDA announced we would realign the Economic Research Service (ERS) under the Office of the Chief Economist and would relocate both ERS and the National Institute for Food and Agriculture (NIFA) outside of the National Capitol Region. Those changes are intended to improve customer service, strengthen offices and programs, and save taxpayer dollars. USDA received 136 expressions of interest submissions from 35 states. The firm Ernst & Young was retained to evaluate and conduct the site selection process. We recognize there are outstanding questions regarding this decision and are committed to an open process as we move forward together to address concerns.

Creating Conditions for Rural Prosperity

Before I conclude my testimony, I would like to address three topics that lie outside of the direct jurisdiction of this Committee but are among the top legislative priorities that farmers raise with me as I travel the country—I know these are important to the Members of this Committee as well. As we implement the 2018 Farm Bill, we must also focus attention on favorably resolving these issues if we expect the full potential of our farm communities to be realized.

The first is that our farmers—the backbone of America—need access to a legal and stable workforce so American-grown products will continue to feed our nation and the world. In today's booming economy, many farmers are having trouble recruiting workers during peak seasons of need in rural parts of America. Estimates show currently over half of the experienced agricultural labor force is working without proper documentation on our farms, and the H–2A program is in need of improvement and modernization. Despite being a program used as a last resort, we have seen exponential growth in the H–2A program, suggesting that local workers are not available to do farm work. Farmers need long-term solutions that guarantee access to a legal and stable workforce. USDA is working closely with the Departments of Labor, Homeland Security, and State on revisions to the H–2A program; however, farmers need legislative reform that ensure access to a legal workforce.

The second is the importance of rebalancing our trading relationships with key agricultural trading partners, and we can start with Mexico and Canada. President Trump negotiated a better deal for U.S. farmers in the United States-Mexico-Canada Agreement (USMCA), as he promised. The USMCA represents greater export opportunities in these vital markets and will maintain and improve the highly productive integrated agricultural relationship we have as nations. Notably, as one of the President's top goals, this deal eliminates Canada's unfair 'Class VII' milk pricing scheme, cracks open additional access for U.S. dairy into Canada, and imposes new disciplines on Canada's milk pricing system. The agreement also preserves and expands critical access for U.S. poultry and egg producers and addresses Canada's

wheat grading process, so it doesn't discriminate against U.S. wheat growers, including those along the border. We also hope for rapid progress in negotiating agreements with Japan, the EU, and the UK, resolution of China negotiations, and potential new agreements with other Asian markets that will expand opportunities for agriculture.

Finally, farmers and ranchers were battered last year by a series of monumental storms, robbing them of their livelihoods and inflicting damage well beyond the financial risks they normally assume in their operations. These are the men and women who dedicate their lives to feeding, fueling, and clothing this nation, and we cannot turn our backs on them when they need assistance. Just as important, another devastating wildfire season left our Forest Service badly in need of replenished funds to fight fires, remove excess fuels, and conduct necessary forest management. Without these resources, we risk falling behind in forest maintenance and inviting even more severe wildfire seasons in the future. In 2017, Congress provided supplemental assistance for producers who experienced losses not covered by existing forms of relief. USDA stands ready to quickly implement assistance, bolstered by lessons learned, for similar losses in 2018 should Congress decide once again to act.

The distinguished Members of this Committee represent the size, scale and reach of American agriculture, and rural America is counting on your leadership as these issues come before Congress for consideration. I look forward to continuing to work with President Trump and the Members of this Committee to address these critical issues on behalf of those living in rural America.

Conclusion

Over the past 2 years, my team and I have traveled across the country to hear directly from the people we serve: farmers, ranchers, consumers, foresters, school children and others touched by the work of USDA each day. I am proud of the men and women at USDA who strive each day to improve life in rural America and provide the highest level of customer service. As we work to implement the 2018 Farm Bill, we will always keep in mind our motto to "Do Right and Feed Everyone."

Thank you for the opportunity to testify this morning. I would be happy to answer any questions at this time.

The CHAIRMAN. Thank you, Mr. Secretary. We appreciate that. And with that, I will recognize myself for a couple of questions.

I talked to you a month or so ago about this African swine fever situation in China, and my constituents are still very concerned about this, they are worried about grandmothers bringing meat in from China. Has there been any significant upgrade at the airports with these flights that are coming in from mainland China to make sure that we don't have this potential swine fever coming in?

As far as I understand it, it has decimated the hog industry in China, and if this gets in the United States, it is going to put us out of business. Are we on the ball here?

Secretary PERDUE. Well, I think we are, but there is no doubt with these kinds of transmissible diseases and the mobility of society today, there is no way to guarantee that, Mr. Chairman. APHIS, our Animal and Plant Health Inspection Service, is on the job at borders, working hand-in-glove with our Customs and Border Protection, using, obviously, dogs, rescue beagles in order to sniff out incoming travelers, internationally, particularly in those areas that we fear.

But the pest transmission, both of animal and plant, is a real concern always. We are ever vigilant about that. We feel that we have a good protocol in place. We are working both with our primary threats, although there is no evidence of African swine fever in Canada or Mexico, you know that we both enjoy very long borders and fairly porous borders with each, and that is a concern. We work with those countries. We are going to Ottawa in the end of May to, again, collaborate on our protocols, making sure that we

are all aware and doing the same thing. Awareness is the first key, but inspection and checking is second. I think we are doing that.

Something like this, there is just no way to guarantee, but I believe we are doing everything possible at this time to be as preventive as possible for a very devastating disease. It is the mobility of our swine population in the United States, as you well know, from your area. Many of these pigs are born elsewhere and they transfer to be fed out in other parts of the country, and there are a lot of pigs on the road at any given time, which makes it very difficult. Unlike maybe a regionalization or a concept in poultry where you can more identify and encapsulate, the mobility of our pig population makes that more difficult. But I believe we are doing everything we can.

The CHAIRMAN. Well, thank you. I am glad to hear that, and whatever we can do to help, we are here.

You were last weekend, I guess, at Pheasant Fest in Illinois, am I right?

Secretary PERDUE. I was, in Chicago last Saturday.

The CHAIRMAN. I guess you indicated that you are going to hope to reopen the CRP signup by the end of the summer. Is that just the continuous, or does that include a general sign-up?

Secretary PERDUE. We will begin with the continuous. If I can refer to notes, I have some notes about when we expect those deadlines of those to begin. The answer to the question as you well know, and these regulations on top of all the things we do, are based on how we have wrapped ourselves in a lot of checks and balances in this world. It is very difficult and onerous, many times, to get through.

We expect all the CRP pieces on the general sign-up to be around December the 1st. We will probably be available sooner than that and continuous in that way. I know that is an interest of yours, and the things you have done with the whole field and Senator Thune's contribution over the short-term prospects make a real purpose of CRP from producing on the healthy lands and keeping these fragile lands for passive fallow with the wildlife growth in others will be helpful.

The CHAIRMAN. Well, we hope so, and we will have to see how this plays out.

But, I have been concerned that all of the focus has been on continuous, and there has been no focus on general sign-up, which is a big mistake.

Secretary PERDUE. Sure.

The CHAIRMAN. And especially for wildlife. Big field CRP is what made wildlife come back and the reason we are losing it is because we are losing those big tract CRP, in my opinion, in my part of the world, but anyway.

Secretary PERDUE. Right.

The CHAIRMAN. I am over my time, but just your implementation of dairy, as I understand it, you are hoping to get that done by June? Is that correct?

Secretary PERDUE. We are. I just had that in front of me here, and I think I covered it up. Let me give you the dates on our Dairy Margin Coverage.

We think that we will have sign-up beginning June 17, if that is specific enough. We make these predictions. We are not totally in control, as you know. It goes through OMB process, whether it is significant or not significant, but these are what we think we can achieve. The interesting thing on the net refund provision that you all had on prior premiums, we think we can get that out in early April, middle of April, and the end of April on the net refund begins there. We think the calculator for farmers to calculate will be ready in the middle of April, and we think on July the 8th—we think that they can begin receiving the retroactive payments up to then.

One of the challenges we have had on calculating it, and the effort in the 2014 Farm Bill, in order to get people served quickly, they used paper recording there on many of the components. It is not electronic. It is much more laborious to go back on the first 2 years and calculate who got payments, who didn't, and whether the farms have been converted, they are still in business. There is really a lot of manual administrative work that has to be done on those first 2 years. We could achieve even faster results if we didn't have that provision.

The CHAIRMAN. Thank you. Thank you very much, Mr. Secretary.

I recognize the gentleman from Texas.

Mr. CONAWAY. Thank you, Mr. Chairman.

Mr. Secretary, many of your predecessors have shied away from reorganizing the Department. You seem to have taken this head on. You have taken a lot of heat on some of the decisions you have made, but most of them seem pretty rational to me.

One of those was to create FPAC and the FPAC business center. Would you please provide an update on the business center, plans to modernize the IT infrastructure, and how far along you are with the process, and are those efforts improving program delivery and customer service at FSA, RMA, and NRCS?

Secretary PERDUE. Thank you, sir. Again, while many people maybe misunderstood our motives initially on that, we began with the premise that if we are going to be customer focused, we need to not have customers going here and yon or reporting to different lines of reporting there. And having NRCS in with the Forest Service, we felt, made more sense to have it align with our FSA offices and created FPAC, the Farm Production and Conservation mission area, with a single Secretary, Bill Northey of Iowa, who was the Secretary of Agriculture in Iowa, an authentic farmer himself, and I have been very pleased with the assimilation. After the early move your cheese kind of problems, I have been very, very pleased with anecdotal results that we hear from internal and external customers. Both our NRCS and FSA, and as well as our customers have given good accolades to that.

One specific example, during the shutdown, as you recall, NRCS was funded through mandatory programs, and they were in the FSA offices co-located in many places, and were helping answer farmer questions there, even though they couldn't do the FSA work. They worked together and helped them catch up that way. It is really a joint effort. The primary focus is serving that customer across the counter, whether it be from farm plans, conserva-

tion issues, or signing up for programs or loans for the FSA office. By all accounts, that combination has been a success.

Mr. CONAWAY. The backbone IT infrastructure, all the resources needed to be able to combine those, that one-stop sign-up, you have the resources to make that happen?

Secretary PERDUE. We are making progress. You know that IT doesn't move as fast as many of us would like, but we are making progress on that. Our goal initially was to have one application. Between RMA or the risk management or crop insurance, we have different criteria and different blocks there. NRCS has different blocks than FSA.

What we are trying to do, from an IT perspective, or have some commonality there where people could look from a crop insurance, an NRCS to an FSA application and have some of the common things filled out there where farmers would not be asked to go fill out all three. They use different units. Sometimes one uses acres, one uses bushels, and it is a lot of things to work together, but the business center and the IT is making progress on that, and hopefully we will have that soon. I would say soon would probably be early 2020.

Mr. CONAWAY. Thank you for that.

In the time remaining, would you give us your thoughts on USMCA? Where the wins are for production agriculture, and just your perspective on that trade deal?

Secretary PERDUE. Well, certainly. It is a very, very important trade agreement, and like any negotiated agreement, you don't get everything any side wants, all they want in that regard. If you remember when we began this process, there was sort of a big sucking sound from all of agriculture in the U.S. that said, "Oh no, don't withdraw." NAFTA has been relatively good for agriculture. And I think we would agree with that.

The fact is, there were some things that had been left out of the original NAFTA. President Trump had committed to a better deal, and if one is honest and objective in looking at the USMCA agreement, basically in every sector, in every section, in every chapter, you will find an improved agreement from labor to ag, to phytosanitary provisions to intellectual property to electronic trading, certainly to rules of origin that will bring more jobs back to the U.S. But for agriculture, it is improved.

Certainly, there are people in some parts of the country, both in the southernmost part and Florida and Georgia and vegetable producers were not able to get the seasonal and perishable vegetable provisions they wanted. I can tell you that Ambassador Lighthizer hung tough and promulgated those until the very end, and at trading day, that fell off. But by and large, they continue to work on side agreements whereby they can still have their day in court regarding a dumping countervailing duty type of situation on those products.

But, all in all, the USMCA agreement is improved, and I hope that we can all look at the objectivity of it and understand this is in the best interest of the United States of America's economy, and vote for its ratification.

If you would like me to continue on the section 232 tariffs, I can do that, or I can answer that later.

Mr. CONAWAY. There will be other Members that want to talk about USMCA, but Mr. Secretary, thank you for your solid service to rural America, and you are making a great Secretary.

Thank you. I yield back.

The CHAIRMAN. I thank the gentleman.

The gentleman from Georgia, Mr. Scott.

Mr. DAVID SCOTT of Georgia. Thank you very much, Mr. Chairman.

Mr. Secretary, first, I want to thank you. I want to thank you for the great work and partnership that you provided in helping us get the $80 million for the African American 1890s land-grant colleges and universities. The $80 million in the farm bill. Thank you so much. I can't tell you how appreciative we all are.

And while I am at it, please say hello to my good friend, your cousin, Senator David Perdue, who provided the sterling leadership in the Senate. What an extraordinary, bipartisan program we have started together. Thank you for that. I deeply appreciate it.

Now, Mr. Secretary, I am very disturbed. I am very frustrated with the treatment or lack of treatment of our farmers with these natural disasters.

According to the University of Georgia, Georgia suffered $2.8 billion in losses. On top of that, Mr. Secretary, we have to do something. This is terrible. Agriculture is the single-most important industry we have. It is the very foundation of this country. Still is. You recognize that. You have traveled to all 50 states, and you know as I do that in 44 of those states, it is agriculture and agriculture businesses that is the largest share of these states' economies. It is the food we eat, the water we drink, clothes we wear, our shelter. Who can be any more important to us than that?

But right now, Mr. Secretary, we have to sound the alarm bigger. If we don't get some payments down to our Georgia farmers by April, we lose the planting season. That means 2 years that we are losing the planting season, just coming from one natural disaster, Hurricane Michael. And in the last 3 years, we have had three different back-to-back. In 2016, we had Hurricane Matthew; 2017, we had Hurricane Irma; 2018, we had Hurricane Michael, and some of our Georgia farmers haven't had a crop since 2015. If that ain't enough to get us moving here, Mr. Secretary, I know you share the angst, the frustration that many of us do. Austin Scott, Rick Allen, and myself, we have been up here beating the drum left and right.

But this stuff has to stop. We have farmers hanging on by their fingernails. The suicide rate among farmers is alarming, up in our dairy farmers particularly, but all over.

Please tell us, what is it we have to do from your standpoint to get the respect and the dignity that our farmers deserve, and help them?

Secretary PERDUE. My friend, Congressman Scott, I would probably be better off just saying Amen and stop, but it is heartwarming to see you and your colleagues, Mr. Scott and Mr. Allen, on the same team there, advocating for those disasters.

And you all live it. You know it. You have constituents there. I thought Congress did a wonderful job in the 2017 bill. We did, I thought, an extraordinary job in administering the WHIP Program there. You have no difference, and it is really a sad state of affairs

that we have not cared for the 2018 victims as we did earlier. I believe there is still time to do that. You said April. We need it sooner rather than later. I hope we can do it even before April.

I know that the Senate has dropped a bill that does take care of that. We were, frankly, disappointed because it had been in most versions of the appropriations bill prior until the last times, and hopefully, we can see that restored. It is the right thing to do, and frankly, it is the necessary thing to do, as you said, in your part and from your observation. I appreciate your passion about that. I certainly appreciate your passion about the scholarship money that was done. I feel a little bit like Davy Crockett's son, me and daddy killed the bear. You killed the bear and I was there and watched. We appreciate your passion in that.

Mr. DAVID SCOTT of Georgia. Thank you.

Secretary PERDUE. I am happy that we agreed very early on that these are students that we want to cultivate and incorporate into the future of agriculture and USDA, and we are making good progress there. I have been to many of the 1890s schools, and they have some great programs. I have been down with your colleague, Mr. Lawson, at his alma mater, and your alma mater, I believe, and they are doing good work.

We look forward to utilizing the extra money. I am glad to see you are presuming about that other $40 million from the appropriators, and our $40 million. We will see how that works out. But nonetheless, we are going to do a good job with that.

I want to echo your comments to your colleagues, primarily, and I know the message is to all of us. This disaster must be done. It must be done soon, or there will be some real harm going on. Thank you.

Mr. DAVID SCOTT of Georgia. Absolutely. Thank you, Mr. Secretary.

The CHAIRMAN. I thank the gentleman. The gentleman from Georgia, Mr. Scott.

Mr. AUSTIN SCOTT of Georgia. Well, guess what I want to talk about.

Secretary Perdue, always good to see you. You mentioned the USMCA, the seasonal issues with the dumping. Obviously, for the farmers that I represent, the number one concern is that there are no provisions in the current draft that would keep Mexico from dumping at a subsidized price into our markets at harvest time, and so that is something I look forward to having further discussions about. I have talked with Secretary Lighthizer about it as well, and I appreciate the fact that you brought that up without even having to be asked about it, that you recognize that that is a concern for our growers.

But, the number one issue right now—and quite honestly, I get more phone calls from bankers than I am getting from farmers these days about disaster relief. I know that you were there with the President, it was October the 15th, and the Vice President on October the 16th when Vice President Pence, who I very much like and respect, made the statement: "We will be with you until we succeed," I believe was what he said. Certainly, there was a sense of relief that came across the Ag Expo in Crawford County when those statements came from Vice President Pence.

I know a Senate bill has been introduced. I know Senator Perdue, I saw him on Monday and Senator Isakson have both indicated they are doing everything they can to push that bill as soon as possible.

Before I go any further, I want to thank Jim McGovern, the Chairman of the Rules Committee, and Sanford Bishop for their work in helping us plus up the amount available to agriculture to a number that is much more reasonable with regard to what the total losses are.

But I am at a loss for what to tell my people. When I get off of I–75 and I go home, I drive past these fields. I drive past these farmers' homes. I know these people. We go to church with them. I have been telling them since October, help is coming. And I honestly don't know what to tell them anymore. It feels like a broken promise back home to the people when we just keep saying help is coming.

Secretary PERDUE. I think that is certainly understandable. I believe, based on what we were all led to believe, that this money was in that appropriation bill and was removed in the crisis of whatever. I don't know that it does any good to even try to do the forensics on a blame game from a diagnosis. We have to go forward and use the structure that is before us right now to cure this as quickly as possible so we don't have to answer those questions very long. We have both gotten them, and they are reasonable. Not only, as you said, were producers, it was as much their financiers asking that of whether they are going to be able to pay out loans for people that had great crops.

We know that we have a good safety net in the farm bill, but things like pecan trees and timber and those kind of things, even losing the bumper crop in cotton that was blown away and the safety net there doesn't replace the profit that was needed to repay loans and go forward again the next year.

We just need to go forward expeditiously, as quickly as this Congress can move, to rectify what was a significant leave-out of the previous appropriation there. I do believe that your colleague in the state and the Chairman of the Appropriations on Ag, Mr. Bishop, is very interested in that. You know that he has many of these producers in his district that got hardest hit, and we do appreciate Mr. McGovern and others plussing that up. If you look back at how we expended the WHIP Program for 2017, you will find that we did it very judiciously and frankly, there have been very little complaints that I am aware of since that time as well. We expedited that and, I think, made you all proud of putting the money out there, and we got it in the hands of the people that needed it most.

Mr. AUSTIN SCOTT of Georgia. And I think that the previous WHIP is proof that the checks and balances are there with that system so that we provide the relief that is necessary, but that we are not making somebody more than whole prior to the storm.

I appreciate your support of the farmers. I know you feel the pain as I do when you go home. You live in the 8th district, and just any help with getting this thing expedited would be appreciated. Thank you.

Secretary PERDUE. The good news, Mr. Scott, is that having had the experience last year of designing that program, we are way

ahead of the curve. It won't take us nearly as long to implement and get money into those hands as it did last year. Even though that was quick, it will be a very similar type of program. Trees and those kinds of things have not been a typical issue of the farm bill before, or part of USDA, but we think after the citrus experience last year, we have a better idea of how to do that.

Mr. AUSTIN SCOTT of Georgia. Thank you.

The CHAIRMAN. I thank the gentleman, and as I said in my opening statement, I will do anything I can do to—I don't know how much anybody will pay attention to me—but whatever good it will do, we are there to help you.

The gentleman from California, Mr. Costa.

Mr. COSTA. Mr. Chairman, I always pay attention to you. And for the Ranking Member, this is an important hearing for our House Agriculture Committee to get a report early in the year by our Secretary of Agriculture to discuss the status of the challenges that American agriculture is facing, and they are many. And we know the farm economy is suffering, not only across the country, but in California as well.

As the new Subcommittee Chairman of Livestock and Foreign Agriculture, in speaking with the Chairman of our Committee and Members of the Subcommittee, we intend to hold a hearing early on as it relates to the challenges facing U.S. dairy industry and the changes in the program that you cited earlier in your comments. And the timeline that you laid out to us, Mr. Secretary, will be probably good as it relates to better understanding how we attempt to address the economic challenges, the loss of liquidity that is affecting dairy, not only in California, but around the country. We look forward to coordinating with you on that timeline and on that very important Subcommittee hearing, probably in April, I would guess.

Let me also cite to you, before I get to my question, Mr. Secretary, that on February 1, a significant portion of the California Congressional delegation sent you a letter about the impacts of the devastating forest fires that have impacted not only California, but the entire West. The United States Forest Service obviously has the responsibility, the jurisdiction of coordinating with individual states, and the question that we cited in the letter that we sent to you about a month ago was trying to determine the impacts of the 35 days of the government shutdown, the closure, as it relates to contracts that had been noted for hiring, training for new firefighting personnel and other mitigation efforts that were put on hold for 35 days. We have not yet received a response, Mr. Secretary, and I can speak for the California delegation. We would like to find out where we are on that, because obviously, after the winter, we will have another fire season that we will have to contend with, and we hope for the best.

If you can get back to us, give us an idea when you can get some answers to us on the questions that we asked.

Secretary PERDUE. Absolutely, and I am embarrassed that we have not responded already. We have set new accountability terms in our office over the timeliness of responses. As you finish, I will do my best to give you a verbal answer.

Mr. COSTA. All right. Very good.

Let me ask you my question. It is on trade, part of the jurisdiction of the Subcommittee.

Last week, Canadian Ambassador David MacNaughton to the United States and White House Economic Advisor Larry Kudlow predicted that the Administration could remove Section 232 tariffs on steel and aluminum in a matter of weeks.

Mr. Secretary, I don't need to tell you that the retaliation of U.S. agriculture as a result of these tariffs have been incredibly difficult to our producers. Dairy producers, processors depend on exporting their cheese to Mexico. I have a significant processor that you met when you came to California last year. Twenty percent of his product goes to Mexico. We have products that are in decline in China and India, exports to Canada, the list goes on. Forty-four percent of California agriculture depends upon foreign trade.

The President admitted last week that his strategy to get the USMCA approved was to threaten the use, or increase of, section 232 tariffs on Canada and Mexico. That has also impacted our European allies. He also threatened to withdraw from NAFTA before USMCA is brought to a vote.

I think that strategy is a mistake. I was in Mexico in December for the inauguration. They simply said, "Look, we are willing to reduce our tariffs, but we want you to pass USMCA," and that is our only leverage.

My question to you is whether pursuing new markets and trade deals, which we need to do with Japan, and we need to resolve with China where are we with regards to USMCA and these section 232 tariffs. Can you confirm that Ambassador MacNaughton and Larry Kudlow have hinted on that the Administration will finally remove these misguided section 232 tariffs in the next few weeks?

Secretary PERDUE. I can confirm that we have had discussions at my level with my contemporaries, both Minister MacAulay in Canada and Secretary De Lobos in Mexico regarding the interest of all three countries to ratify USMCA, which we all believe would need to have the section 232 tariffs resolved as well.

Mr. COSTA. I mean, that is their only leverage, obviously. They want it to pass. We want it to pass, but we need to get going.

Secretary PERDUE. Certainly, again, the removal of the tariffs is in the interest of all and we are advocating to the Administration to do that. Certainly, the President has responsibility for the whole economy. He began the section 232 investigation, demonstrated a weakness in our steel and aluminum sector, and the potential for losing——

Mr. COSTA. But the 80 percent target date on aluminum, that has been met.

Secretary PERDUE. Yes, sir, and what we are moving towards is a resolution over the tariffs possibly to be replaced by reasonable quotas with which Canada and Mexico can live, and have the retaliatory tariffs removed.

Mr. COSTA. We look forward to continuing to work with you, and my time has expired, but this is a critical issue, obviously for American agriculture, as you know.

Secretary PERDUE. Let me respond on the Forest Service regarding your letter and your question.

Overall, the hiring program, while we were concerned about that, preparing for the 2019 Fire Service, our Under Secretary and Chief tell me that they have regained the momentum that way. We don't think there will be any permanent harm.

I do want to mention, however, I failed to mention earlier regarding the disaster provision. In the appropriations bill that was passed, the backfill of money that we used to fight and suppress forest fires this past year was not refilled. That has been typically done. Over $720 million that we took from operations to help prevent forest fires and suppressing forest fires, that is money that we need to fill that back so we can continue to do the things you have authorized us to do.

Mr. COSTA. Duly noted. We will work with our friends with the Appropriations Committee.

The CHAIRMAN. I thank the gentleman.

The gentleman from Arkansas, Mr. Crawford.

Mr. CRAWFORD. Thank you, Mr. Chairman.

Mr. Secretary, I appreciate you being here today. I think my colleagues have been drinking muddy water, because I can't see through them, but anyway.

Secretary PERDUE. It is the Red River Valley up there.

Mr. CRAWFORD. Exactly. It took them a second to figure out what I was talking about there.

I want to commend you on the regulatory reform that you are undertaking. We worked on a deal in the farm bill the last time around that removed the SAM and DUNS requirements, and I know that you are working on that. Thank you for that. That is going to go a long way.

I wanted to ask if there was specifically any other regulatory initiatives that you are undertaking right now that also might provide some relief to farmers?

Secretary PERDUE. Well, working on, I believe we have that SAM DUNS issue that was very troubling, we have it done, and the good news is farmers don't have to do that any longer. That was an unnecessary provision.

Again, in the overall management of being the most effective and efficient, whether regulations or policy or just management tactics, we are ongoing, working on things that will make us better customer servants there of the people that depend on us to implement the farm bill in that way.

Obviously, many of the things that you talk about from a regulatory standpoint have to do with implementation of the farm bill. We are trying to make it as user-friendly as possible. Again, labor is a great issue there, over the H–2A Program. We are working with the Department of Labor to eliminate the very onerous provisions of having to advertise in several counties and regions in order to qualify to get H–2A provisions. We are creating at USDA sort of a Turbo Tax type model portal where the farmer can come there, fill out all the information. We send that then to Labor, DHS and Secretary of State, State Department, as the primary statutory provisions on H–2A to help do that. We think that will be a big help. There still need to be statutory changes made in the labor force, but that is one area that we are trying to work on as well that will enable people to get the labor they need on their high-touch crops.

Mr. CRAWFORD. Some of my colleagues have mentioned USMCA, and you have addressed that as well, but just give me your gut assessment of what happens if we don't close the deal on USMCA.

Secretary PERDUE. I don't like to think about that.

Mr. CRAWFORD. I don't either.

Secretary PERDUE. It would be devastating, and I hope all 434 of your colleagues understand the threat it would be to the U.S. economy, especially the ag economy, if we don't ratify that. I hope that, frankly, everyone here, I believe, is well-intended and will put partisan politics aside to vote for the benefit of the country and ratify the USMCA.

Mr. CRAWFORD. Let me just ask you, finally, and you don't have enough time to answer this completely, but just give me your assessment of the Green New Deal. There are some estimates out there that it is going to cost a ton of money, money that we don't have. Certainly, what we know is that farmers are active environmentalists, as opposed to environmental activists, and so we can count on farmers to do the right thing with regard to protecting the environment.

But give me your assessment on the Green New Deal as it proposed, and what the impact might be on agriculture in general.

Secretary PERDUE. You are right, I don't have time to answer that. But aside from giving our cattle Pepto-Bismol, I am not sure what we can do.

Mr. CRAWFORD. Well, I won't ask you anything further, Mr. Secretary, but I do want to commend you again for doing a fantastic job. It is very satisfying to see the right person in the right job at the right time, and you are certainly that person. Thanks so much for all you do.

Secretary PERDUE. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentlelady from Ohio, Ms. Fudge.

Ms. FUDGE. Thank you very much, Mr. Chairman, and thank you so much, Mr. Secretary, for your testimony.

Mr. Secretary, under your leadership, USDA has implemented a series of what I really believe are kind of half-baked proposals to reorganize the Department and introduce harmful regulations that we have had to come behind you and correct.

In May of 2017, you eliminated the position of Under Secretary for Rural Development. Congress restored it permanently in the farm bill. In August of 2018, you proposed the relocation of ERS and NIFA, as well as decided to put ERS under the direction of the Chief Economist. Just in our most recent appropriations bill, the language delays this because we want to be sure that you are doing this in a way that makes some sense. We have requested that you provide cost estimates and a detail analysis to show us this plan before it can proceed. This past December, you issued a proposed rule on ABAWDs, and it is my understanding that you are getting ready to develop another rule to limit categorical eligibility.

Congress debated these proposals just last year during the farm bill. They were rejected. You call it a missed opportunity. We call it intentional rejection.

It is important to me to try to understand what your disdain is for poor people or people who have fallen on hard times or people

who are just living on the edge, because what you are doing in these proposals is hurting those very people.

Further, you have tried to circumvent other rules, and this one in particular really, really bothers me. There is a woman, her name is Naomi Churchill Earp who has been nominated for the position of Assistant Secretary for Civil Rights. This is a person who couldn't even get confirmed to be an EEOC commissioner. This is a person that the entire civil rights community has said is not good for civil rights, and so, I am not sure if you really are interested in civil rights, or if you just want the person because you want them for some other reason. But I am concerned that now you have made her a deputy to go around the process of confirmation.

It is just difficult for me to figure out where you are going, and if, in fact, you really do care about under-served communities, about people who have had problems with the Department, or those who have difficulty finding a job.

My first question to you, Mr. Secretary, is with your new ABAWD rule, can you please tell me what percentage of ABAWDs are veterans, are homeless, have mental or physical limitations, lack access to public transportation, or need language interpretation? That would help me determine how many people you are really talking about.

Secretary PERDUE. Ms. Fudge, I don't have those statistics in front of me today. I can get them for you, but I would respectfully disagree with many of your conclusions.

If I can begin with the Secretary of Rural Development, as you mentioned, we still don't have a confirmed Secretary and two other important issues, along with Ms. Naomi Earp, in civil rights. There are three of those out there that are all three very qualified people. We wanted to get started very quickly on rural development. The farm bill before had created an Under Secretary for Trade that had not been filled because there was not money appropriated for that. We moved that to an Under Secretary for Trade because we thought trade was one of the most important ones, and asked Anne Hazlett to come from the Senate committee——

Ms. FUDGE. Reclaiming my time. You thought that, but the Congress who makes these decisions didn't think that.

Secretary PERDUE. Well, that was totally under the purview of the USDA to do that, ma'am.

Ms. FUDGE. Well, we put it back in the farm bill, so it couldn't have been entirely under your purview.

Secretary PERDUE. And we are delighted to have that. I look forward to having a confirmed Under Secretary for Rural Development. I welcome that. There was no provision to do that prior to that. You had seven and we needed eight.

Ms. FUDGE. That sounds like a problem in your Department, sir. I mean, Congress determined what we wanted to see, and that is what we expect to see.

Secretary PERDUE. And I am happy to have the eighth, and I appreciate that, and we will certainly comply with that. We have already had——

Ms. FUDGE. Reclaiming my time. You say you comply with it, but you turn around and try to promulgate a rule that is in direct conflict to something we just put in the bill last year.

Secretary PERDUE. I do classify it as a missed opportunity, and I want to, since you brought that up, I would like to give you a couple of quotes from former Democratic Presidents. When this bill was signed, for instance, President Clinton said: "I have made my principles real well for a reform very clear from the beginning. First and foremost, it should be about moving people from welfare to work. It should impose time limits on welfare. It should give people all they need in order to go to work. This legislation meets these principles. It gives us a chance we haven't had before to break the cycle of dependency that has existed for millions and millions of our fellow citizens, exiling them from the world of work. It gives structure, meaning, and dignity"——

Ms. FUDGE. My time is up, Mr. Secretary, but let me just suggest to you. President Clinton he was in office 20+ years ago. Second, the economy has changed; and third, and more importantly, you can't even tell me who this affects.

I yield back my time, Mr. Chairman.

Secretary PERDUE. I would like to quote from another President who was in office long before that, President Franklin Delano Roosevelt, who said; "The lessons of history show conclusively that continued dependency upon relief induces a spiritual and moral disintegration that is fundamentally destructive to the national fiber."

The CHAIRMAN. I thank the gentlelady.

The gentleman from Tennessee, Mr. DesJarlais.

Mr. DESJARLAIS. I thank the Chairman.

Secretary Perdue, we are very grateful to have you here today. So many of my friends back in Tennessee at the Tennessee Farm Bureau, Tennessee cattlemen and poultry industries, Cotton Council, *et cetera,* have been so pleased with the attentiveness you have shown to Tennessee, making many trips there, and they are very, very grateful for your service. We thank you for that.

One concern we have in our district, and I am sure many others here, is the rural areas have continued to struggle with insufficient Internet connectivity and broadband service. Can you talk about the changes made in the new farm bill to improve rural broadband, as well as the USDA's plan to implement those changes and help bridge the digital divide?

Secretary PERDUE. I appreciate this question very much. It has the potential to be one of the most transformative things we can do for rural America to bridge the urban rural divide with connectivity and data access, certainly in telemedicine, distance learning, rural economics of entrepreneurship, as well as precision agriculture. We need a moonshot of broadband connectivity all over this country, not just in Tennessee, but in every rural hamlet, field around this nation. And the sooner we get there, the better off the economy of the country will be.

We have taken the $600 million that you all appropriated last year and developed a very good program based on those unserved areas, not duplication for applications. People are busy doing their applications. We have given them information and we hope to receive those applications very soon to deploy these and demonstrate to you all that USDA can get the job done regarding rural broadband connectivity.

Mr. DESJARLAIS. What does really soon mean? Can you give us a timeframe?

Secretary PERDUE. Yes, the applications should be accepted around May 1.

Mr. DESJARLAIS. Excellent.

I want to turn it over to rural lending for a minute. You are aware credit availability is crucial to farmers, ranchers, and forest owners. There has been some concern in my district regarding USDA's lending branch of the Farm Service Agency. What is the USDA doing to ensure FSA offices are staffed and ready to meet the needs of the vulnerable producers?

Secretary PERDUE. Well, obviously labor and workforce continues to be at the forefront. We can't get things done without appropriate people to do that. We continue to work. We have authorized a hiring plan, and you probably are aware that it is not the most easy place to onboard workers into, the Federal Government, but we are aggressively pursuing on a needs-based area. We have tried to put not a cookie cutter approach, but look at the workload in every FSA office to make sure they have the people to meet the needs. But that is a continuing challenge.

Mr. DESJARLAIS. Well, speaking of labor and workforce, that is one comment I hear from constituents and employers in my district time and time again. They are very thankful for this booming and robust economy, but very frustrated about the insufficiencies in the workforce. Can you discuss USDA's proposed rule that would adjust requirements for able-bodied adults without dependents on SNAP, and how this would foster self-sufficiency and bolster our workforce?

Secretary PERDUE. Well as part of our previous conversation, we think, again, we believe the purpose of our welfare system should help people to become independent, rather than permanent dependency. We believe it does this with 6½ million people unemployed and over seven million jobs out there. We think, again, from the 20 hours a week of training or volunteer even, or working, if people have a job that they still qualify for SNAP, they will still be eligible to get food assistance in that way.

We think we are helping people to, again, move into the dignity of work and the respect of providing for their families.

Mr. DESJARLAIS. It amazed me that that was taken out of the farm bill when across the country, over 80 percent of people agree with this concept, whether you are Democratic, Independent, Republican, you can go ask your constituents, people believe that able-bodied people who can work, should work. Do you have any idea why there might be so much pushback and concern on this measure, and can you clarify to help alleviate that issue?

Secretary PERDUE. I have no clue.

Mr. DESJARLAIS. Well, me either. Thank you for your time.

The CHAIRMAN. I thank the gentleman.

The gentleman from Massachusetts, Mr. McGovern.

Mr. MCGOVERN. Thank you, Mr. Chairman, and welcome, Mr. Secretary.

I was here, the first time you testified before this Committee, back in May of 2017. And as you know, I care very much about the issue of food insecurity and hunger, and I asked you a question

back then. I said I am looking for some assurances that you are a strong defender of the program, meaning SNAP, that you are not advocating structural changes or trying to put more hurdles in place to make it more difficult for people to get food, because it is a concern a lot of people in this country have. I would be interested in hearing your views on what you plan for SNAP. And I thought your answer was brilliant. You began with Mr. McGovern, I agree with you.

Secretary PERDUE. And I still do.

Mr. MCGOVERN. And then you went on to talk about how you support the program, and you ended with but as far as I am concerned, we have no proposed changes. You don't try to fix things that aren't broken. And when the motto is: "Do right and feed everyone," I view that as very inclusive. And I was comforted by that, but like my colleague, Ms. Fudge, I am concerned about some of the actions by the Department, especially in the aftermath of the farm bill which rejected some of the issues that have been raised here by my colleague from Tennessee, and that is with regard to able-bodied adults without dependents.

Just by the way, if the gentleman was still here, I would tell him that the concern that many of us have is that this is a very complex population. This is just not a bunch of people hanging around doing nothing trying to take advantage of government programs. This population includes returning veterans who are having a difficult time reintegrating into our society. It includes young people who have recently aged out of foster care. It includes people recovering from opioids, and individuals who are subjected to mass incarceration.

And I also want to say to the gentleman who left, and Mr. Secretary, to you, you mentioned that we don't want to encourage a life of dependency on these programs. That is not the reality. The average person on SNAP is on the benefit for less than a year. And that is according to your own statistics in your Department. I am concerned about the proposals that you are putting forward, and your language in the proposed rule continues to stigmatize people on SNAP, and it blocks states from using their own discretion and waiving work requirements. Different states have different needs, and as we all know, this would especially create a crisis in rural areas. Able-bodied adults without dependents, as I said, are a complex, already vulnerable demographic that will be further immobilized if you take their food away.

My question to you is was there any specific research FNS used to justify this rule change?

Secretary PERDUE. I appreciate your passion for this constituency, and I stand by my answer when you referred to my question last year, and I still think that we agree on many of those things. I do believe that what I said earlier regarding dependency, as I agree with President Roosevelt. I think it leads to a decline in personal dignity.

We are talking about able-bodied adults without dependents.

Mr. MCGOVERN. Correct.

Secretary PERDUE. Some of them have issues. I think what you all have done masterfully in criminal justice reform, destigmatizes

that part of the population. We are talking about not just getting a job, but getting prepared to go to work, which enables them.

I was a former governor. My job as a governor was to draw down as much Federal dollars as I could, because I didn't have any skin in the game.

Mr. MCGOVERN. Right.

Secretary PERDUE. And that is what we see across the country with these waivers, which I know that they were abused in Georgia. I believe they are being abused in many places.

Mr. MCGOVERN. Well, I mean, I have talked to a lot of governors who would take issue with you on that. But, as I said, a lot of people who will be affected by this change are veterans, children who have recently aged out of foster care, people recovering from opioids, and individuals who were subjected to mass incarceration. I am just trying to understand the basis for the change. Does USDA have data on the demographics within the ABAWD classification?

Secretary PERDUE. We will be happy to provide you what we have.

Mr. MCGOVERN. I would request on the record that you share this data with the Committee because it would be helpful. Is there specific research in FNS to justify the rule change, or can you point me to specific research that proves that taking someone's SNAP benefits away will help them get a job?

Secretary PERDUE. Sure. Mr. McGovern, we are simply trying to preserve the integrity of the law as it was passed by Republicans and Democrats in 1996, which indicated there is a time period when a loss of a job or a health issue would give people an opportunity to have these benefits for 120 days.

Mr. MCGOVERN. No, and I understand that, and because the population we are talking about is complicated, and there are hurdles for many of these people to be able to get into a work training program or to get a job. I mean, returning veterans who are having a difficult time reintegrating back into the community, for example. I am just trying to understand the benefit of throwing these people off of a food benefit, how that helps them get a job? I don't understand that. I mean, this is not a population, contrary to what some have suggested, who are just lazy who don't want to work. This is a very complicated population, and I want to know what the research is and what the data is that the Department is using to basically justify this rule change. And I would appreciate it if there is such data, if there is a study, if FNS has done something, to be able to share that with this Committee.

Because one of the problems, when we talk about SNAP and we talk about ABAWDs, we tend to generalize. Everything fits into a nice, neat category. It is a much more complicated population. It is a vulnerable population, and I am worried that if we go forward with what you are proposing, a lot of people are going to be hurt.

And by the way, it goes against what the farm bill, which was passed in a bipartisan way, advocated for, and we will do everything we can to protect this population. And if that means going to court, we will go to court as well.

Secretary PERDUE. I appreciate that. We are actively and aggressively addressing many of the needs of the veterans and incor-

porating them into USDA, as well as the agriculture environment, to help these people. We have education training programs specific for them as well as some of the other vulnerable populations that you mentioned.

Mr. MCGOVERN. Again, we would appreciate any research that you have or any data that could justify what you were doing.

I appreciate it. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentlelady from Missouri, Mrs. Hartzler.

Mrs. HARTZLER. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for all that you are doing. I know that you care about all Americans, no matter their income level. Specifically regarding the conversation we just had, I just wanted to clarify that the changes in the proposals that you are putting forth don't kick people off. They give them an opportunity to get some training, and then if they participate in a training program to help them link to the 7.3 million open jobs available right now, that they can keep their benefits. Isn't that correct?

Secretary PERDUE. Better said than I did.

Mrs. HARTZLER. Okay, thank you.

I wanted to move on to the program that was referenced earlier about relocating the two USDA research agencies, the National Institute for Food and Agriculture, and the Economic Research Service. And I just want to let you know that those of us in Missouri are excited about that opportunity. You have gotten some letters from us commending you on that. We believe that we have the personnel and the individuals with the skills necessary, and we would love to have those located there. Could you kind of give us an update on your rationale for why you wanted to move this agency out of D.C., out of the beltway, and move it closer to the heartland, closer to where the farmers are?

Secretary PERDUE. Surely. You, along with 135 others, would be happy, with the expressions of interest that we got, and we are certainly doing a very thorough, objective process. In fact, we engaged an accounting firm Ernst and Young that is used to doing these kind of relocation assessments in order to make sure that we did not involve any kind of political pressure or biases in any way, evaluating these, and there are some very interesting offers out there.

Certainly, from a management perspective, having been governor as well as a businessperson, you go where you can attract the best labor force, and what we saw from a letter that Mr. Ramaswamy, who is the former director of NIFA, talked about the difficulty of living in Washington, D.C., with its cost of living. We think also it is costly to the Federal Government here. NIFA had a lease that was up and had the need to move locations, and that is what began me thinking about the possibility of both these agencies being relocated closer to the heartland of where most of their customers are. We plan on leaving a contingent of leadership in both those agencies, ERS and NIFA, here to be responsive to Congress and any other agencies here, interagency type of relationships that we need to develop from a professional perspective there. But frankly, most of the recruits that we have in an early Ph.D. program, it is very

difficult to uproot young families and try to give them a definite quality of life here in the D.C. area in many ways.

I understand it is a change and people don't like change. We think that there are adequate reasons. We would be happy, outside these hearings today as we don't have time, I would be happy to discuss with anyone who has some major questions about that, our reasoning.

Mrs. HARTZLER. Sounds good.

Your tweet on Friday about the commitment from the Chinese to purchase 10 million metric tons of soybeans was great news. Can we look forward to purchase commitments on other commodities like ethanol and DDGs as part of the negotiations?

Secretary PERDUE. I sure hope so. I will give you a cute anecdote that happened in the meeting there. When the Vice Premier Liu He gave that commitment, the President said, "Sonny, go out and tell your farmers that we got 10 million more bushels. That is a big deal, right?" I said, "Yes, Mr. President." He said, "Go and tell them." I kept sitting there. I did not leave, and he said, "Aren't you going to go tell them?" And I said, "No, I am hoping there will be more." And the Vice Premier looked at me and said, "There will be more."

But we are optimistic. We have to be cautiously optimistic. These negotiations are never over until they are over with the Chinese, and we have a lot of details, a lot of, frankly, hurdles in order to get there. There are some structural reforms and non-tariff measures that have to be agreed to in order to reach the kind of lofty purchase potential that is out there for the Chinese, so we are hopeful. That will be determined later. We will continue to make progress, but ultimately, President Xi and President Trump will have to decide that it is time to restore relationships in a meaningful and forcible way that reforms the intellectual property transfer issues that we felt were damaging our national economy initially.

Mrs. HARTZLER. Absolutely. I appreciate all your work and all your leadership. Thank you.

I yield back, Mr. Chairman.

The CHAIRMAN. I thank the gentlelady, and I am pleased to recognize the gentlelady from North Carolina, who, by the way, is the Vice Chair of the Agriculture Committee.

Ms. ADAMS. Thank you, Mr. Chairman, and thank you to our Ranking Member as well for hosting this hearing and Secretary Perdue, thank you for your testimony and welcome back.

I was proud to work with a bipartisan group of my colleagues to authorize at least three Centers of Excellence at 1890 land-grant universities in last year's farm bill, and $5 million have been appropriated for these centers in the 2019 appropriations bill. And many of us on the Committee and in Congress want to ensure that the 1890s get the funding and the support needed from USDA to establish these Centers of Excellence and to do the kind of research that is necessary for them to do.

I am curious about your commitment to work with us to ensure that the farm bill authorized level of funding of $10 million is included in the President's 2020 budget.

Secretary PERDUE. I don't know that I can commit what will or won't be in the President's budget, but I can commit if it is there

as you all appropriate it, we are going to, obviously, fulfill your vision for what we do with that in fine fashion.

I want to mention one other thing about that. One of the better things you all did regarding 1890s and the farm bill was to stop the rescission of the money that you are giving out there, them being treated differently than others. That will go a long way.

Ms. ADAMS. Well, I want to thank you for that. That was an amendment that I had, and you supported that. You saw the inequity there. Certainly, that is what it was, and I appreciate your support there.

Secretary PERDUE. Right.

Ms. ADAMS. And again, I would just like to have your support going forward. I know you can't tell the President what to do, but I certainly hope that you will certainly emphasize that.

I also want to ask about your decision to appoint Naomi Earp as the Deputy Assistant Secretary. I understand there are some issues around her views on civil rights and so forth that have raised some concerns by the NAACP and other communities, and you may have responded to that. But if you could just tell me a little bit more, I would appreciate it.

Secretary PERDUE. Yes, I was extremely impressed in looking at her résumé, but more impressed when I met her personally, quizzed her on her passion and commitment to fulfilling the laws of the land regarding our responsibility at USDA to fulfill the civil rights components in all aspects there. I was assured that she was prepared to do that, and certainly looking at her, she is professionally qualified, having led efforts at EEOC and others in that realm. I found her to be eminently qualified, and I look forward to her confirmation.

Ms. ADAMS. Well, okay. I won't go any further with that, but just to say that there are lots of concerns in the community about not only things that she said, but the way she has conducted herself as it relates to civil rights.

Our Committee appreciates the work of the Food and Nutrition Service. I just wanted to add my support for SNAP, and my colleagues who have raised that issue when we talk about able-bodied folk and people needing to work, that there are many circumstances that create problems for them. We have a skills gap. Yes, there are lots of jobs, but in terms of whether or not people have those skills to do those jobs, that has to be considered as well. And also, in terms of the children who will be impacted. If you take from the parents and those who are responsible for those children, the children suffer at home and at school.

I wanted to just raise that and say that childcare and many other things come into play, and sometimes if your bellies are not hungry, you have not suffered that pain. We don't understand the pain of other folk.

But anyway, I am running out of time, but I will submit any other questions I may have to you in writing.

Thank you very much, and Mr. Chairman, I am going to yield back.

The CHAIRMAN. I thank the gentlelady. The gentleman from California, Mr. LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman.

Mr. Secretary, we appreciate your appearance here today. Thank you for your time with us here, and also for your diligence in what we have dealt with in northern California with the fire season, with the fire in Redding, California, which we thought was devastating, and then after that, the camp fire in Paradise, California, on top of that. The diligence of your office and our other partners in Interior and Homeland Security has been pretty amazing and appreciated.

As we know, 650,000 acres burned just in my 1st district of California this year, 93 lives have been lost in the two fires combined. That points out that we need to dramatically change how we manage forests in California and the western states and across the country.

Just in California, we have 130 million dead trees and counting across our 9 million acres in the state of forested lands. And we need to do treatment on them. We have to do the kind of treatment that will help us to mitigate wildfire risk. You don't eliminate wildfire risk because lightning happens and people happen too, but you can certainly make a forested situation much more manageable when a fire does occur, as we had many years ago when the inventory of trees per acre and brush, *et cetera,* was much lower and much different in a natural setting. We have been putting fires out for 100 years, and now we have an overload of inventory of that material.

Needless to say, we had some really good provisions in the farm bill that passed the House on the forestry title. A lot of that was eliminated over on the Senate side. I am glad we got the farm bill done. We did get some good pieces in there, but some really important leaps for all of us would have been there with that other parts in that title. We did a lot of work on that and then the work that was said in the omnibus previously that had forestry efforts in it really falls short of what we need to do. It is very important to the assets that we are supposed to be stewards of, and USDA, through the U.S. Forest Service, the forest asset, the habitat that it means, and the human lives that are affected.

We have to have strong management here, and at the rate that we are going under previous regimes with basically one percent of our U.S. Forest Service land being touched per year, it will take 100 years to get across and treat them. We don't have 100 years for the hundreds of thousands of acres that burn in the West every year.

We have tried to ensure the Forest Service has every tool available on funding, on separating disaster funding from your main course of funding. But we need to be much more aggressive at this. Can you, Mr. Secretary, update me on how we are putting in place something that will move at a greater speed than one percent a year nationally or even maybe up to a 30 year period to cover California on the treatment we need on all of our acres to be better habitat, more fire-safe, more healthy, and to boost an economy?

Secretary PERDUE. Thank you. I will do my best. We are making progress in both policy and authorities and in funding. As you know, the fire funding fix doesn't begin until this next fiscal year. That is why I felt compelled to mention the $720 million that we had taken out of the kitty of operations to do exactly what you are

asking to do. In order to suppress fires coming up, we need that to refill so that we can begin to do that.

We have to prioritize. As you said, there is so much. What we are trying to do—what I have challenged the Forest Service to do is to prioritize on those wildland-urban interfaces that are the most threatening. Certainly, you saw it firsthand in your district in Paradise how we need to focus first on those. But also, we are so far behind the curve. We need those other categorical exclusions that you mentioned, such as the dead trees and being able to remove them on a landscape scale, rather than having to go one application after the other, which all of them are subject to NEPA and litigation, and that just slows the process down.

Mr. LAMALFA. Yes, sir. We have good work on the Good Neighbor Authority allowing local Tribes, local governments, and even neighboring private lands. We need a lot stronger help from the private-sector on this to do it faster than what we are.

Let me touch real quickly. Good work on getting rice into China. How is it going on Japan with the discussions on getting rice a little more strongly into that economy?

Secretary PERDUE. We don't know yet. Obviously, Ambassador Lighthizer will focus on Japan, along with China, over the understanding that TPP implementations are coming and our producers will be at an extreme disadvantage there. He understands how important Japan is and has committed to me that he will move on that as quickly as able with them, and hopefully can get an agreement that is TPP or better very soon.

The CHAIRMAN. I thank the gentleman.

I recognize the gentlelady from Virginia, also the new Subcommittee Chair of Conservation and Forestry, Ms. Spanberger.

Ms. SPANBERGER. Thank you so much, Mr. Chairman. Good afternoon, Secretary Perdue. It is so nice to see you. Thank you for being here.

First of all, I would like to start by inviting you to join me in central Virginia, visit my district sometime. We have bison farmers, vineyards, dairies, small and large soybean farms, hydroponic farms, small family certified naturally grown farms, and I would like to take you on a tour of quite a few of our farms, if and when you have the time.

But my question today is about rural broadband. I know there has been a number of questions about this already, but according to the FCC's 2018 Broadband Deployment Report, almost 30 percent of Virginians living in rural areas don't have access to fixed broadband at what is considered a minimally acceptable speed. That is 3 megabytes per second upload. This creates significant challenges, from the ability of businesses and farms to operate in these communities, to the ability of our kids to do their homework. And across my district in central Virginia, we have some students who sit in McDonald's parking lots so that they can get access to Internet, and it is drastically impacting their ability to compete with other students, to have the same experience as other students in some of our more populated suburban areas that have stronger broadband Internet.

The Fiscal Year 2019 appropriations included $550 million for the ReConnect Program, a broadband loan and grant program, and

the USDA's Rural Utilities Service also has other programs to support broadband, such as Community Connect Grants and the Distance Learning and Telemedicine Grants.

You spoke briefly about USDA's rural broadband effort, so my question is, do you think that the funding level is sufficient, and the structure of the programs are appropriate to address the challenge of getting broadband to rural communities across the country, and in my case, across central Virginia?

Secretary PERDUE. Surely. Certainly not across the country. It is enough to indicate that we can deploy these in a competitive way, working with private-sector partners. There are three tranches of that money. There is grant money, $200 million, land-grant money of $200 million, and $200 million of loan, just loan money, of which there has to be equities in there. It is only the tip of the iceberg in the beginning. You have a beautiful district and I would love to come visit and tour and visit with your farmers, but the fact is, you are absolutely right. Not only your district, but many of the districts of your colleagues around here have situations that are exacerbating the rural-urban divide.

Ms. SPANBERGER. Yes.

Secretary PERDUE. And if we want people to live in beautiful places like you have all of your district, they are not going to do it without the kind of services that are just as important as electricity was in the 1930s.

Ms. SPANBERGER. That is right.

Secretary PERDUE. And that is what I would love for this Committee to be a champion to help us moonshot to cover this country from coast to coast with broadband.

Ms. SPANBERGER. Thank you, sir, and thank you very much for your comments on that. My district is a perfect example. We are a majority suburban in population, majority rural in land mass, and that divide that you mentioned is happening right in central Virginia in our Congressional district.

I have one more question about broadband, and I am curious. What do you expect the impact of the ReConnect Program funded at the 2019 levels to be on the number of people who can access broadband? Sort of what percentage of the need do you think that that program might be able to address?

Secretary PERDUE. I am not sure I want to tell you these numbers. I don't have a specific number, but this is very broad. Not nearly enough. This is, as I said, I don't know what quantification the tip of the iceberg is, but this is just a test case to demonstrate what we are trying to develop are public-private partnerships. The Federal Government, frankly, doesn't have enough money to do all this itself either. We use the REAs and all the EMCs across the country in the rural electrification and telephony. We had other private businesses there. What we are going to try to learn is how to optimize and leverage Federal incentives where there is not an economic reason to do this, get people who are in that business that know how to do it, and to do the most of it.

I can't give you a specific number, but it is only a beginning.

Ms. SPANBERGER. Well thank you, and thank you for your support of these initiatives overall, and for your recognition of what a significant issue this is to so many communities.

Thank you, and Mr. Chairman, I yield back.

The CHAIRMAN. I thank the gentlelady, and I want to remind Members that we are recognizing people in seniority order based on who was here when the gavel fell.

Under that list, the next person to be recognized, Mr. Rouzer from North Carolina.

Mr. ROUZER. Thank you, Mr. Chairman, and Mr. Secretary, great to see you. We all appreciate the great work that you are doing, and I just want to thank you again for coming to my district a few weeks ago, and that is not the first time that you have been there.

The unfortunate thing is, part of the draw to my district is that it has been so devastated by Hurricane Florence, and before that, Hurricane Matthew. We have had two major catastrophic floods, one a little broader in scope and literally in depth than the other, but nevertheless, both of them were very significant. And then those that weren't flooded had so much rain that basically they lost the millions of dollars that were plowed into the ground, so to speak, with no return. And that on top of the fact that the farm economy has really been struggling the last 5 to 6 years, anyway, for a variety of reasons. Of course, you got the increase, which has a big impact on our folks, and we have talked about that already.

I have two things I want to focus on here at the moment, though. One is directly related to the flooding, and that is the role of NRCS, and I want to commend you for the work that you all have been doing there, particularly in eastern North Carolina, but it is an area that needs a lot more focus.

We have so many rivers, creeks, streams, swamps, that are just gunked up with junk from years and years of sediment traveling east and southeast into the district. Tree logs, you name it, beaver dams. It is a mess, and it is going to take a long and sustained effort to clean out all these rivers, creeks, streams, and tributaries to where the water can actually move and keep so much of our farmland and a lot of residential property as well from being flooded. And in North Carolina, we have the added impact—and this is both good and bad, in that you have such a huge influx of population growth in the central and western part of the state, and all that water has to go somewhere. You probably have observed, like I have, that when they build homes these days, they are a wingspan apart, literally 6′. Well, when you have a big rain shower, that water goes straight to the drain, goes straight to the river, and it won't be too long where in eastern North Carolina when Raleigh has a 2″ or 3″ or 5″ rain, it is going to be the equivalent of a Hurricane Matthew or Florence flood in eastern North Carolina because this water just has nowhere to go.

With all that said, and that backdrop, I want to make sure that we are doing everything possible at USDA and the other agencies as well to really focus on that, and I would love to have your commitment and attention to is as we move forward.

Secretary PERDUE. Sure. One of the benefits of getting out and visiting with you all in your districts is that what I learned when we were with your constituents a few weeks ago was that I found that some of our NRCS people misinterpreted their ability to get into some of these creeks and streams and do what needed to be done. We came back and rectified that by sending down clarity of

what they are able to do. Hopefully, we will have some impact over doing some of the things of clearing out these results of the devastation from the hurricane.

Mr. ROUZER. The second thing I would like to raise with you, I just would like to get your update on where we are with the vaccine bank that was authorized and funded with the farm bill, and what you think the timeline for that is.

Secretary PERDUE. We appreciate the attention that Congress gave to the transmissible diseases. While we refer to it as a vaccine bank, it is actually a broader strategy than that. We call it the three legs of the stool. One is really an awareness system, working with states, and then a laboratory network, and then a real vaccine bank. These transmissible diseases that kind of began with foot-and-mouth, African swine fever has kind of taken the attention most recently because of the news in China, but they are all devastating, and either of those diseases and others could be crippling to our ag economy and livestock economy in the United States, and we can't be too vigilant about that.

But the money you have given, Under Secretary Greg Ibach has a great plan for working with private industry and producers in order to develop both a network of early laboratory detection, as well as understanding the network of vigilance of reporting out here, and then the vaccine bank as well. We are still looking and trying to determine what is the best expenditure of taxpayer money regarding the technology of vaccines in that regard.

Mr. ROUZER. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentleman from New York, Mr. Delgado.

Mr. DELGADO. Thank you, Mr. Chairman. Secretary Perdue, thank you for being here today.

As noted by the Chairman, I represent New York, upstate New York, New York District 19. That does come as a surprise to some folks that I represent the third most rural district of any Democratic Member in Congress, and the eighth most rural district of any Member in Congress, and I am proud to do so. It is the home of numerous small family-owned farms, thousands, and many of whom are small dairy operations.

This past week, I visited farmers at their operations across the district. Among them was Don Coager, owner of Don's Dairy Supply, and Duane Martin, President of the Delaware County Farm Bureau, and owner of a small dairy operation. These folks and others I have visited with spoke about the challenges and opportunities small family farm operations face today. And I know the farm bill has done some good work with the Margin Protection Plan rebranded, I believe it is now the Dairy Margin Coverage Program. I know there is a lot of good stuff in there that hopefully gets implemented.

But I want to focus a little bit on localized infrastructure, because we have to think more broadly about how we allow these small localized farmers to deal with the global market that sometimes is marginalizing them and pushing them out. There are dairy operations in ten of the eleven counties I represent, and the number of dairy farmers has declined in each of these counties over the last 13 years. In some counties, we are talking about from 400

down to 100, or from 100 down to 12 over the last 20+ odd years. It has been devastating.

My question is what can we do, aside from the insurance program, the Dairy Margin Coverage Program, from a localized infrastructure piece and resources piece to provide the sort of local USDA personnel and technology and services in rural farm economies, like the ones that I represent?

Secretary PERDUE. Well, it is a challenge. Obviously, what you all have done in the farm bill is the best start, particularly for your smaller dairies in upstate New York will be benefitted by this, both on the refund of previous insurance premiums under the prior program which did not result in any benefit that they perceived, as well as the upcoming one will help a lot.

You have technologies coming like robotics, robotic milkers, which will help, but these are economy-of-scale issues that deal with all throughout the economy, not just in agriculture, and the economy-of-scale of a dairy industry from a small dairy is going to be extremely difficult, going forward, even with the new farm bill. I don't think any of us would submit that we are compelled to keep anyone in business if it is not profitable or they cannot justify that. But it is challenging. I wish there were more that we could do, and we are open to any suggestions from that and using all the tools of USDA to get that done.

But dairy on a small scale, a small economy-of-scale, is like a lot of agriculture. When I grew up, a man and wife could probably have 300 or 400 acres and support a family of two, put the kids through college, and do that. Now, even in row crop, non-dairy, it is up to 1,200 or 1,500, maybe 2,000 acres in that regard. You see not only the number of dairies going out, but the number of cows are not reducing that much. We have actually gotten more productive per cow in many places in the economy-of-scale. These are challenges that are really intractable, and we look for any ideas that you may have in visiting with your constituents of how we can help.

Mr. DELGADO. I appreciate that.

I did have another question on a separate matter, but your answer makes me think otherwise.

I would hope that given what these communities have done for our country, the rural quality of life that they provide for so many wonderful communities everywhere, that we don't allow the economies-of-scale, as you put it, to deter us from doing the necessary work, to think about how we can do better by these communities, and not let the concentration, the monopolization of the industry be guided by our democratic principles. Because at the end of the day, these communities are being left behind, and I do think it is imperative that on some level, we don't just dismiss the problem as an effect of a growing economy, but that we have a responsibility at some level to do the work and to figure out how we can help, where appropriate.

Thank you.

Secretary PERDUE. We are willing to explore and implement any ideas you may have.

Mr. DELGADO. Thank you.

The CHAIRMAN. I thank the gentleman, and the gentleman from Nebraska, Mr. Bacon, is recognized.

Mr. BACON. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here today and sharing with us.

First, I regret some of the comments made on what you are trying to do with the SNAP Program. I think they are being misconstrued. We know your goal is to set money aside to provide technical training, college training for those who are able-bodied, don't have small children, don't have a handicap, and helping them get a high-paying job. The goal here is to break the cycle of poverty. This is a war on poverty, not a war on the impoverished. I just want to say, I thank you for your leadership on this. I think it is needed.

Second, I wanted to follow up on the foot-and-mouth disease discussion, because that is one the highest priorities that I hear from our beef producers and our pork producers, and so, I appreciate your comments that you made already.

My question to you is, what more can Congress do to partner with you and the Department of Agriculture to make the future of this a success? Because we want to have this vaccine bank down the road so we don't have an outbreak. When I talk to our cattlemen and our pork producers, a foot-and-mouth disease outbreak would shut down trade for 5 years, or maybe more, and that would have a devastating impact there, but also on our corn producers and a ripple effect across the entire economy.

What more can we do to support you in this effort from Congress?

Secretary PERDUE. Well again, the initial appropriation over the vaccine bank will be a beginning as it will help us to determine the right technology to use and the right product to use. I think there will probably be more appropriations needed to fund a vaccine bank. I don't know that we are able to give you the right direction to do that, but as soon as we have some direction, we would recommend to you, it will probably, like most solutions here, require some more money.

Again, just the awareness that the industry and Congress has brought to this issue helps everyone be vigilant about it. Awareness is the first step in any kind of solution, and you all, by funding it and putting it in the farm bill, have helped to make awareness for all producers across the United States.

Mr. BACON. Well, thank you. I intend to work closely with Mr. Ibach and your team, because we want to make sure that we are ready to react and respond here to give you the tools needed to make this a success.

In the end, the beef industry, we are the number one exporter in Nebraska for beef of all 50 states, and this is a critical program, so I want to thank you there.

Finally, I just wanted to ask a little bit about USMCA. It seems to me that Congress, we are taking some votes right now that have no chance in the Senate, no chance to become signed by law by the President. But yet, the USMCA agreement is ready to debate, ready to vote on. Is there any other priority in Congress for the Department of Agriculture that has a higher priority right now than getting USMCA passed, from your perspective?

Secretary PERDUE. Maybe aside from the disaster bill that we talked about previously, again, this certainly is critical. As I have told you, I don't think we want to contemplate the consequences of non-ratification, and I know that we are heartened by the coalition that is already forming out there, very strong Farm Bureau, Chamber of Commerce, both business and major ag groups. There is a lot of energy and a lot of momentum there right now, so I hope we don't tarry too long on that.

Obviously, the trickiness of the section 232 tariffs play into that to some degree, but I am hoping that we can resolve that sooner, rather than later.

Mr. BACON. And what I heard you say today, and I heard previously from other leadership within the Administration that we didn't get every change that we wanted in the USMCA compared to NAFTA; however, every change that was made was to our advantage. Do I have that right?

Secretary PERDUE. Absolutely. That is—I challenge anyone to go line-by-line, chapter-by-chapter, and verse-by-verse and say where it is worse than it was. I don't think you will find it.

Mr. BACON. Well, in some of our counties in Nebraska, $50,000 of their income is directly related to trade with Canada and Mexico. This is a priority. We have to get it done.

Thank you, Secretary, for your answers today, and Mr. Chairman, I yield back.

Secretary PERDUE. Under Secretary Ibach reminds me of that on a regular basis.

Ms. ADAMS [presiding]. Thank you very much. We will now give 5 minutes to Mrs. Craig.

Mrs. CRAIG. Thank so much, Mrs. Chairman.

Thank you, Secretary Perdue, for testifying this morning about the state of the rural economy in particular. I am thrilled to serve on the Agriculture Committee, and I am from the great State of Minnesota, with our Chairman, Mr. Collin Peterson, and about half of my district is rural in nature, so it is a pleasure to be here today.

Mr. Secretary, farmers throughout my district are struggling with record low farm incomes and low commodity prices. My farmers have made it clear that maintaining the farm safety net is critical to keeping their operations afloat. Thanks to the work of this Committee before I got here, the farm bill gives producers access to valuable risk management tools. The farm bill also provides producers with an opportunity to update their payment yields for the 2020 crop year, and moving forward, make a yearly election between ARC and PLC.

What assistance will your agency provide to producers to ensure these opportunities are used to the fullest extent, and what impact in particular did the shutdown have on your ability to implement these changes?

I am a freshman. I am new here. Apparently, we have had 22 CRs since 1996, and we have shut the government down ten times, so any chance I get to put on record how bad an idea government shutdowns are on everyone, I am going to take an opportunity to do it.

Secretary PERDUE. I hope you will. You can't imagine how painful it is from an agency perspective.

Certainly, you talked about two provisions regarding updating the crop yields. What we are doing right now is designing the granularity of the rules and regulations of how that will be done. You all give the intent and the will of Congress, and we go and put the rules and regulations in place. We are working feverishly to get that done as quickly as possible. It will not be done, obviously, by the planting season this year, but the payment for those programs are done in a year in arrears, and so we will have it done by the time that the next planting period for the 2019/2020 crop is done in that regard, so they can update their yields at that point in time.

Mrs. CRAIG. Terrific, thank you.

And how behind did you become because of the shutdown?

Secretary PERDUE. I failed to answer that part of it. It was disconcerting, but I will tell you, you may have heard or seen from some other agencies or groups over threatening to be sick or be out or whatever. We had our FSIS workers, our food safety inspection workers, didn't miss a beat, and while they were anxious like everyone else over not receiving a paycheck, they were stalwarts in the way they did their job in that regard. We were able to negotiate with OMB over getting critical people back into place.

You may recall in your district we were able to get our FSA workers back for a couple of days prior to the shutdown, and then we were going for 3 days a week after that, which is extremely helpful to take care of the business. As I mentioned earlier, we had NRCS personnel who were funded helping in those offices in that way as well.

I was very proud. These are people that are pretty dedicated to their customers. When I talk about being customer-focused, they love to hear that, because that is what they want to do.

While we were behind on a few things like the implementation of the broadband thing that got delayed a little bit, and some other contracts that were not essential, for the most part, only the bad memory remains. I think, for the most part, we have caught up. It will delay some things, the applications I said for the broadband and a couple other things, for a few days, but we are not letting it hold us back. We have kind of put a rule out within internal USDA. We are not going to use the shutdown as an excuse for any kind of delay of what we have to do.

Mrs. CRAIG. Thank you for that, and just one follow-up question on trade.

As many of my colleagues have continued to say, we rely on USDA to be a voice for ag within the Administration, especially during this self-inflicted, in my view, trade war.

I worked in business for over 22 years, so I am new to government here, but it is often the case that once you lose some of these big countries, from a trade perspective, it is awfully hard to get them back. Chinese importers of U.S. grains may look elsewhere. I know we have some soybean issues.

Do you believe our farmers will be able to get back these markets once we lose them?

Secretary PERDUE. Yes, I had that same fear initially that you refer to. I have since become much more optimistic about that, primarily because of the China discussions and the kind of numbers

that we see there. While you refer to it as a self-inflicted, it certainly was self-initiated. Again, to allow China to continue to build their economy on the backs of intellectual property theft and cyber transfer and different things like that would have been long-term damaging to our economy. I applaud President Trump for calling the question on that. Even though it induced some short-term pain that some remains to this day, the Market Facilitation Program made up for a lot of that. I hope you have heard from your rural constituents about that, and by and large, that we are going to be better off in the end, agriculture-wise and U.S. economy-wise in order to get that done.

The good question is, I am much more optimistic about regaining those markets. I know there is a fear that you lose a market and it takes a long time to get it back. While other people do look other places for a diversity of options they have, just as we look for a diversity of options in our personal shopping, the good news is the U.S. still provides the most reliable, the most abundant, the safest, the best quality food supply there is in the world.

Mrs. CRAIG. Well, Mr. Secretary, for the sake of our farmers, I sure hope you are right.

Ms. ADAMS. The gentlelady yields back.

Mr. Dunn, you are recognized for 5 minutes.

Mr. DUNN. Thank you very much, Madam Chair, and thank you, Secretary Perdue, for being here today and taking so much of your valuable time. I especially thank you for visiting my district after Hurricane Michael struck it. Shortly after it, you were there on the ground. I know you know the value of the losses due to that storm, and that it rivals everything in 2017.

You and I know that the key to standing a rural community back up after a hurricane, or a wildfire, is to ensure agricultural economy recovers quickly. Unfortunately, Congress so far has failed to pass a disaster supplemental program for 2018. Like many issues in Washington, it is hung up on other unrelated political things, not questions of policy.

My first question to you is, how can we help you to be better equipped in the future to respond to natural disasters like this? And I know that is a long, complicated question, so you may direct your staff to respond to that, work with us, as we go along down the pike.

And let me say, your staff has been an absolute joy to work with on this.

Secretary PERDUE. Well, thank you. We appreciate it and we are proud of our staff and the response that they give to your Members' questions. We know that these are not things that you think up. They are constituent service issues, and we want to be responsive to them.

Again, the farm bill does a great job in ordinary type of risks that are involved in farming from a safety net perspective. No one can contemplate a major disaster as we have seen in 2017 and 2018, and therefore, again, from Congress' ability to move very quickly from an appropriation restoration thing, we will be prepared to move very quickly.

As I said, this year, having learned what we learned last year over the WHIP Program, we are ahead of the game in order to be

able to implement that and get those resources into the pockets of your constituents that need it desperately.

Mr. DUNN. I look forward to working with your staff on developing more quick response methods.

Eighty-seven percent of the ag losses in Florida due to Hurricane Michael were timber, $1.3 billion worth of trees on the ground. I have spoken to constituents who have lost their entire retirement savings, which were in the form of timber, with the destruction of this. What can we do to help these folks, and do you believe the block grant like we did with citrus last year would be appropriate for timber?

Secretary PERDUE. Well, that is a great question. We actually will have to design a program for timber. It has not been typically in a disaster program, because it typically hadn't suffered like it did with Hurricane Michael. The swath of timber loss between the panhandle of Florida, all the way up 150 to 175 miles inland in Alabama and Georgia was like nothing I have ever seen. That is not a typical crop that we think of, but it is an agricultural crop. It just has a longer growing cycle. And we certainly, as you indicated, that was many of these couples' 401(k) that they were using to fund their retirement in that area, and we will develop, you mentioned the block grant. More than likely, there will be some of that in there.

Mr. DUNN. Let me go on here. I appreciate your help with that.

We also have a crisis in Apalachicola Forest, so many trees on the ground. They have been on the ground for 4 months. That makes them pretty much past the point of salvage. We had some categorical exclusions in the House farm bill language which didn't make it the final version that would have allowed you to much more rapidly salvage and remove that debris. I want you to know that we will work together with you to try to get that language across the finish line this session. Again, because we could have salvaged a lot more trees than we did salvage.

And finally, with the devastation of our timber crop, many of my sawmills will not have any wood that they need for decades after this. I am going to ask you to work with our office, where we can, to ease the regulatory burdens and give sawmills access to the wood that they need to continue their timber operations. And that is just a yes——

Secretary PERDUE. One of the best ways we can do that is making available timber sales in our National Forests, and that is what we are in the process of——

Mr. DUNN. Music to my ears, Mr. Secretary.

Again, let me tell you, staff has been great to work with, and I want to echo the words of Mr. Crawford. You are the right man in the right place at the right time. Thank you very much for all of your efforts.

I yield back.

Ms. ADAMS. Thank you very much. The gentleman yields back.

Mr. Brindisi, 5 minutes.

Mr. BRINDISI. Thank you, Madam Chair. Thank you, Mr. Secretary. Good to see you.

My district is also in upstate New York, and half of the district is considered rural. As you know, rural broadband is a big issue for

us in rural areas. Eighty percent of Americans who don't have access to high-speed Internet live in rural communities.

I do want to ask a question. Because of the shutdown, I saw on the USDA's ReConnect website that many of your webinars and other programs informing people about this funding opportunity were postponed, and, in fact, on the website no upcoming events or training programs are currently scheduled. My question is, how does USDA ensure that folks are aware of this rural broadband funding opportunity ahead of the April 29 deadline? Will you be rescheduling any of the canceled events that were planned, and do you plan on hosting any in-person events? We would love to have you back in upstate New York.

Secretary PERDUE. Sure. The April 29 deadline has been delayed by a month. That should be up on the website, assuming people have access to broadband. And you really ought to be proud of your state. It is one of the more progressive, from a state perspective, over promulgating broadband across the state. We are looking for state partners like that that have the passion for this. For many states and many governors who were in town this weekend, broadband is a huge issue for those.

But regarding the program over the ReConnect, everything should be back up. The contractors were not deemed essential, and they had to suspend their work. But they are back at it now and all these programs should be certainly delayed not any more than the 30 days.

Mr. BRINDISI. Okay, and then also you talked about our state. We have had some issues in our state in terms of oversight of some of the providers.

You had talked about working with our private-sector partners to expand broadband into rural communities, and I know that in some states like New York, we have had some issues with cable providers who have said that they were going to expand, have taken tax dollars, have said they were going to expand into certain under-served communities in rural areas. I am trying to figure out, what is USDA's role in oversight of tax dollars are going to private-sector partners, and they are not using that tax dollar wisely or not expanding into rural communities. What oversight does USDA provide ensuring that those taxpayer dollars are spent wisely?

Secretary PERDUE. An exact concern I had going into this, that is why we have taken probably a long time to develop the rules and the accountability provisions that way. Ours will be more of a reimbursement type of issue in that regard than money up front, and if you look at the accountability rules that are there on the website, there now, you will find fairly good accountability that never dismisses or excuses or eliminates some degree of fraud that may be out there. We have so much demand out that, we think we will be able to pick the best partners.

Mr. BRINDISI. Okay, and I just encourage—if you are looking at this, make sure if they are making commitments to expand into rural communities, that they actually follow through on their commitments to expand to X number of households that they promised that they were going to do.

I also just want to——

Secretary PERDUE. I don't know that we have any claw-back provisions, but I am in favor of claw-back provisions as well.

Mr. BRINDISI. Me too.

Putting on my other hat, I also sit on the Veterans' Affairs Committee, and I know there was a recent report from USDA about older veterans who tend to reside in rural communities and rural counties and near military bases. It notes that seniors, as a whole, participate in SNAP at rates much lower than the general population. Only about 40 percent of eligible seniors participate in SNAP.

My question is, what is USDA doing proactively to ensure that older veterans, and all veterans who struggle with food insecurity, participate in SNAP?

Secretary PERDUE. Well again, what we are doing for our veterans and older veterans, we find that we are trying to encourage a program of mentorship. You have aging farmers that also want to mentor young people who want to get into farming. They may not have any heirs that want to carry on the farm, and many times, they can grow their own buyer if they mentor them over a period of time. That is one of the things we are encouraging.

Other than the regular outreach between the Administration, as you know, the states administer this nutrition program, and many of them have various outreach efforts there. We don't, to my knowledge, have any specific outreach over the nutrition program targeted to veterans or seniors.

Mr. BRINDISI. Okay. You all don't work with the Department of Defense or VA on any of those programs?

Secretary PERDUE. We have worked with Defense over that in collocation with them, primarily in the jobs.

Mr. BRINDISI. Okay. Thank you, Mr. Secretary.

I yield back my time, Madam Chair.

Ms. ADAMS. Thank you. The gentleman yields back.

Mr. Johnson, you are recognized for 5 minutes.

Mr. JOHNSON. Madam Chair, thank you very much.

Mr. Secretary, thanks for being here. As you know, I have a real passion for expanding opportunities for working class folks, and in the last farm bill, there were ten state pilots set up regarding SNAP employment and training. I don't think a final report on those completed pilots is due until next year, so I am not looking for a lot of depth or detail from you, but do you have any initial observations about some of the state successes we saw in those pilots? And if you don't have any initial reactions, maybe just share with us some of your thoughts about some of the progress and successes that we can be making here in the years to come?

Secretary PERDUE. Well, I don't, unfortunately, have any interim type of report on that. We, like Congress, typically deal in deadlines of evaluation in that regard, and frankly, have so much else to do we don't have much of a chance to check on interim type of progress over these types of things. Regrettably, I don't have much information to share with you today.

Mr. JOHNSON. Not a problem, Mr. Secretary.

We have talked a fair amount about trade, and I have been encouraged by a fair amount of progress as we have talked about getting USMCA ratified, as it seems like we are making headway with

China. We have talked a fair amount today about Japan. I mean, does USDA and other agencies, to your knowledge, have the tools that you all need to continue to expand market access, particularly for American producers?

Secretary PERDUE. We believe we do, and we are using it very well. As I answered a question earlier about our Under Secretary for Trade, the 2014 Farm Bill called for an Under Secretary for Trade. It had not been filled until we got there. I chose Ted McKinney from Indiana, a former director of agriculture there. He is quite a salesman, and he is well on his way to his million-mile status around the world, primarily focusing on new markets and going to places that have a lot of potential like India, Malaysia, Indonesia, Philippines, Taiwan, and other places around the world.

The other thing that we have done, we can't do it, again, all by ourselves. It takes a private-sector, and we want to help them. The Market Access Program that you all fund on an ongoing basis, the mitigation program, we dedicated $200 million of ag trade promotion dollars that we allocated out to over 57 collaborators in order to develop markets in different places, or go back and repair markets that felt like may have been damaged by some of that.

We are working. They have been well-received, and we are working with not only regional, but commodity groups in order to reach other markets.

Mr. JOHNSON. I have heard a number of Members ask about rural broadband, and prior to joining Congress, that was my career, focusing on helping communities design, build, and maintain great rural networks. And in the appropriations package that was passed, I guess, a few weeks ago now, there was $600 million of additional funding for rural broadband. Are there any observations from your perspective about what USDA may do with those dollars differently than what has been done in the recent past with Community Connect or other programs?

Secretary PERDUE. We will continue, unless we have better ideas or new ideas regarding this additional money. My goal initially was to do so well in the initial appropriation of the 2018 omnibus of the $600 million to demonstrate that we would be great optimal stewards of that money in order to encourage you all to do more. We will continue to prosecute that additional money as well in that regard, and hopefully encourage the Federal Government as a whole to really take on broadband e-connectivity across the country, both urban and rural, as the real moonshot transformational opportunity I believe it is.

Mr. JOHNSON. Well, and clearly, again, there has been a fair amount of interest on both sides of the aisle and from veteran Members as well as newbies. If your Department is able to identify any particular challenges for you getting done the kind of progress that you describe, certainly, let us know and if we can help, we want to.

Secretary PERDUE. We will definitely have more of those and the challenges and the impediments as we move forward in the application and the judging process of where we deploy those resources.

Mr. JOHNSON. Yes, excellent. Thanks, Mr. Secretary, and Madam Chair, I yield back.

Ms. ADAMS. I thank the gentleman.

Secretary PERDUE. And based on your previous experience, we could use you as a consultant in that area.

Mr. JOHNSON. Well, you don't want me out digging the trench, I will tell you that. Some things I don't do as well.

Ms. ADAMS. Thank you. The gentleman yields back.

Mr. Harder, you are recognized for 5 minutes.

Mr. HARDER. Well thank you, Madam Chair, for yielding, and thank you, Mr. Secretary, for taking the time to be with us this morning, and for being an ally to our farmers and to our national and rural economy.

I have been in office for just a couple weeks, but I am happy to say our office has already been able to work together, and thank you for extending the deadline on the Market Facilitation Program during the shutdown. Farmers in my area really needed that extension, and you helped us get this done, and I am very grateful for it.

As you know, *emergency* is a word that is flying around a lot nowadays in Washington, but there really is an emergency, but that emergency is in rural America. An emergency in an area like the Central Valley, my home, where close to 50 percent of our residents are on Medicaid, where ⅓ of our jobs are connected to agriculture, and a lot of those jobs are increasingly at risk, thanks to, as you said in your testimony, the fact that farm income has dropped by 50 percent since 2013 due to commodity prices that are tanking, skyrocketing farm debt, crops like fruits and tree nuts, major exports from my district, having huge losses from trade, about $3 billion lost from trade.

And when I look at this, that the last time we had a decline of net farm income to this degree was during the Great Depression. And during the Great Depression, we had an enormous amount of public attention, huge efforts to fix this, real mobilization and public action. And then I look at what we are seeing today, in your testimony, you said that the Agriculture Department is actually going to cut the President's Fiscal Year 2020 request, estimating about a five percent cut. And I see that as sort of the opposite of what we actually need to be doing in a time like this, that really has this moment of crisis.

My question for you is given your testimony and the scale of the issues that we are seeing in rural America, do you believe that we could be doing more to support our farmers today?

Secretary PERDUE. Congressman, we are happy to do anything you appropriate to do that, and we will do it as efficiently and as effectively as possible.

I guess I would slightly disagree. We saw some areas in the early 1980s, since the Depression that were difficult in that area. The other difference is—and that down 50 percent, we were coming off a career high commodity and production areas in probably the 2008 to 2013 area. We began at a much better place, and those comparative numbers, you can do anything with statistics. Those comparative numbers were sort of career highs that we saw in agriculture.

There is no doubt there are challenges. Can we do more? I hope so. I hope we will do more, and again, working together with what you all did in the farm bill and what you all will do in appropriations and we are going to optimize our efforts as much as possible.

If you see holes or gaps that we are missing, we would welcome your comments.

Mr. HARDER. One of the things that is so important in our community, and it has been talked a lot by a lot of the Members is what is going on with trade and tariffs. Specialty crops are the backbone of our economy, and I have been talking to some of my friends and hearing about what is going on and the impact of trade, especially given the short shelf life that a lot of our crops really have, and how time is of the essence in making business decisions. When do you expect producers in a district like mine will feel meaningful market access due to the new promotion dollars through programs like MFP, MAP, and FMD?

Secretary PERDUE. I would say March 1.

Mr. HARDER. Perfect. I will take you at your word.

Secretary PERDUE. Obviously, markets are really created slowly. These new markets, frankly, it does depend on the success of the China negotiations primarily. The West Coast is a huge export to southeast Asia, and primarily that large market, but what we can do in Vietnam and the Philippines and Thailand and those other countries out there are also important, and that is this Market Facilitation Program.

You probably know some of your producers benefitted from our procurement program where we took those crops off the market to support the prices and gave that money, distributed it in feeding everyone, to food banks and others across the country.

Mr. HARDER. One last question. Farmers in my community often feel ignored, and I would love you to see the impacts of what is happening in our district firsthand. Can you commit to visiting my district and seeing what is actually going on with this trade war over the coming months and years?

Secretary PERDUE. Do you have a record of how many times I have been already?

Mr. HARDER. I do, but not in the last 2 months.

Secretary PERDUE. I promise you I will be back. It is the cornucopia of the United States.

Mr. HARDER. I look forward to having you. Thank you for coming.

I yield back my time.

Ms. ADAMS. Thank you. The gentleman yields back.

Mr. Baird, you are recognized for 5 minutes.

Mr. BAIRD. Thank you, Madam Chair, and Secretary Perdue, we really appreciate this opportunity to be with you.

I bring you greetings from myself and other Hoosier farmers. We really appreciate the work that you did and the other Members of this Committee in order to get a farm bill finished at the end of last year. That was important to adding some stability to the farm community, so we had some way to predict what might be happening. You did a great job there, and we appreciate all that work.

We are looking forward to the opportunity to work with you to implement this farm bill and look for ways that we might make improvements in the future. Indiana, as you know, because you have been there, there are almost 100,000 Hoosier jobs related to agriculture. About 84 percent of our land area is either farmed or is in forests. We produce a significant amount of corn, soybeans,

wheat, cattle, hogs, and poultry are extremely important. And then I don't want to forget the hardwood lumber industry as well.

We have talked about many of these issues and you have answered these questions, so I am giving you a chance to take a breath here while I make these comments. But anyway, we have talked about rural broadband. We have talked about the impact of the tariffs for a lot of our soybeans are exported, as well as our hogs and cattle. We have talked about that.

The one area that we might not have mentioned, and this doesn't necessary come under your purview, but the Renewable Fuel Standard when we take corn, run it through an ethanol plant, I have several of those in my district, then we end up with the DDGs, and those are also a product that we can market overseas, and it retains about 80 percent of the feed value of that corn. I just wondered if you could give us an overview of your perspective on the ethanol industry, and the impact that has on the agriculture community?

Secretary PERDUE. Sure. This was a big topic last year, obviously, for E15, and I appreciate, again, the EPA Acting Administrator Wheeler and their progress over E15 year-round. Unfortunately, those rules probably will not be out for the driving season, but they are committing to, the term of art is *discretionary enforcement* about those folks that want to continue to sell E15 in the summer, and when they get the rules established, as you well know, building that market and the process of creating ethanol, you get a byproduct of DDGs, which is a great feed ingredient.

The good news is, Congressman, is that both of those items, both ethanol and DDGs are on the list that we are discussing with China, and they need the ethanol and again, we would be looking for them to take DDGs as well. We had been selling a good number, a good amount of DDGs into China, and they stopped when they started on the corn trades, and hopefully we can get that restored as well, which would be great for your corn farmers in Indiana and all across the West.

Mr. BAIRD. I yield back.

Ms. ADAMS. Thank you. The gentleman yields back.

Mr. Van Drew, you are recognized for 5 minutes, sir.

Mr. VAN DREW. Thank you.

Welcome. It is wonderful to see you here.

Just on the slightly humorous side, I wanted to be on the Agriculture Committee, and some people were surprised because I am from New Jersey. And they don't realize that in New Jersey, it is a small state, but we have a lot of agriculture. We have cranberries, blueberries, tomatoes, peaches, lettuce, and I can name a whole bunch more. And just the interesting part of that, so I had them research when the last time was when somebody from New Jersey actually sat on the Agriculture Committee for the House of Representatives. Take a guess.

Secretary PERDUE. I am not sure there has been one.

Mr. VAN DREW. There has been one, but it is before our time, 1949. And before that, it was 1888. I am going to try to do a good job here, because there haven't been too many of us. I will see what I can do.

A couple things I was thinking about, first of all, just to mention, it really is important in New Jersey. Actually, it is the third biggest industry in the State of New Jersey. The whole southern half of it and parts of the northwest are involved in agriculture, and it really does make a difference. That is why it is the Garden State.

Any sense of feeling how, in general, nationally we are doing, locally we are doing, whatever, with high quality specialty crops? In other words, the organic market. Some of these things that is what you see a lot of in New Jersey as well. I just was wondering if you had thoughts on that.

Secretary PERDUE. Certainly. We are making a lot of progress, obviously. Those were crops that had been somewhat ignored in years past, but I think probably beginning around the 2008 Farm Bill began to acknowledge that and pay attention. I think we are making progress. This farm bill continues to make progress in that regard, encouraging both alternative methods of growing, both in the inside and outside, farm to market-type of efforts. From a marketing perspective, our nutrition programs encouraging fresh vegetables going into both our food banks as well as our school nutrition programs.

We are making progress in that. The organic industry is probably north of a $50 billion industry now. Almost a few years ago, it was strange to hear about that. You see from the consumers making their choices in the grocery stores, their preferences in that regard, and the USDA is supporting that as we go forward.

New Jersey, we were there and there is some beautiful farmland there. We were on a vegetable spinach harvesting farm there, and watched the processing as well as the harvesting, and it was first class.

Mr. VAN DREW. Good. Actually, I went to Rutgers University, the part I went to, the College of Agriculture and Environmental Science, and now it is the College of Environmental and Biological Sciences. But the land-grants, and I know that you know about them, and just ag research as well, could you just give a small overview of how that is going?

Secretary PERDUE. That is probably a good news story with the collaboration of USDA and our Agricultural Research Service, the collaboration between the scientists there and the scientists in our land-grant universities, Rutgers and Cornell and others included across the country. I truly believe that is the reason we are dependent upon exports today, because we can produce more than we can consume.

For the last 70 years, we have had the basic research, the applied research, and the delivery system of that information through the extension services all comes through land-grants, but we work hand-in-glove. We work through NIFA to appropriate capacity building there for extension, as well as 4–H programs in that regard. It has been a great opportunity, and we consider the land-grant universities and their people great partners.

Mr. VAN DREW. They are, and it is so important, and it really truly does help the farmers.

The farmers aren't always ones to say, "Oh, I need help," or whatever, but at times they do, like we all do, and I know they reach out to them, we appreciate that.

My last question has to do with, actually, tomatoes, which we grow a lot of, and even grow much more of than Florida. I have met with tomato growers, sort of up and down the East Coast over time, and they are still concerned that a lot of tomatoes are coming in from other countries, particularly Mexico, and they are taking a hit. And the reason I know about it is because some of the Florida companies also have companies or subsidiaries in New Jersey. Any thoughts on that?

Secretary PERDUE. Yes. You have some of your companies that began in southern Florida and come all the way up the East Coast because their buyers, like the major retailers, want a good supply all year long. As you know, we go in the grocery store and in December, where it wouldn't be normal growing season in the United States, we expect nice, fresh tomatoes there. That is what our consumers have come to expect.

While the seasonal and perishable fruit provision was not finally included in the USMCA, Ambassador Lighthizer over straight agreements, and as you may know, the Secretary of Commerce, the Department of Commerce has just suspended this tomato agreement there that we had with Mexico in order to explore, probably in a legal fashion, or allow the industry to explore in a legal fashion whether there are unfair subsidies being produced in Florida that would create an onslaught of product in the U.S. that considers dumping in our markets.

Tomato growers particularly are concerned about that from Florida all the way through the East Coast.

Mr. VAN DREW. You are well aware of it and you are working on it and working through it?

Secretary PERDUE. We are very aware of it. This really falls under the purview of the Department of Commerce and USTR.

Mr. VAN DREW. Okay.

Secretary PERDUE. But we are advocates.

Mr. VAN DREW. I will speak to them as well, okay.

Thank you very much.

Secretary PERDUE. Thanks.

Ms. ADAMS. Thank you. The gentleman yields back.

Mr. Hagedorn, you have 5 minutes, sir.

Mr. HAGEDORN. Madam Chair, thank you, and Mr. Secretary, I appreciate your testimony and all that you are doing and working together to sustain agriculture and our rural way of life. It is very important, and you are doing a terrific job. We really appreciate it.

One of the most important things that we can do is keep farmers in business, especially when times are tough. And when generational farmers sell out, as you know, they usually sell out to bigger operators, and bigger operators are not bad folks, but it means fewer people working the land, holding the land, living in our small communities, going to our schools. It puts enormous pressure on rural America.

And so, the things that we are trying to do here—and we appreciate your efforts in implementing this 5 year farm bill to make sure we can keep the farmers in business relates to the E15 Program. Can we get your assurance that you will be working closely with your EPA colleagues to maybe deal with that waiver issue

which has been misused a little bit, and undercut the ethanol industry?

Secretary PERDUE. We certainly advocated very strongly about that, and while no commitments, the interagency process, we have made our views very well-known, and I feel like I have a gentleman's understanding that that will be policed in a much more aggressive fashion than it had been prior to that.

Mr. HAGEDORN. Thank you.

In the area of trade, the progress made with Mexico and Canada, I certainly support that. Thank you for that. As far as the EU and South Korea, that looks to be very promising. And then with China, everybody gets focused on tariffs and all of that and how we have impediments to trade, but there are some non-tariff issues that China has used to use technicalities to keep our products out. It could be a GMO issue with soybeans or some sort of growth hormone or that type of thing with our pork. Can you address any of that and the ongoing negotiations in those areas?

Secretary PERDUE. Yes. Those have been at the foundation of our requests and discussions with China, while they want to talk about exciting purchase numbers, we know that in order to get there, they are going to have to address these fundamental non-tariff reforms, such as a couple that you mentioned. The MRLs or the levels there that occur naturally over ractopamine or hormones or other types of things as well as the other types of provisions over biotechnical traits in our grains and others.

Those are key issues that we have been discussing with them over what it will take to reach the levels that they committed. It doesn't do any good to put fancy numbers on a piece of paper if you don't have the commitment that these are the things we will do in order to ensure that we can achieve those numbers.

Mr. HAGEDORN. Thank you.

The farmers in southern Minnesota will almost say uniformly that you can do a lot of things to help us in these program areas, but if you have bad government, it is still going to run people out of business. And one of the worst areas is this overreach and regulations. The onerous Federal regulations in almost every sector of our economy is driving up costs, limiting business, making us less affluent, making consumers pay more. And it really affects farmers and agribusinesses, transportation sector, energy sector, healthcare and medical care. You go right down the list.

I know you have worked very hard on things like *Waters of the United States,* the Clean Power Plan, to do the right thing in these areas. Do you also support the reforms down the line that would have the House and the Senate affirm major regulations to make sure that the peoples' body here is making sure the Executive Branch is doing the right thing?

Secretary PERDUE. I certainly hope so. In fact, we would encourage you and your constituents to let us know of the impediments. When it gets to food safety, there is a zero-tolerance kind of thing, but other than things like that, what are things that can make us more productive and less onerous from a Federal perspective?

We have people laugh when you say, "I am from the Federal Government. I am here to help you." They mostly want you to help them by leaving. But the fact is, if there are specific regulations,

now, every group I talked to, we serve a constituent that knows how to complain in a very professional way, but they need to be specific about these regulations or impediments so we can address them specifically. We feel like we are identifying many and are in the process twice a year of putting those on the agenda to get those done.

Mr. HAGEDORN. We will make sure we follow up on that.

Last, I used to work for a Congressman named Stangeland who sat on this Committee in the 1980s, and Arlan Stangeland and Charlie Stenholm of Texas had a bipartisan bill, Work for Welfare. And it was the bill that we carried for many years before Gingrich and Clinton and the rest of them got it down. And I can tell you what you are doing in that area, trying to change these regulations so it can't be undercut, promoting self-sufficiency, getting away from dependency of government, able-bodied folks getting back in the workforce, it is God's work, and thank you for what you are doing, Mr. Secretary. I support you 100 percent.

Ms. ADAMS. The gentleman yields back.

Ms. Schrier, you are recognized for 5 minutes.

Ms. SCHRIER. Thank you, Madam Chair.

I may come back to the issue of work requirements for food assistance at the end, if I have a few minutes. But I am happy to see that a lot of my colleagues are talking about trade and tariffs, and we spoke briefly this morning about this, but I wanted to paint a real picture of what is going on in Washington State right now.

We are the nation's top producer of apples, pears, and cherries, and many of those are grown right in my district in Chelan County. And our growers produce top-quality foods there that are in high demand around the globe. In fact, our best cherries go to China.

Our North American neighbors are really important trading partners for the fruit growers that I represent, and Mexico is the top export market for apples and pears, while Canada is the number two export market for cherries and pears and the number three for apples. And unfortunately, Mexico has now imposed a 20 percent tariff on apples in response to the tariffs on aluminum and on steel, and this has had a significant impact on our farmers, and it is really jeopardizing our farmers to the point where if we lose this market, and others around the world, they really may never come back and recover that market share. I wanted to encourage speed in eliminating these section 232 tariffs.

Our growers are watching the USMCA as it progresses, and so, I was wondering, given the urgency that we are feeling in our district, if you could give a timeframe for when we might see final text for this agreement, and the accompanying U.S. International Trade Commission impact assessments?

Secretary PERDUE. There are certain timelines governed by your rules of Congress over when these kind of trade agreements have to be done. I am understanding Ambassador Lighthizer is following those specifically in that regard. I wish we could ratify the USMCA today. It will have an opportunity probably in April to do that, and I hope that we can also, as you indicated, resolve the issue of retaliatory tariffs between all three countries in and around that time, or sooner, if possible, in order to get back to a trade where the peo-

ple in Mexico and Canada can enjoy the great products from your district, and we can, once again, restore the free trade that this agreement indicates.

Ms. SCHRIER. Thank you.

And I should note, just for the record, that this involves Mexico and Canada, but also, of course, significant tariffs now at 50 percent from China, also retaliatory, so trade deals are what we are looking for in our state.

Since I have just a moment left, I thought I would just comment about work requirements, because I have a little bit different take. One out of six families in my state rely on SNAP. In addition, a lot of the people are able-bodied, but live in rural environments or other places where they simply cannot find employment, and there is no effort in these restrictions to provide employment training or a path to employment.

My fear is that what will happen with these requirements is that ultimately what it will result in is more hunger, not more jobs, and ultimately penalize the people in our communities who can really least afford that. I will just make a plug as a pediatrician and a community member and who is representing rural areas that are particularly affected, to not have those requirements.

Secretary PERDUE. I appreciate your concern. There are provisions there. If there are localized regions that are contrasted or different from the national unemployment by a certain level, then they would receive waivers. There are limits of waivers, but the fact that states have abused the waiver process and having statewide waivers over maybe one county or more that fall in this category. As a former governor, our jobs were to draw down as much Federal money as possible, and I am kind of on the other side now as a steward of the Federal taxpayer.

Ms. SCHRIER. And I understand. I would just note that we are talking about hunger, and it is not an abused program. I would also mention that it is not just in certain regions, but there are certain demographics, minorities who are disproportionately hit. We know that it is harder for minorities to get work, that there is discrimination in the workplace as well, and so I think that should be taken into account that people with exact, equal résumés but from different backgrounds may have different job opportunities.

Secretary PERDUE. We would love to have further discussion with you about that.

Ms. SCHRIER. Thank you.

Ms. ADAMS. Thank you. The lady yields back.

Mr. Davis, you are recognized for 5 minutes.

Mr. DAVIS. Thank you, Madam Chair, and thank you, Mr. Secretary. It is great to see you again.

I love the discussion on our SNAP Program, but the sheer facts are right now, we have 21 million more people on SNAP benefits today than when the last time unemployment was this low. And this Committee tried to actually fill the gaps in workforce investment programs through the last farm bill. We weren't successful, but I look forward to working with all of my colleagues throughout this Congress to make sure that we do something to address that, the fact that we have millions of more families still on SNAP bene-

fits, while still not getting access to the training to get the jobs that are available throughout this country, and in all of our districts.

But thank you very much for being here. Thanks for coming to my district last year and talking with my farmers.

I really want to ask you about hemp. We look forward to having the opportunity to have possibly a third rotational crop in the Midwest, and many of our local producers are interested in hemp. We see it as a valuable opportunity for not just the Midwest, but for our economy, and I want to know, how is the Department working to expeditiously implement the rules around the production, transportation, and the sale of hemp products, and when can we expect to see a rule issued?

Secretary PERDUE. Obviously, we are proceeding very judiciously, obviously, because of the uniqueness of the hemp crop, and its relationship to other crops that we are not encouraging. But nonetheless, it is complex. We are working, certainly, to develop these rules. States are able to continue under the 2014 rules that were already there until we can get that. We don't believe it will be until the 2020 planting season until we can have the definitive rules regarding hemp, going forward. There is a lot of interest nationwide in here. We would love to think that the potential for hemp agriculture is as great as the anticipation is, but that remains to be seen. We are going to proceed slowly to make sure we don't have another situation where our productive farmers overcompensate and blow out a market before it can get started.

Mr. DAVIS. Oh, you expect that to happen, Mr. Secretary?

Secretary PERDUE. Pardon?

Mr. DAVIS. You expect that to happen?

Secretary PERDUE. I think our farmers are very productive.

Mr. DAVIS. You know my district, and I know you are absolutely correct. Our farmers are very productive, and thank you for that.

Any other ways that you think we, in this Committee, can work together to help you through this process?

Secretary PERDUE. No. Again, I think passing off ideas or impediments from your constituents is always the best way. We rely on feedback, and they typically will reach out to you before we hear from them, but sometimes, we hear from them as well. But if you have ideas or questions from your constituents about that, pass them along, and it all helps us to be better.

Mr. DAVIS. Well hey, I appreciate that.

One last question. A bill was recently introduced that would direct the EPA to cancel the registration of chlorpyrifos. I understand that your Department does not approve these pesticide registrations, but you certainly understand the importance of this tool to the ag industry.

I have heard from many producers regarding this issue, and I just wanted to give you an opportunity with the time I have to discuss the importance.

Secretary PERDUE. It would be devastating in so many crops if the crop protection chemical chlorpyrifos was not renewed. It would be very damaging. We believe the science justifies its use, and the labeling that has been there, so we would recommend and encourage EPA to defend that. We are also recommending that the Department of Justice defend any threats against that as well.

Mr. DAVIS. Well, thank you, and one last question.

The farm bill requires USDA to issue a final rule on strengthening organic enforcement by December 2019. Can you provide an update on how USDA plans to meet this deadline, and is there anything about the timeframe that you are concerned about?

Secretary PERDUE. I don't know that it is. We really have paid attention to that. That is an accountability dateline of strengthening our auditing and enforcement process. We are aware of sort of the counterfeit knockoff of imports that are not truly organic and used, and we are on it. I think the things that we will do in compliance with the farm bill can be met and will be met.

Mr. DAVIS. Thank you, Mr. Secretary. I yield back.

Secretary PERDUE. Thank you.

The CHAIRMAN [presiding.] I thank the gentleman.

I now recognize the gentlelady from Maine, Ms. Pingree.

Ms. PINGREE. Thank you very much, Mr. Chairman. Thank you for being here with us today, Mr. Perdue. It is a pleasure to see you again, and I want to add, as many of my colleagues did, thank you so much for coming to visit the State of Maine. You did a wonderful job talking to people about the opioid crisis and broadband and Value-Added Producer Grants and organic vegetables, and really covered the gamut in our state. I know people appreciated it deeply, and I certainly did, so thank you.

I also want to thank you for the roundtable you have created on food waste, bipartisan work you have been doing, and that is just really helpful, recognizing the importance of dealing with food waste in our country. About 30 percent of the food, as we know, is wasted, and that is a huge resource that farmers produce, and water loss and everything else that we want to make sure goes to hungry people and into the right places.

I have a couple of questions, there is never enough time. I just want to comment briefly. I know climate change has come up a little bit in this hearing, and I just want to make sure that as a Committee, we don't toss this off as kind of a joke. I know there has been some kind of joking around about we are going to have to stop eating hamburgers or you mentioned that maybe cows are going to have to take Pepto-Bismol. It made me think of the fact I have a few beef cows on my farm, and it is hard enough to get those guys into the trailer when they have to go to freezer camp. But if I had to give them a dose of Pepto-Bismol every morning, or my farmers did, that just would not work out.

But I have been recently to UC-Davis where they are doing some really interesting work on seaweed additives in the diet, which I guess reduce the amount of methanol. We think that is great, because we produce seaweed in Maine, so it could be a good partnership for all of us. And of course, there are a lot of really positive things we can be doing around recognizing the role that farmers can play in climate change. Sequestering carbon in the soil, many of our conservation practices really encourage that. Pasture farming is a great way to do that. We need to look at this in a positive perspective and think about how farmers can be a great part of the solution, and we can support them in that in ways that are good for their economic output and good for our environment as well. At

some point, we need to have a serious conversation about that, just as we are having one on food waste.

Secretary PERDUE. Well, I hope my one attempt at humor didn't indicate to you that I don't consider it very serious, and I do believe that our farmers are very much mindful of that effort, and taking steps such as cover crops and many other things to do that means lesser inputs and more outputs.

Ms. PINGREE. I believe you do, and I understood the humor, and I totally appreciate it.

But I do need to talk to you briefly about something that has come up a little bit. I am one of the people who doesn't support the proposed relocation and reorganization of the two USDA agricultural research agencies, NIFA and ERS. My concern comes from around the science of this, and I know that one of my colleagues mentioned it would be great to have it in her home State of Missouri, and I am sure there a lot of people who would like to have it moved to their home state. Missouri, of course, is no closer to Maine than Washington, D.C., so we don't see that as an advantageous move. And while I don't disagree with the idea that reorganization is good and not everything has to be in Washington, I just think there could be negative effects. I think that the reorganization of ERS jeopardizes some of the scientific integrity by injecting politics into the work, and there have been some concerns, such as the 2019 budget proposed to cut ERS by 48 percent. A long-term and highly qualified administrator of ERS on the same day was moved as you announced that proposal. You appointed somebody as acting administrator of ERS who is not an economist.

There has been a little bit of mistrust and concern about this, and I just would like to hear your thoughts on this, and I hope you will continue in the dialogue with many Members of Congress who do not support this potential move and reorganization.

Secretary PERDUE. Well, I certainly hope we can have a dialogue, and I know it is beyond the scope of this hearing today, but I will give you my initial reasons, and I would invite you to come and let's have a lengthy discussion about this so I can further give you my reasons for this.

You mentioned, for one, scientific integrity on ERS and the realignment under the Office of the Chief Economist. Here is the way I view it is that the Office of the Chief Economist, you may know or may not know, is a career position. It is a career person. The alignment of the Chief Economist, as the scientific economist in agriculture, we feel like is a better alignment of the Economic Research Service in alignment. You will have the administrator of ERS, a career person, reporting to a career person, which we think is more division than reporting to a political Under Secretary, in REE.

I know there have been rumors about scientific integrity. I have really been confused about it, which means that we need to have a lot of discussions. I want you to know that I look forward to hearing and hopefully persuading you all of our reasons and the benefit that we see in doing that. I am very serious about that, so hopefully you will take me up on that, and let's have a further discussion.

Ms. PINGREE. I am out of time, but I absolutely will take you up on that, and I will take you up on talking more in depth about the role of USDA and helping us work on the climate change challenges.

So, thank you very much for being here today.

The CHAIRMAN. I thank the gentlelady.

The gentleman from Pennsylvania, Mr. Thompson.

Mr. THOMPSON. Chairman, thank you so much.

Mr. Secretary, good to see you. Thanks for your leadership, and please extend my appreciation to your staff as well that are on the job and doing a great job, not just for rural America, as we know, but without a robust rural America, as I have said before, every American will wake up in the cold dark and hungry. Every American benefits from what we do and what you do.

I wanted to start out with just touching base on the number one commodity of our number one industry in Pennsylvania, and our number one industry is agriculture, and our number one commodity is dairy. You know the struggles here. We have had lengthy conversations on that. The fiscal demise of our dairy farms really have tracked heavily, starting in about 2010 when we lost an entire generation of milk drinkers. It is really at that point, it wasn't this Committee, it was Education and the Workforce, now Education and Labor that kind of starved our kids for nutrition when it came to milk. They demonized milkfat. The science was bad then. We know that now. The science is very clear today. I was just talking to a friend of mine who is the President of the Pennsylvania Medical Society, and she was sharing with me the studies of what it is today.

I want to thank you also for implementing the one percent milkfat and flavor option back to our schools. I think that just better serves the needs of our kids, from a nutrition perspective, and quite frankly, as a result of that, we are seeing the demand for milk marginally increase, and the futures look marginally good, there is more that we need to do.

And I know not to ask your opinion on specific pieces of legislation, but I did want to check with you on the issue, I have introduced, along with the support of these two gentlemen to my right here, as original cosponsors of the Whole Milk for Healthy Kids, and I know you have jurisdiction over school meals in terms of nutrition. Any thoughts on that initiative? I am not asking your opinion on the specific bill, but on restoring an option, among other options, for whole milk in our schools?

Secretary PERDUE. Well, thank you, sir. You probably are aware that I answered from our personal conversations that we would be supportive of that. We just announced the Dietary Guidelines panel, which is a very balanced panel. That is where many of these things come from. You talk about demonizing or disparaging milk or whole milk, and now it is back. You remember we went through that with eggs over cholesterol, and now they are okay.

We need to have the latest scientific research guide us in these areas. For the most part I don't see; honestly, I don't believe that childhood obesity is caused by drinking too much milk now. It is caused by a lot of other things that include sugars, but not whole

milk. I would welcome some guidance in that from Congress, and we will certainly be delighted to implement those kinds of rules.

You are probably aware of the allegations and the concern when we did that that we were trying to roll back different things. If you look at what we did, we didn't roll back a lot. We said let's see what is working and what is not to proceed very closely. Nutrition is very important, and feeding 30+ million school kids every day is very important, and we want to do the best we can.

Mr. THOMPSON. I thank you for your work in that area.

I don't know if this has been touched on. I apologize, I have had to come in and out of the hearing. But the new farm bill does require USDA to calculate the price for high quality alfalfa hay as purchased by dairy farmers in the top five milk states. And to help the program accurately reflect the dairy farmer costs, USDA should begin incorporating this price point into the DMC formula once it becomes available. Has USDA directed NASS to begin collecting that data yet?

Secretary PERDUE. Not yet. That will be part of our implementation of the farm bill rules that we are working on, and I say, from my direction, not yet. That is because I am not aware that we have, but much good work goes on at the Department that I am unaware of, and they may have already begun, but I am not aware of it.

Mr. THOMPSON. One of the most important things we do, the gentlelady mentioned relates to climate change. I think this Committee takes a leading role in that, because we have jurisdiction, really, over forests. And a good healthy forest is the world's best carbon sink. We have been doing a lot of great work with, at least, the past two farm bills to make sure we have healthy forests.

I was always looking to make sure that our U.S. Forest Service, as it comes to our National Forests, has the tools to be able to do that, to manage those forests in a healthy way, to make sure we have multiple generations of forests. That means we are doing some timbering. We are harvesting, certainly with a sustainable growth rate.

I wanted to check, do you agree that the agency needs more tools for more proactive management of our National Forests?

Secretary PERDUE. Absolutely. And I do just want to comment right away, for Ms. Pingree's sake. Agriculture doesn't get the credit that it does for carbon capture many times, both in our forests and also our annual crops over carbon capture in that way. Agriculture and the growth of plants are very, very important from a carbon capture perspective that usually I don't see included in many calculations of carbon footprint.

Mr. THOMPSON. I know officially we are on record now, healthy forests are carbon neutral. That is not quite accurate. It is carbon negative, what is taken out of the air and manufacturing topsoil through those trees.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

The gentleman from California, Mr. Carbajal.

Mr. CARBAJAL. Thank you, Mr. Chairman, and welcome, Secretary Perdue.

I look forward to you visiting my district, as our Chairman recently did a few months back. Hopefully, we can arrange something like that in the future.

California and the rest of the western United States face unique farming and ranching obstacles that differ from those of the midwestern and southern states. Specifically, my district on the Central Coast is home to diverse agriculture ranging from strawberries to wine grapes to avocados, and other specialty crops, all of which require intensive labor. Farmers in my district have reported millions of dollars in losses of crops due to labor shortages, and it is clear that the shortage of and inadequate labor force is one of the greatest challenges facing U.S. agriculture today.

Our broken immigration system is at the heart of this issue, and I believe we must finally take action to legalize our existing ag workforce, while implementing a viable guestworker program to provide a future flow of labor.

In your testimony, you emphasized the need for farmers to have access to long-term solutions regarding a stable workforce. What are you doing as Secretary to address the challenges our farmers are facing in securing a reliable workforce due to our broken immigration system?

Secretary PERDUE. Sure. We don't have priority in those areas, but one of the things we are doing is being an advocate for everyone who will listen regarding those in those areas that do have authority in that.

We are working with the Department of Labor, the Department of Homeland Security, and the Department of State certainly for our Guestworker Program to make the H–2A Program more viable. We are also encouraging you all in Congress and our Administration to look at a comprehensive immigration bill.

Last time we tried to do that was when President Bush was here, and we got close, but it didn't happen. Again, we have looked at the various components regarding border security or asylum or chain migration, all those kinds of things. I think there are enough equities for everyone in there. Certainly, our interest is in the ag labor issue, and we have encouraged the White House, as well as others, to look at our immigration policy comprehensively and make sure that we have enough workers in this country, not just in agriculture, but in other places. When you have unfilled jobs that need workers, certainly sometimes low skill, sometimes merit-based high skill workers.

We think it is in the best interest of the United States to have a comprehensive legal immigration system, going forward.

Mr. CARBAJAL. Thank you.

I think that was in 2013 when the United States Senate came up with a compromise that the House wasn't able to move forward. I am not sure if that was under Bush or Obama. It is escaping me.

Secretary PERDUE. The last one I recall was the Bush proposal, but you may be right.

Mr. CARBAJAL. Thank you, Mr. Secretary.

It is also clear that the need for mechanization continues to grow. In your testimony, you mentioned the farm bill's significant investment in USDA research. Can you please tell me how the USDA plans to ensure the prioritization of research into mecha-

nization for labor intensive agriculture commodities through the implementation of the 2018 Farm Bill?

Secretary PERDUE. Well again, that is part of the research overall that we do. As you asked me to ensure that USDA does that, some would be concerned that the appointed Secretary of Agriculture was directing the integrity of scientific pursuit. We fund people out here in various land-grant universities, as well as Agricultural Research Service, to determine the best product methods, going forward.

Mr. CARBAJAL. Thank you very much.

I will yield my time back.

The CHAIRMAN. I thank the gentleman.

The gentleman from Florida, Mr. Yoho.

Mr. YOHO. Thank you, Mr. Chairman, I appreciate it.

Secretary Perdue, great to see you again. I appreciate all the hard work you have done in implementing the farm bill and the things you have done in the past, and your leadership. And what you have done on the SNAP Program is monumental, and it is the right thing to do. As you quoted President Roosevelt, and we saw what President Clinton did and other Presidents, that is the right thing to do, and we will support you any way we can.

With that, with the technologies that we have today, and I have brought to the USDA's attention, and you were privy to these meetings, we brought people in from the Duval County Sheriff's Office where Jacksonville, Florida is on the fraud that was being implemented in the EBT Program by the vendors. Have you guys moved forward on that to make sure that has gone away? We had somebody at a meeting. They said there was a minimum of $1 billion in fraud in the EBT vending the way it is done, and possibly up to $4 to $7 billion.

Secretary PERDUE. It is a constant pursuit, Congressman, and certainly we are moving out. One of those areas is trying to get the FOIA interest. If you know that when we go against a retailer who we have reason to believe that is defrauding the taxpayer and the EBT Program and the food stamp program, they get stayed through those consequences if they file a FOIA request. And it is those kind of legal deterrents, there are certainly cottage industry attorneys who take advantage of those kinds of rules, and it is those kinds of things that we are trying to minimize.

We believe that data collection system that we are going for, the multi-state data will help us to determine if people are double-dipping in other places, but the retailer fraud continues to just be very frustrating.

Mr. YOHO. Well, it is something, if we bring that person back up here again, it needs to be a full Committee hearing to where both sides see this. It is not a Republican or a Democratic issue. This is something that is breaking the integrity of the SNAP Program as it was designed, and the people that are getting hurt are the ones it was really designed for. We will let you know on that.

I want to touch base on something Rodney Davis brought up about the chlorpyrifos. Along with that same bill, I heard there was another one that came up on glyphosates to ban them for use. How detrimental would that be for agriculture?

Secretary PERDUE. It would be very consequential for ag production. I hope that the culture of the United States does not pursue the European model of the technology free zone, I call it, in the EU. This has been a help. If you look at the preponderance—we like to call ourselves sound science-based. If we look at the sound science on this issue, it is overwhelming——

Mr. YOHO. Overwhelming.

Secretary PERDUE.—regarding the safety of glyphosate and certainly hopefully we will not take the tact of Europe of banning.

I am very concerned, Congressman, about the fear of our food and the fear mongering out here that talk about the lack of safety we have in our food supply system.

Mr. YOHO. Well, it is just like the argument over the GMOs. We have 100 Nobel Laureate scientists that have said there is no human risk of that, and it is science-based *versus* what is on the Internet.

Going down that, with the technology as it pertains to the CRISPR-9 gene technology, the FDA is going to be the one making the rules on this. We want to make sure that people are moving forward. As you are well aware, with dairy cows, they can do CRISPR-9 technology and give the long-haired Holstein short hair so they are more heat tolerant. They can remove the testicle genes in pigs, and so they can farm them out without testicles because the EU doesn't want domestic animals castrated.

What do we need to do in this body to help that rulemaking process? And I know that is the FDA. Do you have any recommendations on that so we can move forward with the research we are doing at our land-grants?

Secretary PERDUE. You left out the dehorning that is already there.

Mr. YOHO. Right.

Secretary PERDUE. I would hope that this Committee would take that and really move with it, as you indicated, statutorily.

Mr. YOHO. Be proactive.

Secretary PERDUE. It has jurisdictional issue, but in working with your colleagues and other committees, for the record, CRISPR-9 technology is non-transgenic.

Mr. YOHO. Right.

Secretary PERDUE. That is not taking genes from some other organism, plant or animal, and in placing it in an animal for this fear of Frankenstein-type animals.

Mr. YOHO. Right.

Secretary PERDUE. This is a gene that has been proven in many species that can be effective, and I would hope if we don't do this, we are going to see United States lose its lead as far as a technology leader in agriculture. And then, God help us.

Mr. YOHO. You are so right. Thank you, and I yield back.

The CHAIRMAN. I thank the gentleman.

The gentlelady from Iowa, Mrs. Axne.

Mrs. AXNE. Thank you, Mr. Chairman, and thank you, Secretary Perdue, for being here. It is great to see you again today. I want to thank you for all you are doing for our agriculture community. As you know, Iowa is a key player, not just in food but also in fuel and feed for our cattle and pork and fish, everything. We are big

players here, so I appreciate that. And thank you for helping to get the FSA offices open during the shutdown. That was instrumental in helping our farmers, so I appreciate that.

As you are probably aware, Iowa State University, which is one of our nation's top agricultural research institutions, recently released a report showing that Iowa's entire economy has been negatively affected by the trade tariffs. And overall, as you mentioned, U.S. net farm income has fallen by almost 50 percent, down to $65.7 billion this year, down from just 5 years ago.

How close do you think the President and China are to reaching a trade deal? I know you mentioned earlier that negotiations are, I believe, done when they are done, but I have to go back to my constituents with a better answer than that.

Secretary PERDUE. Sure.

Mrs. AXNE. What can I tell them?

Secretary PERDUE. Well, you can tell them that you believe there are substantive, meaningful trade negotiations taking place by both sides. I think I sense that. Now you know that I am not at the table. Our Under Secretary of Trade, Ted McKinney, has been in the agricultural sectors, Ambassador Lighthizer and Secretary Mnuchin have been leading these principle to principle. But based on my observations in the Oval Office, there is a sincere desire, really on both sides, to resolve the trade disputes.

As has been from the beginning, the ball is in the Chinese court. We will not have an agreement without fundamental understanding that the intellectual property illegal transfer must stop, and the enforceability provisions about that. That is for the future of the United States' economy.

I believe we are making progress on those fundamental structure reforms, but I don't want to raise expectations either for you to go back and say, "Well, Secretary Perdue said we are going to have it by this time." I would love to be able to do that. If it were in my ability, then I would give you the date and the hour, but they don't give me that authority.

Mrs. AXNE. Would it be safe to say that within this quarter, within a few months?

Secretary PERDUE. I think we will know something. As you know, the latest delay of these additional tariffs, the President announced just this past week over a delay in that. I believe he and the President of China, President Xi, will probably be meeting face-to-face again before the end of March, and if we are going to have a deal, we will have a deal pretty much there at that point in time. But that means when you make a deal at the principle level, there are a lot of details to work out. That is what they are trying to do ahead of time now is really going line by line over these very sectors, over the non-tariff trade barriers that must be corrected in order for them to purchase our ag products.

Mrs. AXNE. Speaking of those details, as a matter of fact, my next question would be what have you recommended to the President as the minimum amount of soybean sales that we can expect to see in a deal? Specifically, I am wondering what is that floor that you are looking at? Is it 50 million metric tons? What can we plan on?

Secretary PERDUE. In the spirit of negotiation, I am not sure it is appropriate to answer that question in public here today. We have a list, not only of soybeans, but also your feed grains, a couple of products you are interested in, ethanol and DDGs as well, and corn and sorghum and other types of things, beef and poultry. A variety of things. We are not going to enumerate different levels.

Again, negotiations are negotiations. What is the capacity? We put proposals on the table. China has come back with that, but it is not appropriate to do specific digit negotiations in public.

Mrs. AXNE. All right. Well, I have 30 seconds left, so I just want to get a plug in there for E15 as well. I appreciate what you are doing. I want to echo my peers here across the aisle as well to say that, of course, Iowa really relies on our ethanol industry. As you know, 2.1 million acres of harvested corn goes into that, and we know that those waivers went to extremely profitable refiners, while our hardworking Iowa farmers didn't get that opportunity. What can we expect in the future from you to help with that?

Secretary PERDUE. Well again, you understand those waivers are controlled by the Environmental Protection Agency. We have advocated long and hard over the rulemaking about that. We have objected in interagency relationships of clearance over putting amounts in there for waivers in the prospective portion. I believe Administrator Wheeler when he says that you will see a different type of enforcement, going forward, and I trust him in that regard. I think he has been very supportive. He also has made an attempt, had the shutdown not occurred, we would have been able to see the E15 rules before driving season. Now it won't happen, but we are encouraging them to announce discretionary enforcement of that soon.

Mrs. AXNE. Well, thank you for your continued efforts, and please help us continue to put that money back into our hardworking farmers across this country, and not just to support very profitable companies.

Thank you.

The CHAIRMAN. I thank the gentlelady.

The gentleman from Georgia, Mr. Allen.

Mr. ALLEN. Thank you, Mr. Chairman, and Mr. Secretary, you have been here an awful long time, so I am just going to make some very, very quick remarks.

I do think for the benefit of those here, 2 years ago you were sitting there and we were talking about farm income and commodity prices, and how farm income has dropped roughly 55 percent, which has been a tremendous impact on our industry throughout the nation, and of course, the only solution that we could offer up and talk about at that time is we had to renegotiate these trade deals. Because we were getting taken advantage of, both through NAFTA, there were some dumping issues, and also in Asia.

So here we are, and obviously from a trade standpoint, you have addressed all of that. Thank you for your hard work. I know you have been a big part of these negotiations, and you are a farmer and you are a friend of the farmer, and we thank you for what you are doing in that regard. But obviously, the sooner we can get that done, the better for our farmers, because we are, as you know, in planting season. And what I am hearing is, "Hey current cotton

prices, I don't know if I want to plant cotton." They are trying to make decisions.

The other thing is the disaster funding. I know from your side, you have been down there, you looked at it. We were picking 1,400 pounds an acre before the storm and after the storm, and we were lucky. We are getting 400 pounds now, but it still is a tremendous impact on our farmers. And we were going to have a heck of a crop before that storm hit. It is just a really, really devastating blow, but we have to do something there. And of course, we had the blueberry freeze that you are familiar with also.

But with that, you have addressed all of these things. Broadband is another one. Our rural economies would really benefit, and so we need to really—and this body, I know, has a lot of that responsibility. But certainly, you have a big voice, and those are the things I hear over and over again when I go back into the district.

Anything that you haven't shared with us that you would like to share, as far as where we are going and how we get there?

Secretary PERDUE. I appreciate your mentioning many of those things, Rick, and I will tell you, if Congress saw fit to see the power of appropriation to the USDA, we would cure that disaster tomorrow. And I don't think that is going to happen, but nonetheless, we are willing and able to implement as quickly as possible.

They are serious issues. I am agriculture. My friends are agriculture, and they are pretty professional complainers sometimes. This came true on many of them, and it is a dangerous situation. Hopefully, we can get it rectified.

Mr. ALLEN. That is principally why we passed the legislation we did right before Christmas was to get the disaster relief in here before we left for Christmas, and then, of course, it didn't go anywhere, and then we had this terrible government shutdown, so it has been a bit of a mess.

But listen, thank you for being here this long, and thank you for your service. You are a great Georgian, one of my mentors and heroes, and I just really appreciate everything you do for us.

Secretary PERDUE. Thank you. That is an awesome responsibility.

The CHAIRMAN. I thank the gentleman.

The gentleman from California, Mr. Cox.

Mr. COX. Yes, Mr. Secretary, thanks so much for staying so late, and sharing your time with us.

Your testimony might not be as titillating as some of the other hearings going on today, but it is much more substantive.

As you know, I come from California's 21st Congressional District, which is the top agricultural district in the top agricultural state, and just last year, California became the world's fifth largest economy. And you know, that is attributed to lots of things, financial services, entertainment, ecology, but left out of that story is our state's ag industry and our rural regions. And as you know, our rural regions are some of the most beautiful and bountiful places in the world. They produce our commodities for all of our Americans, food, water, open spaces. And our farmers and ranchers are the cornerstones of these economies, and when they succeed, our communities succeed.

One crucial piece of this success is the USDA rural development programs. And as you well know, you have been there, and you can attest that our district throughout the Central Valley, they are very rural, but the problem I keep on hearing when I talk to these communities is that they can't access these programs because of the myriad of definitions of what is *rural* as defined by the USDA. I would like to hear what the Administration is doing to make sure that these programs, these very valuable programs, are available to our really rural communities so that they can access this Federal assistance.

Secretary PERDUE. You have hit on a very serious issue. Unfortunately, it is not determined by USDA. It is statutorily defined in these *rural* definitions, and I would encourage this Committee to look at a common definition of *rural* that you could direct in many of our programs regarding access. We are limited to defining *rural* as under 20,000 in many places, under ten in some other places. We would love to have a common definition because the places that might have been 10,000 10 years ago may be 20,000 now, and those who might have been 20,000 are now 40,000 and 50,000 and still need help many times in their growth, water, water treatment plants and others in a more definitive way.

We would love to have a comprehensive definition of *rural.* We were hoping to get that in the farm bill, and that was not one of the things we could agree upon.

Mr. COX. Well, I guess that is why we are elected to Congress and why we sit on this Committee.

And certainly, we talked about it a little earlier and touched on it. I just want to hit on it again, but with regard to disaster relief; but really, we haven't spoken about the causes of the disasters in the first place, and just once again, how does the issue of climate change affect, influence, and guide the forecasts, the policies, and the programs of the Agriculture Department?

Secretary PERDUE. Well again, we are trying to do better meteorological forecasts on a longer-term basis, our Drought Monitor and different things like that. Aside from causes, we are trying to mitigate the effects with better research of crops and seeds. There are also practices regarding cover crops and things like that that have better quality water runoff and less carbon footprint for less trips across the field, those kinds of things, and limiting that, no tilling, all those practices. I think our producers are doing a much better job. They are much more aware than they ever have been. But we can always do better.

Mr. COX. Well, thanks so much, and to reiterate Mr. Harder's, Mr. Carbajal's, Mr. Panetta's, Mr. Costa's invitation, and myself, we sure would like to see you back in California sometime soon.

Secretary PERDUE. Well, I won't come to your district. I have already been there.

Mr. COX. Thanks again, Secretary, and I yield back the rest of my time.

The CHAIRMAN. I thank the gentleman.

The gentleman from Kansas, Mr. Marshall.

Mr. MARSHALL. Thank you, Mr. Chairman, and good afternoon, Mr. Secretary.

Secretary PERDUE. You have been patient.

Mr. MARSHALL. Yes, I appreciate your being here.

My folks back home are concerned about how the FDA is handling gene editing. I actually just walked out of an Science, Space, and Technology Committee and the folks from, I assume, Oregon State or Washington State concerned about the oyster industry and gene editing.

Just to be frank, our livestock and poultry folks think that gene editing supervision ought to come under the USDA jurisdiction. I just want to know your thoughts on what we can do to work in that direction.

Secretary PERDUE. Well again, we believe certainly from an agricultural perspective we could implement those issues in a very safe way. I think we have demonstrated that through our Food Safety Inspection Service. Obviously, FDA has some equities that we may not have in the beginning of the science of that, but I would hope that we could come to some resolution between your Committee and the jurisdiction of the Committee that has jurisdiction over FDA so that we do not lose out in the technological advances of CRISPR-9, non-transgenic gene editing, going forward.

We have a trade problem today because this country has led in research and development for over 70 years in better productivity. If we lose that lead internationally, we are at the beginning going down. I am hoping that we can resolve this. It shouldn't rely upon jurisdictional issues. It ought to be based on science and moving forward, because if we take as long to approve these kinds of things as we have taken to approve pharmaceuticals, it will be, again, this technology will be located outside the boundaries of the United States.

Mr. MARSHALL. Thank you, Mr. Secretary.

I want to talk a second about the SALE Act of 2017 (H.R. 4058, Securing All Livestock Equitably Act of 2017), the dealer statutory trust. You may recall that my life, I started off working on the family farm. My first real job was working at a sale barn. And we, through the last farm bill, we provided for you guys to study the SALE Act a little bit, what its impact would be. I just wanted to know if you have any type of update on what the timeline looks for it?

Secretary PERDUE. You have caught me totally unawares and unbriefed, Congressman. Congratulations.

Mr. MARSHALL. I apologize.

Secretary PERDUE. We will answer your question by written comment later.

Mr. MARSHALL. Okay, I apologize for that.

Moving on, from my dairy producers, obviously in the new farm bill we have some new programs going on, and I am still trying to wrap my arms around all of them. There are both options in the FSA and RMA. What kind of a timeline is there, going forward, with that, and any words of advice I can give to my producers back home?

Secretary PERDUE. I would probably say you ought to encourage your wheat producers to go in the dairy business with the new farm bill.

Mr. MARSHALL. Okay.

Secretary PERDUE. The timelines that we talked about earlier is that you remember, it has provisions for net refunds for those that have been in the prior program or Margin Protection Program. Those refunds we expect to begin around April the 30th, and that way the transfer of paper recording for the first 2 years of that program has impeded the progress of that. We could have done it sooner. The calculator of where it should determine ought to be out around April 15 of where they should participate. We believe the retroactive insurance participation MPP March the 18th allows farmers with insurance retroactive there, and the sign-up, we think, for the new dairy program will be around June 17, and we think the payments initially may begin as early as July 8.

Mr. MARSHALL. Great.

Speaking of wheat farmers, they are asking about the sign-up for ARC and PLC, and of course, they want to make sure that China is still interested in buying wheat. We have a WTO project or case out there, year number 3. China is supplementing their wheat and corn farmers to the tune of $100 million per year. Let's talk a little bit about the ARC and PLC sign-up, and then the wheat situation in China.

Secretary PERDUE. Yes, the ARC and PLC sign-up we are hoping to be around September the 1st. There was an earlier statutory requirement, but that was the assumption of passing in the previous fiscal year as well. We were delayed about that. I think that is about as soon as we can do it. We will complete the rule probably around the 1st of May, but then by the time we get it OMB cleared, whether it is significant or insignificant it is probably going to be September 1 before we get sign-up.

The interesting thing, though, it will affect the 2019/2020 crop, not the 2018/2019 crop, not the crop they are planting right now, but for the next crop year.

Mr. MARSHALL. Got it, thank you.

I yield back.

The CHAIRMAN. I thank the gentleman.

The gentlelady from Illinois, Mrs. Bustos.

Mrs. BUSTOS. Thank you, Mr. Chairman, and hello, Mr. Secretary.

Secretary PERDUE. Hey, ma'am.

Mrs. BUSTOS. You have good stamina. I went and had lunch and came back, and had a couple meetings and came back.

I talked with you before about the ag lab in Peoria, very, very important to my region. We share Peoria with Congressman LaHood, as I told you before, we have a Democratic Member and a Republican that represents that town, and we work very hard together to make sure that the ag lab is doing well.

The big concern that I have is with the Administration's thought of closing, threatened twice now to close the Peoria ag lab. It is the largest agricultural research lab within the U.S. Department of Agriculture. We have about 100 Ph.D.s that walk through those doors every work day, and 250 people total. They have done things, and you are aware of this, but they came up with the mass distribution method for penicillin. They are just on this great breakthrough that they think they have found a mosquito repellant that is more effective than DEET. We have all these great things that are com-

ing out of those doors, and I know your stated commitment to ag research, and I applaud you for that.

I just want to know, what can we see, going forward? Can you be on the same page with us in making sure that those doors stay open? In fact, can we grow the presence of the Ph.D.s that walk through those doors and do even more great work in agricultural research?

Secretary PERDUE. Actually, we have a proposal to move them to the National Capital Region so they can be here with NIFA and ERS. Joke.

Mrs. BUSTOS. Joke?

Secretary PERDUE. Joke.

Mrs. BUSTOS. Psych.

Secretary PERDUE. If I am not mistaken, probably the careers at OMB have been after these labs out here in the country for the past—more than the past 2 years, and I kind of did a hissy fit last year about the need for research in agriculture over the funding. Hopefully—ARS, it is a big deal, and these people make huge progress.

I believe it is fundamentally the reason that we are so productive and have to depend on exports and trade now to be profitable, because our farmers are so productive based on the basic research, the applied research, and the delivery system of an extension service, and we will continue to advocate for that. I believe you will see a better research budget proposal coming forward. Hopefully you will, and we are going to do the best to implement that.

Mrs. BUSTOS. That would be great.

Secretary PERDUE. I appreciate you being proud of those folks, and they do a great job.

Mrs. BUSTOS. Yes, very much so.

Have you had a chance to visit that yet?

Secretary PERDUE. Not yet.

Mrs. BUSTOS. We would love to have you. Darren and I, we can both host you there, but we would love to have you. I know you are probably getting five million invitations to go to people's districts, but I would love for you to see it. It is this wonderful art deco era building, and just the amazing work that comes out of that. We would love to have you, if you think you could fit that into your schedule at some point.

Secretary PERDUE. I appreciate the invitation. We try to get to our labs and our other USDA facilities that 90 percent of them are out of the region here, and we try to get around and encourage those folks and let them know that we still know they are part of our family.

Mrs. BUSTOS. Okay. Well, we would host you in grand fashion if you could make it.

Another question I have, I have been to Cuba a couple times. Rodney Davis and I actually did a bipartisan ag tour of Cuba to look for what markets we had potential to trade in for our producers and our growers. This was under the Obama Administration. President Trump doesn't seem to be as open to having Cuba as a trading partner. I know we have the Market Access Program and we have some funding to look for expanding our markets, but

any thoughts you could share with us about your feelings of growing our relationship with Cuba as an ag partner?

Secretary PERDUE. I will. I have a personal response based on when I was governor, and we tried to do the same thing. I think probably eliminating or the restriction over the Market Access Program down there. The real issue with Cuba is just cash, and they don't have the resources to do that. We are still shipping poultry and rice and other things down there, but they could do more if they really had the money. They have been supported by sponsors around the world in a way, and there is obviously conversation with Venezuela having supported their fuel and energy issues, and that is kind of certainly cloudy right now.

But we would love if Cuba were able to. I have been in the business and I would love to sell some customers, but if they couldn't pay you, you didn't need their business. And that is kind of the problem right now with Cuba, but we are sitting right on the doorstep ready whenever they are able to get financially able to buy our products.

Mrs. BUSTOS. Thank you, Mr. Secretary, and my time has expired. I yield back. Thank you.

The CHAIRMAN. I thank the gentlelady.

The gentleman from Kentucky, Mr. Comer.

Mr. COMER. Thank you very much, Mr. Chairman, and Mr. Secretary, it is always an honor to have you before our Committee. I am a big fan of yours. I speak to Farm Bureau groups and ag groups all the time, and I brag on you, and you are extremely popular within the ag community, and I appreciate the good work you are doing.

I know it has been a long day for you today. I just ran over here from the Oversight Committee hearing, and I can assure you, you are having a better day than the sole witness testifying before that Committee is having. Again, it is great to have you here.

I wanted to talk to you about tobacco. Being from Kentucky, I probably have the biggest, if not one of the biggest, tobacco districts in America, and Mr. Secretary, the FDA is mounting a Federal assault on tobacco growers. In Kentucky and throughout the South, in just 2 years, we have seen more tobacco regulations out of the FDA than the entire 8 years under the Obama Administration.

My biggest concern is about dark tobacco growers. As you may know, the vast majority of dark tobacco is grown within a 100 mile radius of Hopkinsville, Kentucky, right in the center of my district. The previous Administration literally dropped a midnight rule related to smokeless tobacco that would wipe out the entire American moist smokeless tobacco category, and subsequently wipe out the dark tobacco growers in Kentucky. Tobacco growers are truly struggling with the FDA. With its proposals, it is adding to the economic challenges that they already face.

Can you assure this Committee that you will continue to educate Commissioner Gottlieb and the FDA on rules they have proposed which directly impact tobacco producers in Kentucky and throughout the United States?

Secretary PERDUE. Yes.

Mr. COMER. And I appreciate that. We have had this conversation before. I know that you support farmers, hardworking farmers,

it is just the nitrosamine rule is unattainable, and there is just too much uncertainty right now within the tobacco industry. There are only two types of farming in Kentucky now that a young, beginning farmer can do that will cash flow, and that is tobacco and poultry.

Secretary PERDUE. How about hemp?

Mr. COMER. Well, that is my next question. I appreciate you bringing that up. We are really excited in Kentucky. We were the first state to start legally growing industrial hemp. We have probably 35 processors in the state. I know Senator McConnell has spoken to you as well on his support and excitement about the hemp industry, and Rodney Davis mentioned it in his remarks.

I know that it is a bureaucratic nightmare to come up with rules and regulations with the new emerging industry. We had lots of learning experiences in the Kentucky Department of Agriculture when we began a very, very small program.

I just want to offer my assistance from my experience regulating a new industry, the hemp industry in Kentucky, when you come to trying to implement the new law. I believe that what you said is exactly correct with respect to we as farmers do a very good job producing anything. Give us time, and we can overproduce it in a very short period of time.

There are a lot of potential pitfalls out there that could probably be avoided from a regulatory standpoint. I would love to continue that discussion with you. I know we have people in the Kentucky Department of Agriculture that would offer their assistance, as well as Senator McConnell, on that.

The last thing I wanted to mention, and I will yield back, we post all of our Committee questions on our Facebook, and my farmers call every day. I know you have answered this question a few times already today, but can you kind of give us a quick update of where we are with trade with China, especially with the soybean market?

Secretary PERDUE. Sure. Again, we are cautiously optimistic. I believe substantive progress was made over the last 2 weeks and the last two visits, both us there and them here. And but again, I don't want to prematurely raise expectations. There is a lot of work to be done. We have made some progress on structural reform, including intellectual property, but there is more to be made. And there are hurdles here in agriculture over structural non-tariff barriers to reach the kind of numbers that we would want to see and they would like to commit to. We have to change some things, and hopefully we can see those happen.

While we want to continue to assume the best, we have to continue to work hard to make sure it happens.

Mr. COMER. Well thank you, and I will conclude by saying this. Kentucky farmers support President Trump and they support you, and I appreciate the good work you are doing for Kentucky agriculture.

Secretary PERDUE. Well, we do want to rely on you, and obviously Secretary Quarles over the hemp issues as we navigate not only a new emerging, but a unique crop.

Mr. COMER. Thank you.

The CHAIRMAN. I thank the gentleman.

The gentlelady from Connecticut, Mrs. Hayes.

Mrs. HAYES. Thank you, Mr. Secretary. Thank you for being here today. I apologize for my tardiness. I had another Committee assignment. But this is my first Committee, for agriculture, representing Connecticut's 5th district, and bringing forth the voices of our small family farmers and our inner city students who rely on programs like school nutrition and SNAP.

I want you to know that one in eight people in Connecticut are food-insecure, about 17 percent, or 100 in 17,000 children. And as a teacher, I know exactly how important SNAP and programs like school meals are for my students to succeed in the classroom.

I have to add this, because I hear a lot of talk about the economy and trade and production and budgets, but as a history teacher, I know that one of our basic functions of government as outlined in the Constitution is to promote the general welfare as well. I recognize as a Member of this Committee that those children are also our responsibility. Kids don't learn when they are hungry.

Also, when we are talking about these programs, children can't go to job training programs. When we are talking about able-bodied adults and SNAP Program and things like that, I just hope that we don't forget that most of the people who receive these benefits are children. And I appreciate the work that the Department has gotten done. Actually, I thank you. I thank you for what you did to maintain the operation of nutrition programs, including SNAP, school meals, and WIC during the partial government shutdown. We have heard from school food service directors and commodity distributors that the shutdown had an impact on their ability to procure and distribute food to schools.

Can you outline what impacts were experienced and the implications in the short- and long-term the shutdown had on nutrition programs, and what is the Department doing specifically to address those impacts?

Secretary PERDUE. Sure. I am sure there must have been, but I appreciate your compliments regarding that. We think probably most of those things were taken care of. We kind of did backflips to make sure that the February SNAP benefits were done. States participated and cooperated magnificently with us to get that done by submitting their files by January the 20th, and that enabled them to continue to do that.

That was a heroic effort with our Food and Nutrition Service people, and we are very proud of that. I think we have recovered in most all aspects. We see WIC numbers going down, but that is simply a function of the economy as well in that way.

I would remind you, and I appreciate your passion for children, and as an educator, you understand that I was with the School Nutrition Services, and it talked about feeding bodies, fueling minds, how important nutrition is for education and learning. But the ABAWD, A-B-A-W-D, stands for *without dependents,* so that is very critical function to understand. We are talking about able-bodied adults without dependents.

Mrs. HAYES. Okay, thank you.

You also outlined a plan to relocate and what I feel is disruptively restructure the Economic Research Services under the Office of the Chief Economist. As you know, ERS is responsible for assessing food insecurity or hunger rates in the United States. This is

critical information for policy makers who oversee nutrition assistance programs.

ERS also conducts research to assess how nutrition programs like the ones I just described are working to reduce hunger and improve the health of Americans. Relocating and restructuring the agency will have significant impacts on this important work. Did you or the Department consider any of these impacts when developing this new proposal, and what specific steps has the Department taken to mitigate these impacts?

Secretary PERDUE. We did try to take all those considerations into place.

First of all, the work and the research that you discuss will continue to go on in that way. There will be a cadre of leadership in NIFA and ERS to remain here in a leadership perspective to visit with Congress, to answer questions, to appear over all those kinds of research functions, so we do not anticipate losing any of that capacity from ERS, nor NIFA, in that move. We did consider that, and we believe aligning the ERS, Economic Research Service, under the Office of the Chief Economist, he is like the chief scientist in REE, the political Under Secretaries call the chief scientist. Well, the chief economic scientist is the career person in the Office of the Chief Economist there. You will have a career person reporting to a career person there, which we think is less likely to have political influence over the outcomes or trying to cook the books, if you speak, regarding the outcomes of research in that arena, rather than reporting to a political Under Secretary that may have an agenda.

Mrs. HAYES. Thank you. Sorry we went over the time.

The CHAIRMAN. No problem.

Mrs. HAYES. Please don't forget those children in any of these conversations.

The CHAIRMAN. I thank the gentlelady for her questions.

And last, but certainly not least, my good friend from California, Mr. Panetta.

Mr. PANETTA. Thank you, Mr. Chairman, and I appreciate my position on the dais as I get to be closer to the Secretary and other witnesses throughout this, thank you very much for this opportunity.

Mr. Secretary, good afternoon by now. Always good to see you. I appreciate listening to you, although I have to say, I was quite surprised that you actually got stumped today, because I have never seen that in a question and answer session with you.

Secretary PERDUE. I think Congressman Marshall studied a long time to do that.

Mr. PANETTA. Well, he is a doctor, and if we knew what type of doctor he was, that would make it more reasonable why he stumps us. But we will talk about that later.

Look, I just obviously want to say thank you for all your work, especially your coordination with Ambassador Lighthizer in dealing with the current issue in regards to China, as well as the upcoming USMCA potential deal, hopefully deal. I was just in a hearing this morning with Ambassador Lighthizer, and we had a good discussion on that. And obviously, with some of your answers, we are

definitely hopeful that something occurs and that there is agreement that is reached.

My first question is if there is not an agreement reached any time soon, do you see additional mitigation funds?

Secretary PERDUE. I do not, sadly. Again, I think that depends on the outcome. It would be devastating to markets if we don't see a success here, and we don't know how badly that would be, and we would have to make those recommendations at that point in time. The motivation and the reason behind the mitigation payments in 2018 is that the trade disruptions began after the planting and farmers could not plan for that, so I hope that farmers will look at the market signals today, make their determinations over marketing the same way they would do in any other year.

Mr. PANETTA. Understood.

Now, obviously you know as well that although farmers appreciate those types of mitigation funds, they are not about aid, they are about trade. They are not about short-term bailouts, they are about long-term business.

Secretary PERDUE. Right.

Mr. PANETTA. And with that, some of the markets that they have, have been lost. Are you coordinating with Ambassador Lighthizer in order to ensure that some of those markets that were lost are gained back?

Secretary PERDUE. We are really taking the lead, I would say, in that through Under Secretary Ted McKinney and our Foreign Agricultural Service people around the world, and really, we are kind of the salespeople when it comes to the deal and the contract. USTR serves as the lawyer there to write the contract and bless the deal. That is their statutory responsibility. But we are out selling everywhere, and we can recover those markets. That is why we talked about the Market Access Program, that $200 million of the Market Facilitation Program that goes to market access and building markets in places where we haven't had markets, and shoring up current customers.

Mr. PANETTA. Great. Thank you.

And quickly, I have a letter here dated January 25 that was sent to the USDA in regards to early issuance of February 2019 SNAP benefits, your questions and answers that you guys send out. I was wondering if I could get this to your staff to make sure that it gets on your radar, if that is okay?

Secretary PERDUE. We could. I think we have it. Was there not a timeline of reply on that? I think that is what my staff told me, because we usually like to reply by now, but I thought there was 90 days or something, if that is the same letter I am thinking of.

Mr. PANETTA. Okay. I didn't see a timeline on this, but I will talk your staff after. Thank you.

Secretary PERDUE. Sure. Please give it to me.

Mr. PANETTA. I will. Thank you very much.

Talk to me about, if you could, how is Kristi Boswell and the progress of the work that she has been doing in regards to immigration?

Secretary PERDUE. She is a star, and the progress we are making from a regulatory perspective with DOL and DHS and State is largely due to her efforts in that in helping to guide their regu-

latory language. We have also committed to lend her to the White House folks to help work on the ag labor portion of a comprehensive immigration proposal, and so she is a very much a necessary part of our operation, because you have heard me say before, trade, labor, regulation over and over any part of the country you want to go to.

Mr. PANETTA. Great, thank you.

And quickly, I know the farm bill has given you a new program to respond to a host of animal, agriculture, pest and disease outbreaks. The example with the virulent Newcastle disease outbreak, and USDA's response is a good example of this. How is that process coming along, the flexibility, do you have any plans to continuing to apply it?

Secretary PERDUE. The proposal dealing with the vaccine bank and the other portions of that from a lab network, it will go a long way. Certainly, when we get to the point of determining the right technology of vaccines or maybe more funds needed, but in working with the Department of Agriculture in California over this virulent Newcastle disease, we have to get ahead of that. We have been somewhat unhappy regarding the progress over the backyard birds and the issue to control their movement, and it is a serious issue. If it moved out of California and got across the country in our poultry industry, which is significant, it would be devastating. We need to work diligently on that together, and I have met with Secretary Ross recently, and hopefully we can have some new abilities to accomplish those things.

Mr. PANETTA. Thank you. Mr. Secretary, an absolute pleasure. I look forward to seeing you out in central California. Thank you.

Secretary PERDUE. Thank you.

Mr. PANETTA. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. I thank the gentleman.

We are going to wrap this up, Mr. Secretary. Are you happy with that?

Secretary PERDUE. Do I have to?

The CHAIRMAN. You are having fun, huh?

I am going to recognize the Ranking Member for a closing statement.

Mr. CONAWAY. Thank you, Mr. Secretary.

I want to get on the record that I am in full-throated support of your efforts to reform the waiver abuses that are going on with the ABAWD population. Many of my colleagues, either intentionally or unintentionally, conflate children and disabled and elderly with ABAWD populations, and nothing could be further from the truth. These are able-bodied adults without dependents, and we need to continue to focus on that.

The House version that passed the House did address this waiver abuse, and then in conference with our colleagues across the building, the Senators, we are both in agreement that the waiver issue is being abused across this nation and needed to be reformed. They were concerned that the House fix would offend certain sensibilities of certain Senators that they had, and they couldn't get it passed, but maybe the best path forward was to do it by regulation and that you, in fact, have all of the authorities you need to do the able-bodied adult without dependents rule change that you are pro-

posing. I am hopeful that this moral hazard can be continued to be addressed.

By example, today California has a 4.2 percent unemployment rate. Fifty-five out of 58 counties are under a work waiver. Every one of my colleagues from California mentioned the lack of labor to be had in these agriculture industries. If there are jobs available—may not be the job that they necessarily want, but a job is a job, and so having these folks have the initiative to get off the welfare programs and go to work is particularly important.

I am also aware that there be certain groups out there that will take advantage of your ample comment period to suggest, perhaps, some changes in tightening of the way that the counties are counted, the way that the numbers come together, all those kids of good things, and I hope that you guys will pay attention to that.

But, I fully support what you are doing and look forward to getting this rule implemented, and getting this moral hazard addressed across this country.

Thank you, sir. I look forward to working with you, going forward.

I yield back.

The CHAIRMAN. I thank the gentleman, and I want to thank the Secretary for his persistence with being able to sit there this long, and it is not easy at our age, Mr. Secretary, to do that. We appreciate it.

Just the last thing.

Secretary PERDUE. I am not sure what to say.

The CHAIRMAN. Well, yes. I am not either.

Anyway, one last thing: When the shutdown was going on, I was getting calls from my producers and my employees out there about what the heck was going on? The NRCS office would open and the FSA office wasn't, I went and visited offices. When you had that first round when you opened up for 3 days or whatever it was, and talked to the employees and went back when you opened up full-time, which by the way, was controversial, because they had gone out and gotten unemployment, and they finally had some money so they could pay their rent, and then they got called back and they are not getting paid. That didn't go over all that well.

But anyway, I found out that the NRCS employees, because whatever they are doing, they were able to be paid somehow or another, and your lawyers or whoever at the FSA people couldn't be.

On that, I have drafted a bill which says, and I just got it now and it is not completely right, but what it says is that if somebody is administering a CCC mandatory program, like in FSA, that they would not be laid off, that they would be paid out of the CCC, for whatever length of time that shutdown happens, and then when it is over with, you pay them back, pay the CCC back, because they get paid anyway. I would assume something like that might be helpful to your agency. What I am going to do is give you this copy of what we have been working on. I would like you to take a look at it, your lawyers, and work with us. But there is no sense in if they are doing these mandatory programs, there is no sense, in my opinion, for us, if we have another shutdown, hopefully we won't have another one, but if we do, there is just no sense not to have

them working, and they are going to get paid anyway, this is a way to deal with it.

Secretary PERDUE. I couldn't agree more. Again, we would be happy to look at that, see if there are any legal issues or HR issues or pay processing issues, but the best solution is no shutdown.

The CHAIRMAN. Yes. If you guys would take a look at it, and have your most problematic lawyers look at it.

Secretary PERDUE. We have some of them.

The CHAIRMAN. They will pass muster on it and hopefully we will never have that problem again.

Again, thank you very much for your patience and hanging in there. All of the Members appreciated the opportunity to visit with you, and all your willingness to answer their questions, and we look forward to working with you and working through the issues we have getting this farm bill implemented. Thank you very much.

Secretary PERDUE. Thank you, Mr. Chairman.

The CHAIRMAN. This hearing is adjourned.

[Whereupon, at 1:50 p.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED QUESTIONS

Response from Hon. Sonny Perdue, Secretary, U.S. Department of Agriculture

Questions Submitted by Hon. Collin C. Peterson, a Representative in Congress from Minnesota

Question 1. USDA's biotechnology regulatory program has been the subject of multiple legal challenges within the last decade, including cases in the Ninth Circuit and the Supreme Court. The existing biotech regulations at USDA, or Part 340, have withstood those challenges because of the specific way in which they were formulated. Will you commit to Congress that your Department will not propose or finalize any new Part 340 regulations that ignore the important lessons of prior litigation, or that introduce substantial new legal risk to the program? Before submitting Part 340 revisions to OMB for review, will you work with all interested intervenors in those previous, successful cases to ensure that USDA is fully considering the legal defensibility of its biotech regulations?

Answer. I will commit that any updates to the regulations are defensible and within our statutory mandates. While we cannot guarantee that no legal challenges will exist, we will have a robust rulemaking process and use the feedback and comments we solicit to improve the rule. USDA should also note that, while our biotechnology regulations were previously challenged, the most successful challenges were not related to USDA's safety or review process, but on the sufficiency of the supporting environmental documentation required under the National Environmental Policy Act. USDA has taken numerous steps to improve our environmental review process, and we are confident that that would remain legally defensible.

Throughout the regulatory revision process, USDA has considered and will continue to consider the important lessons of prior litigation. Our work in issuing two previous proposals to update and revise the USDA plant biotechnology regulations has provided invaluable experience. As we propose and finalize revisions to USDA's plant biotechnology regulations we will ensure that we have the best and most up to date regulations possible, and work to minimize litigation risks.

Question 2. Mr. Secretary, we now know that the EPA granted 48 retroactive small refinery exemptions in 2016 and 2017, and this effectively took 2.25 billion gallons of renewable fuels out of the marketplace. These exemptions are continuing to cause economic harm to farmers, and it worries me that there are many current petitions for refiner exemptions awaiting a decision by EPA. Have you had discussions with the folks at EPA and the White House about how these exemptions are undermining the RFS and weakening the rural economy?

Answer. Yes, USDA had discussions with EPA and the White House regarding the impact of small refinery waivers. USDA has looked at the impact of the bankruptcy settlement that released Philadelphia Energy Solutions from part of its RFS obligation. The retroactive waivers, and pending waiver requests if approved, effectively reduce the RVO. A reduced RVO translates to lower demand for corn ethanol and biodiesel.

Question 3. During the 35 day long government shutdown, the Committee received some information from the Department about how and why some Farm Service Agency employees were called into service for various periods during the lapse in appropriations. Can you further describe the decision-making process as to how Farm Service Agency employees were brought back to work during the shutdown?

Answer. FSA county offices were open for two periods during the most recent lapse in appropriations: the last week of December and January 24th and 25th just before the shutdown ended, using carry-over funding. Additionally, nearly 40% of FSA offices were open January 18–19 and January 22–23 focused on administrative services related to existing farm loans and provision of tax documentation to ensure the agency provided 1099 tax documents to borrowers by the Internal Revenue Service's deadline. USDA used the full range of its authorities and available funding to serve America's farmers and ranchers during the shutdown.

Question 4. African Swine Fever, Avian Influenza, Foot-and-Mouth Disease, and other animal diseases are major threats to animal agriculture. The 2018 Farm Bill authorized the Animal Disease Preparedness and Response Program and National Animal Vaccine and Veterinary Countermeasures Bank and also reauthorized the National Animal Health Laboratory Network. Congress also provided $300 million in mandatory funding over 10 years. These three programs are intended to help prevent and respond to animal diseases and were supported by nearly 400 Members of the House in the last Congress. When will all three of these programs be implemented and what priorities does USDA have for each program in 2019?

Answer. USDA is committed to getting these important programs up and running as quickly as possible. On March 21, USDA held a listening session on these provisions to hear from industry and other stakeholders. We are in the process of reviewing and considering all comments from that session. Additionally, the National Animal Disease Preparedness and Response Program requires us to develop a consultation process with states, universities and industry partners to develop program priorities. USDA is organizing that process, after which we will begin soliciting project suggestions to assist with the advancement of animal health.

Question 5. While I didn't vote for the original NAFTA deal, it has been generally positive for agriculture and withdrawing from it now would be a mistake. The new agreement would make the Canadians end their Class VII dairy pricing strategy that has undercut exports of U.S. dairy ingredients for the last few years. Will you commit to working within the Administration to make sure these new commitments can be enforced?

Answer. Yes, USDA will continue to support the ratification process of the new agreement and is committed to working within the Administration to ensure Canada upholds its obligations to transparently terminate its Class [VI] and [VII] dairy pricing system. In fact, the U.S.-Mexico-Canada Agreement includes a number of transparency and consultation commitments on milk class pricing, in addition to a mandatory review of dairy provisions 5 years after its entry into force, which are all fully subject to dispute settlement. We intend to use all of these tools to ensure that the new commitments are implemented and enforced.

Questions Submitted by Hon. Alma S. Adams, a Representative in Congress from North Carolina

Question 1. The President signed into law the 5 year farm bill, P.L. 115–334, on December 20, 2018. This bill was negotiated in good faith between Republicans, Democrats, the House and the Senate. Months and years went into refining language and coming to an agreement that received overwhelming votes in both chambers (87–13 in the Senate and 369–47 in the House), yet the USDA has decided to unilaterally change plain Congressional intent, not even 3 months after that carefully negotiated law was signed by the President, as it relates to requirements for Able-Bodied Adults Without Dependents.

My district has thousands of households that rely on SNAP benefits. Mecklenburg County alone has approximately 55,472 households that rely on SNAP benefits each month. Please elaborate on the agency's thinking on this rule, because through the USDA's February 1st SNAP Requirements for Able-Bodied Adults Without Dependents proposed rulemaking, you seem to be ignoring the will of Congress.

Answer. USDA recognizes and appreciate the hard work that went into the farm bill, and has taken care to ensure that the rulemakings we have proposed since its passage, including the one you reference, are consistent with the Department's authority under the new law.

As stated in the proposed rule, the Department is committed to enforcing the work requirements established by the law and is concerned about the current level of waiver use despite a strong economy. The current regulations afford states broad flexibility to develop approvable waiver requests. The Department's operational experience has shown that some states have used this flexibility to waive areas in such a way that was likely not foreseen by the Department when it developed the current regulations. Given the widespread use of ABAWD waivers during a period of historically low unemployment, the Department believes that the current regulatory standards should be reevaluated.

Additionally, the President's Executive Order on *Reducing Poverty in America by Promoting Opportunity and Economic Mobility* (April 10, 2018) directed Federal agencies to review regulations to determine whether they are consistent with the principles of increasing self-sufficiency, well-being, and economic mobility, and to strengthen existing work requirements for work-capable individuals where possible in order to improve employment outcomes and economic independence. Consistent with the Executive Order and the Administration's focus on fostering self-sufficiency, as well as the Department's extensive operational experience with ABAWD waivers, we have determined that the standards for these waivers must be strengthened so that the ABAWD work requirement is applied to ABAWDs more broadly. The Department is confident that these changes would encourage more ABAWDs to engage in work or work activities if they wish to continue to receive SNAP benefits.

The Department looks forward to reviewing comments and will consider all comments received in drafting the final rule.

Question 2. When will USDA have a point of contact for the Office of Urban Agriculture and when will the office be up and running? A lot of folks are excited to start talking with USDA about implementation but do not know who to talk to.

Additionally, when will we get more information about how USDA plans to do outreach to build the advisory committee?

Answer. The 2018 Farm Bill did not provide funding for the Office of Urban Agriculture. Should funding be appropriated for this activity, USDA will implement this provision and establish this Office.

Question 3. Over the last 2 years, how many Community Facilities Direct Loan and Grant (CFDLG) and Community Facilities Guaranteed Loan (CFGL) loans and grants used for jail construction or renovation (1) involved a plan to expand their existing jail capacity (number of total jail beds), and (2) resulted in expanded jail capacity?

Answer. Over the last 2 years, the Community Facilities Program has invested $5 billion in essential rural community facilities across the country. Of this, $67,218,200 (1.34%) was obligated for jail projects not yet completed, and $19,985,000 (0.40%) was for jail projects that have been completed with funds over the last 2 years, for a total of $87,203,200 (1.74%). During this time, two facilities expanded the number of total beds available, and three facilities were for new detention centers to alleviate overcrowding/outdated facilities and to safely house those serving short-term sentences.

Question 4. What level of priority is given to proposals for CFDLG and CFGL loans and grants that would fund jail construction, compared to priority level given to applications for other types of community facility projects? For example, would a substance use treatment facility receive a similar prioritization?

Answer. The Community Facilities Program follows the regulation outlined in § 1942.17(c)(2)(ii) for implementing application selection priorities which include population, health, income, and other factors. Other factors that are prioritized include the provision of and/or the improvement of public safety. These are taken into consideration when the purpose of the project is to construct, enlarge, extend or otherwise improve public safety and/or healthcare facilities. The farm bill includes a provision to prioritize combating substance use disorder in rural America for the CFDLG. RD is currently working to implement this provision with an expected completion date in July 2020. A substance use treatment facility would be evaluated for the population and income levels it serves, along with applicable other factors, as compared to the other applications received.

Also, prioritization is implemented only when the program has more applications than available funds, which was not the case in FY 2018.

Question 5. What analysis or assessment is done when awarding CFDLG and CFGL loans and grants to determine the availability of community-based treatment or other resources that might reduce the need for jail beds and serve the broader community before funding jail construction or expansion projects?

Answer. The Community Facilities (CF) program offers direct loans, loan guarantees and grants to develop or improve essential public services and facilities in communities. Public bodies, nonprofit organizations and federally recognized American Indian Tribes can use the funds to construct, expand or improve facilities that provide health care, education, public safety, and public services. Projects RD has funded include fire and rescue stations, village and town halls, health care clinics, hospitals, adult and child care centers, assisted living facilities, rehabilitation centers, public buildings, schools, libraries, and many other community-based initiatives.

Additionally, the Program is a tool that can be used to support the Administration's goal to combat the opioid epidemic by building facilities and purchasing equipment for prevention, treatment and recovery in rural communities. CF supports and partners with stakeholders on prevention efforts by funding construction, expansion and/or improvement of rural education and mental health facilities, and the purchase and installation of equipment. For example, a nonprofit community service agency used CF direct loan funds to purchase a building where they provide behavioral health, social services, and counseling to at-risk youth. The nonprofit partners with its state agency to operate youth anti-substance use programs.

Rural Development assesses applications on financial viability and whether the facility is one that provides an essential service to the local community.

Question 6. Which CFDLG/CFGL loan and grant proposals were disapproved in Federal Fiscal Year 2018?

Answer. Applications for CF are reviewed by the state Rural Development offices rather than by the National Office. At this time, we do not keep a consolidated list at the national level of all Community Facility Direct Loan and Grants or Community Facility Guaranteed Loans that were denied.

Question 7. Can you share more information on when you think the Section 232 tariffs will be lifted on Canada and Mexico?

Answer. Ambassador Lighthizer is leading the discussions with Canada and Mexico regarding the potential for removing the Section 232 tariff on imports of steel and aluminum from those countries. I have relayed to the President and Ambassador Lighthizer the concerns in the U.S. agricultural community about those tariffs, and the corresponding retaliatory tariffs that our agricultural exports are now facing. It has not yet been determined how this issue will be resolved, but we are hopeful that an agreement can be reached so those tariffs can be eliminated.

Question 8. When do you think the U.S. will be able to set a free trade agreement (FTA) with Japan?

Answer. Achieving a high-standard trade agreement with Japan is a top priority for American agriculture and this Administration. Following the guidelines of the Trade Promotion Authority (TPA), USTR has published its negotiating objectives and the U.S. International Trade Commission has issued a report on the probable economic impacts of the agreement. These were the final two procedural requirements under TPA, which means that formal trade negotiations can begin at any time.

Questions Submitted by Hon. Jim Costa, a Representative in Congress from California

Question 1. Mr. Secretary, as you know, in California many of our farmers grow Extra Long Staple (ELS) cotton, also known as Pima cotton. Growers of ELS do not participate in the traditional farm safety net programs except for crop insurance. Instead, they rely on the ELS competitiveness program and recourse loans. Fortunately, in the 2018 Farm Bill, Congress was able to slightly raise the ELS loan rate. However, I would like to bring to your attention one area of needed adjustment to the competitiveness program. Whether the competitiveness program is triggered is tied to the market price of other competing varieties of comparable quality cottons in the same export markets as U.S. ELS cotton. It is my understanding that in recent years one variety used in the calculation was removed because the quality was not high enough to be considered, but now there is a variety of comparable quality competing directly with U.S. ELS cotton. Unfortunately, those quotes are not currently used in the calculation to determine if a payment is warranted. The negative impact this is having on U.S. ELS cotton is being felt directly by producers due to a 20¢ per pound price decline in less than a year.

The intent of this program is to protect the industry by keeping U.S. ELS cotton competitive in global markets when world prices are below U.S. prices for competitive growth. I urge you and your team to work with the U.S. cotton industry stakeholders to address this situation by making the necessary adjustments to the ELS competitiveness program before our producers suffer even greater losses.

Answer. Thank you for bringing this to my attention. Stakeholders have brought this issue to the attention of USDA staff in recent weeks and we are reviewing the issue.

Question 2. Mr. Secretary, I, like several of my Committee colleagues, represent a specialty crop-heavy state that has been facing a growing labor crisis for years—a crisis that is only projected to worsen. It has been said many times over, but farmers simply cannot find the willing workers they need to harvest the nation's food. With more and more positions going unfilled, fruit and vegetable farmers are placing their money and hopes in mechanization and automation to not only stem the shortage, but also aid the actual job tasks to make them more appealing to potential workers.

That is why I am pleased that the 2018 Farm Bill made strides in supporting mechanization research. I would stress that USDA must do all it can to ensure that all the provisions and programs are implemented in an effective and timely matter.

Could you provide a sense of where your agency is on this? I want you to particularly focus upon the development of the Agriculture Advanced Research and Development Authority (AGARDA) pilot program which allows for mechanization funding, and then the equally important report that will identify a plan to find additional funding for further mechanization research projects. As you know, we expect you to execute that plan and ensure more funding flows to mechanization research sooner than later.

Answer. The 2018 Farm Bill did not provide funding for AGARDA. USDA looks forward to evaluating options and implementing this provision should funding be appropriated for this activity.

Question 3. One of the biggest concerns I hear from my trade-reliant farmers is how they will be able to regain market shares in China. Commodities, like tree nuts, citrus, and other fruits, face stiff competition from other countries, and gaining access in the first place took years.

Mr. Secretary, you recently commented that you expect the United States to quickly recover lost markets for farm products once we reach a deal with China. Do you feel that rings true for our fruit, vegetable and tree nut exports? Could you offer insight into how USDA will support our farmers' push back into China, once this whole trade war is resolved?

Answer. I believe that we can only achieve meaningful increases in agricultural exports to China if we address a broad range of structural barriers that have impeded U.S. exports. If President Trump is successful in negotiating an agreement with China that addresses these structural barriers for agriculture, I am confident that U.S. agricultural exports—including exports of fruits, vegetables, and tree nuts—will exceed the levels of our exports before China imposed retaliatory tariffs.

As President Trump has said recently, trade negotiations are going well, but the deal has to be right. Upon reaching an agreement in which China addresses structural barriers for agriculture, USDA is prepared to work vigorously with our agricultural exporters, including on the ground in China, to assist them in renewing longstanding trading relationships and in developing new ones. USDA will also be working closely with USTR to ensure that all of China's commitments are carefully monitored and vigorously enforced.

Additionally, the Agricultural Trade Promotion (ATP) Program has injected an additional $200 million into agricultural export promotion. Many of the awards recipients have plans for using funds for the Chinese market as well as expanding opportunities throughout the world. Organizations representing fruit, vegetable, and tree nuts exporters received awards based on the quality of their proposals.

Question 4. In the ongoing trade feud between the U.S. and China, our farmers and ranchers have been harshly targeted, forced to bear the brunt of increased tariffs and lost market shares that may take years to regain. In response to their compounding losses, the President has continued to assure them the feud will end with a much better deal for the United States, especially (and specifically) for agriculture. That said, the Administration has been particularly vocal about its demands on behalf of steel, aluminum, and IP protections.

It should be reiterated that a 'better deal' for agriculture does not just mean a return to the *status quo,* or a return to pre-retaliatory tariff levels. I also appreciate your recent comments that the U.S. won't be bought off simply by commodity purchases. The growers in my state want to see real net gains, real market access, real SPS reforms. What other ag-specific demands are you and the rest of the negotiating team pushing for, particularly for specialty crops?

Answer. Last month, I was in the Oval Office with the President when he received a briefing from the U.S. and Chinese trade negotiators. After hearing from the lead negotiators, President Trump made it clear that any deal with China must address the concerns of our farmers and ranchers.

I agree with you that a good deal with China on agricultural trade must address the structural barriers that our exporters have faced for many years. USTR is leading the negotiations with China. Phytosanitary barriers and are among the many barriers that we are striving to eliminate during the negotiations. USDA will be working closely with USTR to ensure that all of China's commitment are carefully monitored and vigorously enforced.

Question 5. What is the status of negotiations between the U.S. and Japan? Can you provide a sense of where this is on the Administration's priority list, as well as a tentative timeline of when we may see an agreement?

Answer. On December 21, 2018, the U.S. Trade Representative (USTR) submitted to Congress and released to the public a summary of the Trump Administration's specific negotiating objectives for its U.S.-Japan Free Trade Agreement negotiations. One of the Administration's top negotiating objectives is to secure comprehensive market access for U.S. agriculture goods in Japan by reducing or eliminating tariffs. The Administration has begun negotiations, and certainly understands that Japan's recently negotiated agreements with other countries disadvantages U.S. farmers and ranchers.

Question 6. This past December, it was reported that President Trump publicly expressed his intentions to withdraw from NAFTA, as a means to pressure Congress to pass USMCA. This is a misguided approach in my view. I would strongly dissuade the Administration from pursuing such a tactic and would appreciate your response as to the likelihood of NAFTA withdrawal.

Answer. Canada and Mexico are our first and second largest markets for U.S. food and agricultural products, making up 28 percent of total food and agricultural exports in 2018. USMCA contains important improvements for U.S. agricultural exporters. I strongly support the agreement and, if voted on by the merits of the agreement, would expect Congress will approve USMCA.

Questions Submitted by Hon. Marcia L. Fudge, a Representative in Congress from Ohio

Question 1. Mr. Secretary, with your new ABAWDs rule, can you please tell me what percentage of ABAWDs are veterans, are homeless, have mental or physical limitations, lack access to public transportation, or need language interpretation? That would help me determine how many people you are really talking about.

Answer. Currently, USDA has FY17 data on race and ethnicity, age, and citizenship status of ABAWDs, which is tabulated from the FY17 Quality Control (QC) Report.

Race/Ethnicity	Count	Percent
White, not Hispanic	1,324,786	41.1%
Black or African American, not Hispanic	899,641	27.9%
Hispanic, any race	401,090	12.5%
Asian, not Hispanic	47,946	1.5%
American Indian or Alaska Native, not Hispanic	55,197	1.7%
Native Hawaiian or other Pacific Islander, not Hispanic	11,418	0.4%
Multiple races, not Hispanic	59,583	1.8%
Race unknown	421,721	13.1%
Total	**3,221,380**	**100.0%**

Age Ranges	Count	Percent
18–19	294,490	9.1%
20–24	566,890	17.6%
25–29	533,640	16.6%
30–34	429,431	13.3%
35–39	359,706	11.2%
40–44	433,441	13.5%
45–49	603,781	18.7%
Total	**3,221,380**	**100.0%**

Citizenship Status	Count	Percent
U.S.-Born Citizen	3,038,619	94.3%
Naturalized Citizen	66,183	2.1%
Refugees	46,297	1.4%
Eligible Noncitizens	70,282	2.2%
Total	**3,221,380**	**100.0%**

USDA does not collect information from SNAP participants concerning veteran status, access to transportation, language barriers, or homelessness.

As noted in the proposed rule, the Food and Nutrition Act of 2008 specifically exempts individuals from the ABAWD time limit and corresponding work requirement for several reasons, including, but not limited to, age, physical or mental unfitness for work, having a dependent child, or being pregnant. Additionally, the Food and Nutrition Service (FNS) issued guidance in November of 2015 that outlines the discretion state SNAP Agencies have in determining an individual's fitness for work. The second page of the memo states, "Many individuals with physical or mental challenges are unfit for work and must be exempted from the time limit. To be clear, an individual does not need to be receiving disability benefits to be exempted from the time limit under this criterion. States can exempt an individual as unfit for work if they are obviously mentally or physically unfit for employment or, if the unfitness is not obvious, based solely on a statement from a medical professional". This statement reflects the exception to the ABAWD time limit for individuals physically or mentally unfit for employment in the SNAP regulations at 7 CFR 273.24(c)(2). A copy of this memo is attached.

Attachment

United States Department of Agriculture, Food and Nutrition Service, 3101 Park, Center Drive, Alexandria, VA, 22302–1500

November 19, 2015

Subject: Supplemental Nutrition Assistance Program—ABAWD Time Limit Policy and Program Access

To: Regional Directors, Supplemental Nutrition Assistance Program, All Regions

This memorandum provides guidance to states in taking the balanced approach necessary to properly implement the Supplemental Nutrition Assistance Program (SNAP) time limit for able-bodied adults without dependents (ABAWD). On March 4, 2015, the Food and Nutrition Service (FNS) released a memorandum that anticipated fewer states would qualify for ABAWD time limit waivers and provided guidance in identifying, notifying, and tracking ABAWDs when those waivers expire. To comply with Federal law, states must do more than track ABAWDs. States must also carefully screen for exemption from the time limit and connect ABAWDs to the information and resources necessary to maintain eligibility consistent with Federal requirements.

This memo goes beyond tracking to address screening and other challenges that face states in serving eligible ABAWDs and properly administering the time limit. As predicted, the economy has improved and fewer states and localities now qualify for the ABAWD time limit waivers that were in place during the economic downturn. At the same time, jobs are still scarce in many parts of the country and many ABAWDs continue to face barriers to employment.

Implementation of ABAWD time limit policy not only impacts client eligibility and access, but also has consequences for state administrative measures. Administering the time limit inaccurately, either by failing to apply it to those who meet the time limit or inadvertently applying it to those who are exempt, can impact Quality Control (QC) error rates. Failing to apply the time limit to ABAWDs who have used their 3 countable months can cause a payment error. Likewise, misapplying the time limit to ABAWDs who are in fact fulfilling the work requirement, or applying the time limit to exempt individuals can cause payment and/or case and procedural errors (CAPER).

In order to ensure accurate application of the time limit while also protecting program access for all eligible individuals, FNS reminds states of the following requirements, flexibilities, and best practices:

Screening for Exemptions and Fitness for Work

States must screen for exemptions as part of their process to identify ABAWDs. Accurate screening is fundamental to the state's implementation of the time limit consistent with Federal law. Federal law and regulations exempt certain individuals from the time limit based upon their circumstances,[1] including individuals who may be unable to work due to physical or mental challenges.

State agencies are responsible for assessing an individual's fitness for work methodically and comprehensively. The certification and recertification interview is critical in identifying fitness for work. Many individuals with physical or mental challenges are unfit for work, and must be exempted from the time limit. To be clear, an individual does not need to be receiving disability benefits to be exempted from the time limit under this criterion. States can exempt an individual as unfit for work if they are obviously mentally or physically unfit for employment or, if the unfitness is not obvious, based solely on a statement from a medical professional. If the unfitness is not obvious and verification from a medical professional is unavailable, states should make every attempt to verify the unfitness using an acceptable collateral contact (*e.g.,* medical personnel or social worker). When an individual's unfitness for work is obvious to the eligibility worker, the state should exempt the individual without requiring a statement or verification from medical personnel. For example, a chronically homeless individual who is living on the street may be considered unfit for employment as determined by the state. Federal rules at 273.24(c)(ii) allow states this flexibility to prevent placing unnecessary burden on individuals who are clearly unfit for employment.

Maintaining Eligibility through Work Programs and Workfare

FNS strongly encourages state agencies to offer qualifying education, training, or work experience placements to ABAWDs through their SNAP Employment and Training (E&T) Programs or other work programs. Following 273.24(a)(1), ABAWDs must work or participate in a work program for 80 hours per month, or participate in workfare. State agencies have a great deal of flexibility to design E&T programs that provide ABAWDs with valuable skills and experience while also meeting the

[1] 7 CFR 273.24(c) details the criteria for exemption from the time limit.

ABAWD work requirement. E&T and other work programs can provide qualifying activities that count toward the 80 hour requirement and may be combined with work hours to meet the 80 hour requirement.

Workfare provides another means by which ABAWDs can maintain eligibility. Unlike participation in a work program, workfare does not require 80 hours of participation each month for fulfilling the ABAWD work requirement. Instead, workfare allows ABAWDs to "work-off" their SNAP benefit amount by requiring an hourly participation equal to the household allotment divided by the minimum wage, which is generally [] lower than 80 hours. States may consider offering workfare[2] to ABAWDs as part of their SNAP E&T Program and/or a comparable state or local workfare program.

Hours devoted to job search or job search training, when offered as part of other E&T components, are acceptable for the purpose of fulfilling the work requirement as long as those activities comprise less than half of the total required time spent in the components. Hours devoted to job search or job search training, when operated by a program under the Workforce Innovation and Opportunity Act or Section 236 of the Trade Act of 1974, are also acceptable and could represent more than half of the required time spent in the component. In addition, state agencies may establish a job search period of up to 30 days following initial SNAP certification prior to making a workfare assignment. This job search activity is part of the workfare assignment. Therefore, participants are considered to be participating in and complying with workfare requirements during this job search period and are meeting the ABAWD work requirement. This job search period of workfare may only be conducted at certification, not at recertification.

Maintaining Eligibility through Unpaid or Volunteer Work

In addition to paid or in-kind work, unpaid or volunteer work also counts for the purposes fulfilling the ABAWD work requirement. It is often difficult for people with few job skills or no significant job history to obtain paid employment. In some cases, volunteer work may be the only way for these individuals to obtain needed job skills. ABAWDs may volunteer with religious or community organizations. For these reasons, Federal rules provide that individuals can fulfill the ABAWD work requirement through unpaid or volunteer work, provided that it is verified under standards set by the state agency.[3] Moreover, states have the flexibility to consider unpaid or volunteer work performed at a public or private nonprofit institution as workfare or comparable workfare. As explained above, workfare presents a lower hourly burden and may be a better fit for certain ABAWDs, especially those facing high barriers to obtaining paid employment.

Good Cause for Failure to Meet the ABAWD Work Requirement

The regulations at 273.24(b)(2) also allow states to determine good cause for failure to fulfill the ABAWD work requirement. When an ABAWD has good cause for failure to fulfill the required number of hours in a given month, it does not count toward the time limit. Good cause applies to situations in which an individual would have normally met the ABAWD work requirement by working or participating in a work program, but does not due to circumstances beyond the individual's control. In cases where an individual is fulfilling the ABAWD work requirement through participation in SNAP E&T or workfare, but fails to meet the 80 hour or workfare requirement in a given month, states would determine good cause under 273.7(i) rather than under 273.24(b)(2).

Regaining Eligibility

ABAWDs who have used their 3 countable months can regain eligibility at any time. ABAWDs regain eligibility by fulfilling the ABAWD work requirement for 30 consecutive days, by meeting a criterion for exemption, or when their 36 month clock is reset. ABAWDs that regain eligibility by working during a break in SNAP participation need not be working at the point of reapplication. Moreover, ABAWDs that regain eligibility by working are entitled to an additional set of 3 consecutive countable months. These 3 months go into effect immediately when the ABAWD first notifies the state that they are no longer fulfilling the ABAWD work requirement. In addition, they must be used consecutively and can only be granted once in a 36 month period.

We encourage states to contact FNS with any questions and for additional technical assistance on ABAWD policy and program access. As with any administrative

[2] 7 CFR 273.7(m) details the rules and flexibilities on workfare.

[3] 7 CFR 273.24(a)(iii) provides that unpaid work, verified under standards established by the state agency, meets the definition of work for the purpose of fulfilling the work requirement.

change that may affect a significant number of households, we also encourage states to communicate with their partner agencies and food banks to ensure they are aware of how the time limit may affect those in need of food assistance. More details on the above described best-practices and flexibilities can be found in the *Guide to Serving ABAWDs Subject to Time-Limited Participation,* available on the FNS PartnerWeb and at *http://www.fns.usda.gov/node/9310.**

If you have any questions concerning this memorandum, please contact Casey McConnell at *casey.mcconnell@fns.usda.gov*.

LIZBETH SILBERMANN,
Director,
Program Development Division.

Question 2. Mr. Secretary, water quality is a pressing concern for rural and urban areas like mine across the country. I was pleased the farm bill included several provisions that provide farmers and ranchers the tools they need to address and improve water quality. Within the Conservation Reserve Program (CRP), the farm bill establishes a new statutory initiative to address water quality—the Clean Lakes, Estuaries, and Rivers Initiative (CLEAR). The conference report also states that Congress expects "USDA to take greater steps to report on the water quality benefits" as a result of CLEAR.

Can you please provide an update on how USDA is moving forward on these provisions? When do you anticipate making continuous CRP sign-up available for the CLEAR Initiative? What "greater steps" will the department take to monitor and report on program outcomes?

Answer. FSA is evaluating changes made to the Conservation Reserve Program by the Agriculture Improvement Act of 2018, analyzing the CLEAR Initiative provisions, and will work to implement those changes as quickly as possible.

Question 3. Mr. Secretary, with implementation of the farm bill underway and some pretty large changes in the conservation title, I continue to hear concerns that hiring at NRCS offices is not keeping pace with what is needed. The President's 2019 Budget Request indicated that NRCS will have almost 2,000 fewer permanent positions in FY 2019 than in FY 2017. These staffing restraints are compounded by a 61 percent increase in attrition at NRCS between the first quarters of FY 2017 and FY 2018.

It is critical that NRCS has the necessary staff to not only implement the new law but also continue serving their customers and delivering programs. Can you tell me what efforts are planned or underway to ensure that NRCS offices are fully staffed at levels that will continue to deliver the enhanced customer service we all desire?

Answer. I would like to clarify the staffing information you cite. In FY 2018, the Farm Production and Conservation (FPAC) mission area consolidated mission support services across FSA, NRCS, and RMA into the FPAC Business Center (BC). The FPAC BC is a "one-stop, full-service shop" for mission support services. Its objective is to ensure employees and partners have the tools and resources needed to provide best-in-class service to our customers.

The establishment of FPAC BC did not increase the number of positions in FPAC; instead, FPAC BC positions and associated funding were transitioned from FSA, NRCS, and RMA to ensure "zero sum." NRCS's transfer of 882 mission-support positions and associated funding is therefore reflected in the FY 2019 President's Budget Request. Its approved staffing levels have not otherwise changed since FY 2018.

IN FY 2018, NRCS was approved to hire up to 10,800 positions, reflecting 400 new, customer-facing positions in field offices. NRCS is in the process of filling over 350 positions within the next 45–80 days. NRCS will also be aggressively filling vacancies throughout 2019. FPAC BC's Human Resources (HR) division has a multi-pronged plan to address this workload that includes, but is not limited to:

- Obtaining temporary surge support within HR to aggressively address the remaining hiring actions and reduce the number of vacancies;
- Establishing open continuous announcements for common positions, such as Soil Conservationist, Soil Conservationist Technician, and Engineers. By maintaining current certificates of eligible candidates, NRCS hiring managers can

* **Editor's note:** the hyperlink is no longer valid. As of the publication of this hearing the correct hyperlink is *https://fns-prod.azureedge.net/sites/default/files/Guide_to_Serving_ABAWDs_Subject_to_Time_Limit.pdf*.

more quickly identify, select, and on-board qualified staff for these critical positions;

- Implementing business process improvements to streamline Federal and county hiring procedures, improving overall efficiency and effectiveness; and
- Digitizing manual hiring processes, which greatly improves FPAC's efficiency and effectiveness. Streamlined processes are built into the system, clear roles and responsibilities, and system integration to minimize duplicative data entry.

Questions Submitted by Hon. James P. McGovern, a Representative in Congress from Massachusetts

Proposed Rule: SNAP Requirements for Able-Bodied Adults Without Dependents

Question 1. On December 20, 2018, USDA announced a proposed rule to amend the regulatory standards by which the Department evaluates state SNAP agency requests to waive the time limit and to end the unlimited carryover of ABAWD percentage exemptions. USDA stated that this proposed rule intended to "move more able-bodied recipients of Supplemental Nutrition Assistance Program (SNAP) benefits to self-sufficiency through the dignity of work." Please provide all data that USDA and the Trump Administration used to support this proposed rule change.

Answer. The full Regulatory Impact Analysis was published as an appendix to the proposed rule, which includes important data used to support this proposed rule. This includes the impact analysis of the proposed rule and alternative proposals. You can access this analysis here: *https://www.regulations.gov/document?D=FNS-2018-0004-6000*. The Department looks forward to reviewing comments and will consider all comments received in drafting the final rule.

Question 2. Please provide data on the specific demographics within the ABAWD classification, including but not limited to:

a. Participant race and ethnicity
b. Participant veteran status
c. Participant age
d. Participant criminal record status
e. Participant ward status
f. Participant citizenship status

Answer. As noted in the proposed rule, the Food and Nutrition Act of 2008 specifically exempts individuals from the ABAWD time limit and corresponding work requirement for several reasons, including, but not limited to, age, physical or mental unfitness for work, having a dependent child, or being pregnant. USDA does not collect information on veteran status, criminal record status, or ward status for any SNAP participants.

Additionally, the Food and Nutrition Service (FNS) issued guidance in November of 2015 that outlines the discretion state SNAP Agencies have in determining an individual's fitness for work. The second page of the memo states, "Many individuals with physical or mental challenges are unfit for work and must be exempted from the time limit. To be clear, an individual does not need to be receiving disability benefits to be exempted from the time limit under this criterion. States can exempt an individual as unfit for work if they are obviously mentally or physically unfit for employment or, if the unfitness is not obvious, based solely on a statement from a medical professional". This statement reflects the exception to the ABAWD time limit for individuals physically or mentally unfit for employment in the SNAP regulations at 7 CFR 273.24(c)(2). A copy of this memo is attached.*

Below is FY 2017 data on race and ethnicity, age, and citizenship status of ABAWDs.

Race/Ethnicity	Count	Percent
White, not Hispanic	1,324,786	41.1%
Black or African American, not Hispanic	899,641	27.9%
Hispanic, any race	401,090	12.5%
Asian, not Hispanic	47,946	1.5%
American Indian or Alaska Native, not Hispanic	55,197	1.7%
Native Hawaiian or other Pacific Islander, not Hispanic	11,418	0.4%
Multiple races, not Hispanic	59,583	1.8%
Race unknown	421,721	13.1%

* **Editor's note:** the memo referred to is located on p. 80.

Race/Ethnicity	Count	Percent
Total	**3,221,380**	**100.0%**

Age Ranges	Count	Percent
18–19	294,490	9.1%
20–24	566,890	17.6%
25–29	533,640	16.6%
30–34	429,431	13.3%
35–39	359,706	11.2%
40–44	433,441	13.5%
45–49	603,781	18.7%
Total	**3,221,380**	**100.0%**

Citizenship Status	Count	Percent
U.S.-Born Citizen	3,038,619	94.3%
Naturalized Citizen	66,183	2.1%
Refugees	46,297	1.4%
Eligible Noncitizens	70,282	2.2%
Total	**3,221,380**	**100.0%**

School Meals

Question 3. Recent rollbacks on school nutrition regulations in rural and urban areas (Flexibilities for Milk, Whole Grains, and Sodium Requirements) are in potential violation of Federal statute requiring school nutrition standards to be consistent with the *Dietary Guidelines for Americans.* These changes have placed low-income students (in both rural and urban areas) at risk and could cause negative health impacts. Please describe and provide any health data that USDA used to justify maintaining higher amounts of salt, providing less access to whole grains, and providing more refined grains in school lunches.

Answer. As a key part of USDA's regulatory reform agenda, the final rule seeks to ensure that school meals regulations work for all operators, while reflecting the recommendations of the *Dietary Guidelines for Americans,* as required by law. All participating children will continue to have access to fruit, an array of vegetables, whole grains, and fat-free and low-fat milk. School meals must also continue to provide appropriate calorie ranges and limit saturated fat. The modifications in the final rule are targeted to three specific areas and address USDA's commitment to alleviate regulatory burdens and ensure that program regulations are practical for all local providers. This rule will help program operators provide wholesome and appealing meals that reflect the *Dietary Guidelines* and meet the needs and preferences of their communities. It is important to note that schools are not required to change their menus and can choose whether or not to use the flexibilities this rule provides.

Question 4. Many schools and food service companies in the school lunch industry are working towards or are already providing healthy meals and products with less sodium. Please provide data detailing:

The number of schools that are meeting sodium-reduction targets, as defined in the final rule entitled "Nutrition Standards in the National School Lunch and School Breakfast Programs" published by the Department of Agriculture in the *Federal Register* on January 26, 2012 (77 *Fed. Reg.* 4088).

Answer. As of June 2018, 98.89 percent of all school food authorities were certified as meeting Sodium Target 1 and 99.63 percent of all NSLP lunches were certified as having met the meal pattern in FY 2018.

Question 4a. The proportion of schools that meet the second sodium-reduction targets either fully or partially.

Answer. School food authorities are currently required to meet Target 1; there is no requirement for states to track and USDA does not have data on the proportion of schools meeting standards beyond Target 1.

Question 5. Please provide documentation of any technical assistance, training materials, and resources USDA will provide to schools to assist in meeting sodium-reduction targets.

Answer. USDA provides ongoing technical assistance on meeting the meal pattern requirements in a variety of ways. We currently have available a Team Nutrition's Menu Planner for School Meals resource as well as archived webinars on sodium reduction. USDA is also updating the meal pattern charts in the Food Buying Guide suite of resources for Child Nutrition Programs. USDA is also in the process of hosting a planning session on the development of additional technical assistance, training materials, and resources needed to assist program operators in meeting the sodium reduction targets.

Questions Submitted by Hon. Filemon Vela, a Representative in Congress from Texas

Question 1. With a new crop coming off in June, and with unusually full storage facilities, what can we do between now and then to open elevator space for new crops of grain and make sure farmers are not hurt further?

Answer. The Department developed the Market Facilitation Program (MFP) in recognition of the marketing disruptions that would occur due to retaliatory tariffs on U.S. crops and livestock products. MFP payments were intended to help farmers find alternative marketing channels and help offset the impact of tight storage. As of March 13, $8.1 billion has been paid out under this program. At the same time, the Department is working to open new and expand existing markets for U.S. agriculture, including through the use of the Agricultural Trade Promotion (ATP) program, which is providing $200 million in cost-share funding to U.S. agricultural groups for overseas market development activities. Negotiations with China are focused on reopening that market and addressing access concerns, and the Administration is gearing up for trade negotiations with Japan, the European Union, and the United Kingdom. USDA has seen some increase in the pace of export sales commitments for some of the affected commodities, especially soybeans, which will also help ease storage constraints.

Question 2. During a recent meeting with Texas cotton growers, I heard from them that the Market Facilitation Program (MFP) has been helpful for those who've had a crop. But not every farmer has had a crop. Given that MFP payments were only paid toward 2018 production, and factoring in the many areas that had to delay harvest due to lack of bin space, allowing rainfall to damage the harvest, how can the Committee work with USDA to use MFP to its full potential and stop the harm that is being done to our farmers due to the ongoing trade war?

Answer. The Market Facilitation Program for crop commodities is limited to 2018 mechanically-harvested crops, including cotton. The last day producers can certify their harvested 2018 production is May 1, 2019. Cotton producers have the option to certify their estimated quantity of harvested lint in module form, regardless of whether it is to be ginned. USDA received reports of limited cotton ginning capacity in parts of Kansas and Oklahoma; however, there are no reports of warehouse or storage capacity issues. We are also aware that some modules will not be ginned due to rot and mold issues. Crop damage from weather related events may be eligible for crop insurance or the Noninsured Crop Disaster Assistance Program (NAP).

Question 3. If the trade war persists and our producers cannot clear bin and silo space and the cost basis widens for farmers due to lack of markets, will you consider another round of assistance?

Answer. Yes, we are considering another round of potential assistance if the trade disruptions persist.

Question 4. Many of my constituents suffered through the aftermath of Hurricane Harvey, while others had debilitating drought or general flooding in 2017 and 2018. Congress passed disaster assistance, but it only applies to those affected by hurricanes and wildfires. With similar assistance being considered for 2018 hurricanes and wildfire areas, could you describe the differences between hurricane related losses and flood or drought related losses and whether USDA is considering ways to better coordinate our farm programs so that producers from all regions who suffer extreme weather events are eligible to receive disaster assistance?

Answer. FSA currently administers multiple disaster assistance programs, including the Emergency Conservation Program, Emergency Forest Restoration Program, Livestock Forage Program, Livestock Indemnity Program, Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program, and Tree Assistance Program, which provide farm, ranch, and forest land rehabilitation and livestock and forage replacement assistance for hurricane, wildfire, flood, drought, and other natural-disaster-affected farmers, ranchers, and foresters. The Noninsured Crop Dis-

aster Assistance Program also provides disaster assistance for losses due to natural disasters.

In 2018, Congress deemed it appropriate to provide supplemental disaster assistance to producers who incurred substantial losses in 2017 due to devastating hurricanes and wildfires and proceeded to enact the 2017 Wildfires and Hurricanes Indemnity Program (2017 WHIP). We understand Congress is now considering extending similar assistance to producers impacted by disaster events over the course of 2018 and 2019. USDA stands ready to quickly implement disaster assistance Congress decides to enact.

Question 5. With citrus greening currently affecting an estimated 40–70% of citrus trees in Florida and an increasing number of citrus groves across the country, including in my district, how will research provided by the Specialty Crop Research Initiative (SCRI) provide farmers increased security to prevent the further spread and infection of their citrus?

Answer. NIFA began supporting Huanglongbing (HLB), or citrus greening, research and extension efforts in February 2016, with $20.1 million in grants through the Specialty Crop Research Initiative's (SCRI) Citrus Disease Research and Extension Program (CDRE). CDRE funding has helped pave the way for new approaches to control the insect that vectors HLB. Several potential products (biological molecules) that have been shown to clear the HLB bacterium from infected citrus are in the hands of commercial partners, who are working on the registration of these products. The 2018 Farm Bill created a separate Emergency Citrus Disease Research and Development Trust Fund to continue the work funded by SCRI's CDRE.

Question 6. The Noninsured Crop Disaster Assistance Program (NAP) provides important risk management tools to farmers in under-served counties, and is very helpful to growers of specialty crops or crops with limited production. However, farmers must be assured that the program will be consistent. A situation in Rio Arriba County in New Mexico has come to my attention in which farmers who signed up for alfalfa/grass mixed forage coverage through NAP saw their level of assistance for the 2018 crop cut by 33 percent from the coverage level posted at the beginning of the year. Furthermore, their expected county yield was further reduced by another 52 percent for 2019. Can the Department provide further clarity as to what procedures were used to justify two significant changes to the expected county yield in successive years? Why was the method of calculating the county expected yield for 2018 not used again in 2019?

Answer. The Noninsured Crop Disaster Assistance Program (NAP) provides coverage for crops for which crop insurance policies are unavailable and uses the actual production history the producer has achieved for the crop to calculate an approved yield. The approved yield is an average of the producer's actual production history, which consists of a minimum of 4 and a maximum of 10 crop years. A county-expected yield is based on an Olympic average of the county average yields from the previous 5 crop years and can be used as a substitute yield when calculating an approved yield for coverage under NAP when using actual yields is not possible or feasible. There are only two situations when the use of the county-expected yield is applicable: (1) when less than 4 years of actual production history is available to establish an approved yield; or (2) when an eligible disaster event occurs and the producer's actual yield for the year is below 65 percent of the county-expected yield. Ideally, NAP coverage should be based on what a producer has historically been able to produce; however, in the case of NAP participants in Rio Arriba County in New Mexico, there were multiple years where the county-expected yield was used to calculate the producer's approved yield because the production for the year was less than 65 percent of the county average yield. In 2017, an error was noted in the data used to establish the county-expected yield for alfalfa/grass mixed forage that resulted in the county average yield as well as producer's approved yields being significantly higher than the yield that could be achieved. Because the error was discovered after farmers had obtained coverage for crop year 2017, the corrections were not made until crop year 2018, with further refinement in 2019. The data used to establish the county-expected, as well as the producer's approved, yield is now consistent with the establishment of alfalfa/grass mixed forage in other areas.

Questions Submitted by Hon. Stacey E. Plaskett, a Delegate in Congress from Virgin Islands

Agriculture Census

Question 1. The Agriculture Census is very important to inform Congress on the state of America's rural communities.

Where is USDA in the process of the next Agriculture Census?

Answer. The Census of Agriculture (COA) is conducted every 5 years to obtain agricultural statistics for each county, state, and the nation. The COA is the leading source of statistics about the nation's agricultural production and the only source of consistent, comparable data at the county level. The COA is conducted in close cooperation with the nation's agricultural user groups and farmer organizations.

NASS will complete its summary and disclosure processes and release the results of the 2017 Census of Agriculture in April. During FY 2019, NASS will begin preparing for the 2022 COA. These activities include evaluation of the previous COA, mail list development, and content development.

Question 1a. Will the next Agriculture Census include data for the U.S. Virgin Islands?

Answer. Yes. The COA includes the outlying areas of the Commonwealth of Puerto Rico, Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, American Samoa, and Guam. During FY 2019, NASS will collect COA data for all of the outlying areas. NASS plans to release COA data for the outlying areas in FY 2020.

Question 1b. What type of resources are being devoted to the Agriculture Census?

Answer. Yes. The COA includes the outlying areas of the Commonwealth of Puerto Rico, Commonwealth of the Northern Mariana Islands, the United States Virgin Islands, American Samoa, and Guam. During FY 2019, NASS will collect COA data for all of the outlying areas. NASS plans to release COA data for the outlying areas in FY 2020.

United States Department of Agriculture
National Agricultural Statistics Service
Census of Agriculture
5 Year Budget Outlook 2018–2022

(Dollars in Thousands)

Fiscal Year	Amount	Activities
2018 Actual	$63,350	Data Collection, Processing & Analysis, CAIRs
2019 CR[a]	63,350	Products, Follow-on Surveys, CAIRs, Plan for next Census
2020 Presidents Budget	45,300	Follow-on Surveys, CAIRs, Maintain, List Frame
2021 Estimated	47,000	Follow-on Surveys, CAIRs, Maintain & Develop List Frame
2022 Estimated	47,000	Preparation & Planning, CAIRs, List Frame
Census Cycle Total	**$266,000**	

[a] Data from the 2017 Census will be released in April 2019.

Definitions:

CAIRs: Current Agricultural Industrial Reports.

List Frame: Activities necessary to develop a robust and proficient list frame.

Maintain: Activities associated with maintaining and enhancing the list of producers that will receive the Census of Agriculture and Census Follow-on questionnaires.

Products: Producing tangible and electronic products for external data users, including the public.

Question 1c. Are there any new approaches to expand information collection to under-served areas like the U.S. island territories?

Answer. USDA consulted with key stakeholders from each respective island territory on content and data collection. All data collection in the outlying areas will be completed by personal interviews. The COA results will be disseminated online through the USDA website.

Wildfires and Hurricanes Indemnity Program

Question 2. The Bipartisan Budget Act of 2018 provided supplemental appropriations for disaster relief, including $2.36 billion to cover agricultural losses in 2017 disaster areas.

In July of last year, the Department of Agriculture announced the availability of the bulk of the funding for agricultural losses through a special *ad hoc* program called the Wildfires and Hurricanes Indemnity Program (WHIP).

I have heard from constituents that they have not received assistance under WHIP, despite having submitted the required documentation.

What is your assessment of how WHIP has worked in the U.S. Virgin Islands?

How much assistance under WHIP has the U.S. Virgin Islands received?

Answer. The Wildfires and Hurricanes Indemnity Program has been effective in the U.S. Virgin Islands. There are more than 70 applications on file, 32 of which have been paid. There were two crops being grown in the U.S. Virgin Islands that

FSA did not have prior knowledge of and, as of March 2019, the data was provided to the local offices for them to process remaining applications. Thus far, $431,886 has been paid.

Questions Submitted by Hon. Abigail Davis Spanberger, a Representative in Congress from Virginia

Question 1. The USDA's conservation programs provide critical support to farmers while at the same time helping to protect our environment, such as by enhancing soil health and water quality.

The 2018 Farm Bill made some important policy changes to the working lands programs—in particular, to the Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP)—to facilitate farmer access, to improve flexibility, and to increase coordination between the two programs.

Given the changes, it will be important to make sure that field agents fully understand the new processes, so that they can help producers access these funds efficiently.

What is the timeline for implementing the changes the farm bill made to the working lands programs?

Answer. NRCS has been providing its state and field offices guidance regarding the 2018 Farm Bill changes that can be implemented in FY 2019 consistent with the transition authority provided by Section 2504. Key programs such as the Environmental Quality Incentives Program and the Conservation Stewardship Program operate under a continuous enrollment so applications can be filed at any time. NRCS is developing its new regulations and policies to ensure that the farm bill's improvements and flexibilities to the programs are fully available to producers in FY 2020.

Question 1a. What is your strategy to make sure field agents are prepared to support farmers who apply under the new structure?

Answer. NRCS will initiate a robust nationwide training effort to ensure that all field offices are able to effectively implement the new opportunities made available through the 2018 Farm Bill. In addition, NRCS is creating a quality assurance process to ensure customers receive high-quality service regardless of location.

Question 2. When you and I spoke by phone on February 6, you assured me that the Dairy Margin Coverage program was on track to open for enrollment on March 2, as specified in the farm bill. However, the Department has now announced that the program will not open for enrollment until June. This creates a hardship for our dairy farmers, who have been struggling and are urgently in need of the new program.

Can you please elaborate on the reasons for the delay?

What actions are being taken to ensure that the implementation timeline is not further delayed, and checks begin going out in July as currently expected?

Answer. USDA fully understands the current challenges facing the dairy industry and will work expeditiously to implement the Diary Margin Coverage (DMC) program. Because of the significant changes to the dairy title as part of the 2018 Farm Bill, USDA must proceed with a rule development process whereby the program can be planned according to statute. The timely implementation of the DMC program is a priority of this Administration and we are working diligently to implement the DMC program as soon as possible. We believe the reported timelines are on course for a June sign up, with payments to begin shortly thereafter for those producers who selected levels of coverage that triggered DMC assistance.

Question 3. The outdoor recreation economy generates $21.9 billion in consumer spending in my home state and supports jobs at more than a dozen outdoor companies in my district. In total, outdoor recreation accounts for over 2% of national GDP.

Work through the Forest Service's National Partnership Office like the webinar series on building *Partnership Opportunities to Support the Recreation Economy* is critical to the continued success of this industry and its support of rural communities.

As you implement the 2018 Farm Bill, how will you leverage this office to build partnerships that support rural economies and healthy national forests, and ensure that the shared stewardship work includes recreation economy stakeholders?

Answer. The USDA Forest Service's National Partnership Office is poised to build strategic, national-level partnerships that support rural economies and healthy National Forests. These national partnerships complement thousands of Forest Service regional partnerships across the country to improve trails, engage the public, strengthen recreation-based local economies, and more. The farm bill contained several authorities that will help the Forest Service more efficiently implement our

mission and the National Forest System leadership, including the Partnership Office, will be involved in helping to implement these authorities across the agency.

Question 4. In August 2018, USDA released a 3 year action plan to improve water quality, boost soil health, and enhance wildlife habitat throughout the Chesapeake Bay Watershed.

How will the conservation and forestry provisions of the 2018 Farm Bill support that action plan?

Answer. The action plan communicates meaningful conservation outcomes that USDA seeks to achieve in collaboration with farmers, private landowners, and other partners in the Chesapeake Bay watershed. The action plan is not tied to any particular program and, therefore, enables USDA to achieve the conservation outcomes with programmatic mechanisms that are provided in the 2018 Farm Bill. We anticipate that streamlining mechanisms and partnership enhancements provided by the 2018 Farm Bill will support strong voluntary conservation participation in the Chesapeake Bay.

Water quality, soil health, and wildlife habitat are natural resource priorities for USDA across the Chesapeake Bay watershed. The 2018 Farm Bill continues the historical priority placed on improving water quality through programs such as the Environmental Quality Incentives Program and the Conservation Stewardship Program. Mandatory funding provided for Agricultural Conservation Easement Program (ACEP) is strong, and under the Wetlands Reserve Easement option of ACEP, wetland restoration projects may include an increased focus on water quality improvements to go along with the traditional habitat benefits.

The action plan also focuses on public engagement and partnerships. Amendments to the Regional Conservation Partnership Program offer increased opportunities for USDA to work with state and local agencies and non-governmental organizations on cooperative conservation programs to implement land conservation.

Question 4a. Do you anticipate any changes to the action plan or corresponding acreage and engagement targets?

Answer. The natural resource and public engagement goals included in the action plan remain highly relevant to public and private efforts to restore the Bay watershed while supporting agricultural and forest productivity and sustainability. USDA will soon publish a report on the progress made in 2018, showing that targets have been met thus far and anticipating they will continue apace in 2019 and 2020. If significant data becomes available indicating that priorities or targets should be revised, NRCS can update the plan before the end date of the current plan in 2020.

Questions Submitted by Hon. TJ Cox, a Representative in Congress from California

Question 1. Mr. Secretary, as you are aware, I represent a state whose specialty crop sector has been facing a labor shortage for years. My grower constituents simply cannot find a stable supply of workers willing to produce and harvest their crops. Because our agricultural labor market is fundamentally different from other labor markets in terms of seasonality, many California specialty crop growers view mechanization and automation as the only workable response to our chronic labor shortage.

That is why I strongly supported the insertion of the Agriculture Advanced Research and Development Authority (AGARDA) pilot program into Title VII of 2018 Farm Bill. This innovative public-private pilot has as a priority the awarding of grants for projects that address critical research and development needs for the application of technology within the specialty crop sector.

Here are my two questions: When will AGARDA be ready to receive proposals on specialty crop mechanization and automation

When will you identify additional private-sector funding for further mechanization and automation research projects?

Answer. I appreciate your interest in this new program. The 2018 Farm Bill did not provide funding for AGARDA. USDA will implement this provision should funding be appropriated for this activity.

Mitigation Funds

Question 2. In the midst of the disruptive and costly trade wars with China and others, USDA's trade mitigation programs have provided some small reprieve to affected farmers. That being said, latest reports state that roughly $7.7 billion of the originally promised $12 billion has been spent. At the same time, it's been reported that USDA received nearly $600 million in applications for the Agricultural Trade Program (ATP), which only had $200 million to award. This clearly demonstrates the popularity of the export program amongst industries that are fighting to maintain their place in China's markets or find alternative ones.

I am concerned that some portion of the $7.7 billion allocated will go unclaimed. In the direct payment program there may be producers that can't claim money due to AGI concerns—so money will be left unclaimed. Additionally, the food purchasing program may have some funds left over as well. If there are unspent funds left over from the purchase program or from the direct payment program it seems to me those funds should be reprogrammed to the export promotion activities of those respective crops.

Have there been any internal discussions to reprogram the remaining funds or unclaimed/left over funds, either to the ATP or other assistance programs? Is this something the Department is considering? Please elaborate.

Answer. Reprogramming is not under consideration at this time.

Question Submitted by Hon. Angie Craig, a Representative in Congress from Minnesota

Question. Mr. Secretary, I am committed to bringing attention to LGBTQ+ civil rights issues in agriculture and in youth organizations. As you may know, with the leadership of my colleague Mr. Panetta, we sent a letter to you asking for detailed information about the Agency's actions in rescinding guidance developed by 4–H staff which outlined how the organization could best support LGBTQ+ youth. Disruptive actions like this send a clear and harmful message to the over six million 4–H members that LGBTQ+ youth are not welcome in the organization. Did you, in your role as Secretary of Agriculture, direct this action? What is USDA's stance on the participation of LGBTQ+ youth in 4–H? Would USDA be supportive of issuing nationwide LGBTQ+ nondiscrimination guidance?

Answer. I cannot emphasize enough that USDA will never tolerate mistreatment of a student by anyone associated with the 4–H program. All students should be able to learn and grow in a supportive environment. USDA strongly affirms the dignity of all persons and we do not condone harassment against any 4–H participants. My First Amendment policy for the Department clearly sets out that the freedom of expression flourishes in a climate of mutual respect and tolerance (*https://www.usda.gov/sites/default/files/documents/5817-Policy-Statement.pdf*). Further, my expectation for all USDA employees and affiliates is simple—"Do right and feed everyone." USDA's commitment to doing right by treating everyone with respect and dignity is exemplified by the Department's Civil Rights Policy Statement and Anti-Harassment Statement, both of which are available online (*https://www.ascr.usda.gov/civil-rights-statements*).

The document that you reference was developed by state 4–H Program leaders in the Western Region. In March of 2018, it was published by the regional working group on USDA stationery, despite having not been reviewed or approved by the Office of the Secretary, the Administrator of the National Institute of Food and Agriculture, or USDA counsel. The 4–H program has a national reach, but it is primarily run as a local program in coordination with the National 4–H Council, a private nonprofit organization, and cooperative extension programs at state land-grant universities. USDA firmly believes that state 4–H organizations should retain the power to decide issues of governance at a local level.

Question Submitted by Hon. Anthony Brindisi, a Representative in Congress from New York

Question. Mr. Secretary thank you for your testimony. I represent many family dairy farmers in Upstate New York. Coming off 4 years of depressed milk prices, many dairy farmers are in dire financial straits, so I urge you to be as flexible as possible when it comes to the timing for when producers must pay their premiums under the Dairy Margin Coverage program. It would be helpful if producers are able to pay in installments instead of all at once, so that they don't have to struggle to pay a larger amount right at the beginning. Will the USDA commit to flexibility when implementing this program, and keep my office informed about implementation?

Answer. FSA is committed to offering flexible options to participate in Dairy Margin Coverage (DMC) as much as practical and will periodically report the progress of implementation of the DMC program.

Questions Submitted by Hon. Josh Harder, a Representative in Congress from California

Question 1. Mr. Secretary, as you know, new 2018 Farm Bill provisions within the Specialty Crop Research Initiative (SCRI) explicitly encourages research and development into the mechanization and automation of labor-intensive tasks for production and processing. I strongly encourage USDA do all it can to ensure all these provisions are implemented in an effective and timely matter.

In addition to SCRI, I want to draw your attention to a new provision in the farm bill's research title; the Agriculture Advanced Research and Development Authority (AGARDA) pilot program. This pilot, essentially USDA's version of DOD's Defense Advanced Research Projects Agency, provides USDA with a novel mechanism for it to join with the private-sector in researching challenges in engineering and mechanization related to the growing, harvesting, handling of agricultural products with a priority on challenges faced by the specialty crop sector.

Given that harvesting mechanization within the specialty crop has lagged other crops, what are your plans to ensure that USDA takes seriously this new authority particularly the pilot's ability to tap private-sector funds for incubation and commercialization of harvest-focused mechanization and automation projects targeted at the specialty crop sector?

Answer. The 2018 Farm Bill did not provide funding for AGARDA. USDA will implement this provision should funding be appropriated for this activity.

Question 2. USDA's trade mitigation programs have provided some reprieve to affected farmers. Some of the latest reports state that roughly $7.7 billion of the originally promised $12 billion has been spent. I have heard concerns about some portion of the $7.7 billion going unclaimed. In the direct payment program there may be producers that can't claim money due to AGI concerns—so money will be left unclaimed. Additionally, the food purchasing program may have some funds left over as well. Secretary Perdue, have there been any internal discussions to reprogram the remaining funds or unclaimed/left over funds, either to the ATP or other assistance programs?

Answer. Reprogramming is not under consideration at this time.

Questions Submitted by Hon. Al Lawson, Jr., a Representative in Congress from Florida

Question 1. Mr. Secretary, I want to begin by expressing my continued concern over the threat that Florida's tomato industry faces due to Mexican dumping practices. As the United States continues to negotiate the United States-Mexico-Canada Agreement (USMCA), I want to work with you to make sure that the hardworking tomato farmers in my district are given a fair shot in the market.

Can you please detail what actions the Department of Agriculture is taking to defend Florida's tomato sector during and after USMCA negotiations?

Answer. The Administration is sensitive to the challenges faced by Florida's tomato sector. Following the request from the Florida Tomato Exchange in November 2018, the Department of Commerce notified Mexican signatories of the existing suspension agreement of Commerce's intent to withdraw, terminate the agreement, and resume the anti-dumping investigation on fresh tomatoes from Mexico. The Department of Commerce has jurisdiction of anti-dumping and countervailing duty actions, including suspension agreements. USDA stands ready to help with technical assistance and policy guidance as needed.

Question 2. On January 9, 2019, the United States Government Accountability Office (GAO) published a report on food insecurity within college student populations throughout the country. There are several issues highlighted in the GAO report that concern me, including the inaccessibility of resources and lack of communication by the Food and Nutrition Service (FNS) to colleges regarding student eligibility for SNAP. It is a priority of mine this Congress to address food insecurity within college student populations and to make sure that no student goes hungry.

Has the Department of Agriculture made any steps to disseminate this information and how are you working with your state agencies?

Answer. FNS works with its state partners to ensure that those who are eligible for SNAP have access to the program. FNS provides technical assistance and oversight to state SNAP agencies. State SNAP agencies, in turn, administer SNAP and are ultimately responsible for the certification of households and issuance of benefits.

In order to better serve low-income college students who may be eligible for SNAP but not participating in a state or Federal work-study program, FNS codified a SNAP state option related to averaging student work hours on a monthly, quarterly, trimester or semester basis instead of requiring 20 hours per week to qualify for a student exemption. This policy change helped reduce administrative burden on both state SNAP agencies and eligible, low-income students whose work hours were variable. Since 2014, FNS has also invested considerable resources in expanding state SNAP Employment and Training (SNAP E&T) programs and working with states to make high-quality education and training services available to SNAP participants, including through community colleges. In addition to providing employment and training services, state SNAP E&T programs provide participants with

necessary supportive services such as transportation, childcare, and textbooks, which may make it easier for participants to complete their educational programs.

FNS values the recommendation of the GAO report referenced to make information regarding student SNAP eligibility requirements easier to understand and more accessible to a variety of stakeholders. As such, FNS will undertake a review of the information regarding SNAP student eligibility requirements on its website and make changes where possible to reduce the amount of legal and technical language and increase accessibility of content for college administrators, college students, and other interested parties.

Question 3. Florida's Panhandle and the entire state continue to struggle with the aftermath of Hurricanes Irma and Michael. Hurricane Michael devastated North Florida's timber industry. According to the Florida Forest Service, approximately 72 million tons of timber was destroyed, calculating to a loss value of $1.3 billion. As it stands, WHIP does not cover timber as a crop.

What guarantee can the Department of Agriculture give to the people of Florida's Fifth Congressional District, that timber will be included in current and future assistance programs to help communities like those in my district as they recover from hurricanes and other natural disasters?

Answer. FSA currently administers the Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP), which provide farm and forest land rehabilitation assistance for hurricane, wildfire, flood, drought, and other natural-disaster-affected farmers, ranchers, and foresters. Additionally, the Apalachicola National Forest is currently engaged in post hurricane salvage operations to put up for sale as much downed timber as possible. These activities build on the Forest's long-range plan that outlines timber volumes to be harvested each year. That volume is calculated using criteria such as desired future conditions and allowable sale quantities to ensure sustainability of our natural resources.

Question 4. Over 16,000 forest landowners were harmed by damages caused by Hurricane Michael in Florida's Panhandle. There are currently only three full time agents in the Gadsden County Farm Service Agency office that oversees five counties in the disaster zone. This isn't enough. Mr. Secretary, we need more agents on the ground in my district.

Can you please provide a timeline as to when North Florida will receive more Farm Service Agency agents to assist with Hurricane Michael recovery efforts?

Answer. USDA has been providing additional staff in recent months to assist Florida producers impacted by Hurricane Michael. FSA deployed 15 employees on temporary assignment in Florida to assist with the Hurricane Michael recovery. These employees remained in Florida through April 13. The employees were deployed to the following counties: Polk, Glades, Jackson, Gadsden, and Holmes.

Prior to the recent deployments, FSA sent 27 employees from 14 states in the months of November and December to assist in Hurricane Michael efforts in the following counties: Holmes, Jackson, Gadsden, Polk, Hardee, Okeechobee, St. Lucie, Lee, Glades, and Miami-Dade.

Questions Submitted by Hon. Eric A. "Rick" Crawford, a Representative in Congress from Arkansas

Question 1. Cuba was once one of the largest markets for U.S. grown rice, with pre-embargo shipments reaching as much as a quarter million metric tons, accounting for more than half of Cuba's rice imports. The farm bill takes positive steps by allowing cooperators to utilize MAP and FMD dollars in Cuba and through the creation of the Priority Trade Fund. However, when submitting their 2019 UES application, many cooperators were unaware of the ability to use FAS funds in Cuba, and therefore it wasn't included in requests for funds. Rather than taking away from existing programs and priorities with the MAP/FMD funds, is it possible to "apply" for Priority Trade Funds to conduct activities in Cuba?

Answer. Congress directed that the Priority Trade Fund provide a greater allocation to one or more of the Agricultural Trade and Promotion Facilitation programs. USDA is working towards implementing the new provision regarding the use of MAP and FMD funds for Cuba consistent with all relevant statutes and plans to make decisions on allocating the funds later in the year.

Question 2. Cuba is a cash-deficient economy, and the Cubans need flexibility in attaining credit to purchase U.S. agriculture products. Without the extension of credit, Cuba will continue to source their rice from countries such as Thailand, Vietnam, and China. What steps is your Department taking to encourage the White House to work with the Cuban government to normalize relations and allow the extension of credit so our farmers can regain a once important market?

Answer. USDA abides by the prohibition of United States export assistance and any credit or guarantees for exports to Cuba established in statute, (7 U.S.C. 7207(a)(1)). I respect the Administration's policy regarding Cuba and I respect the White House and the State Department in charting the course of relations with Cuba.

Question 3. Mr. Secretary, the 2013 Census of Aquaculture reported, nationwide, 3,093 farms of which 1,479 utilized ponds to grow aquatic animals that totaled 153,040 water acres. Within the 36 states east of the Rocky Mountains, 1,275 farms manage 24,783 ponds with 148,466 water acres which we believe are underestimates for this region. Open pond farms are vulnerable to predation by birds such as great blue herons and double-crested cormorants, and the ability to protect those ponds from predation by federally protected birds can be limited and imperfect. For example, during 2016 and 2017, as a result of a Federal lawsuit against the U.S. Fish and Wildlife Service, the aquaculture industry endured massive fish losses resulting from avian predation without any real ability to protect fish farms. These losses are not covered under whole farm or Noninsured Crop Disaster Assistance Program coverage. In essence, aquaculture falls through the cracks when it comes to predation by federally protected bird losses. The Livestock Indemnity Program (LIP) covers bird losses but aquaculture is ineligible. The Emergency Livestock Assistance Program (ELAP) covers farm-raised fish but excludes catfish. Finally, the Noninsured Crop Disaster Assistance Program (NAP) covers catfish but excludes bird predation as an eligible loss. LIP and ELAP regulations provide administrative discretion to amend covered livestock and eligible losses under each program. What is USDA doing to assist the industry in finding an adequate and fair solution in dealing with bird predation losses across the aquaculture industry?

Answer. USDA understands the industry's concern regarding fish losses due to predation by birds such as great blue herons and double-crested cormorants. We are researching all options to find a possible solution to this issue using existing authorities under our disaster assistance programs. In addition, USDA APHIS supports aquaculture by providing direct and technical assistance to producers to manage predatory birds. APHIS conducts harassment efforts to relocate cormorant roosts away from aquaculture facilities in several states and assists producers with obtaining depredation permits from the U.S. Fish and Wildlife Service (USFWS). APHIS is also working with USFWS, states and industry in developing new techniques for managing predatory birds to help reduce aquaculture losses.

Questions Submitted by Hon. Vicky Hartzler, a Representative in Congress from Missouri

Question 1. Mr. Secretary, thank you for your continued support of broadband initiatives. What is the outlook for the broadband program and how will USDA hold grantees accountable under the new provisions to ensure that the service promised is delivered?

Answer. The 2018 Farm Bill made several significant changes to our broadband program and as a result will help USDA improve broadband access to unserved communities. These changes include requiring grantees to submit an annual report to USDA for 3 years following the completion of their project and providing precise geolocation information as well as mapping for the new broadband service being provided. Most important, however, is that milestones and objectives will be part of the grantee's agreement with USDA, such that USDA may be able to recoup grant funds for project milestones and objectives that are not met. We believe these new measures will help us monitor our projects and ensure awardees are fulfilling the objectives for which the assistance was provided.

Question 2. Secretary Perdue, a recent Informa report found that from 2011–2016 China's unpredictable, untimely biotech crop approval process inflicted more than $5 billion in losses to U.S. farm income, prevented the creation of nearly 34,000 U.S. jobs, and has delayed farmers from accessing new technologies for years. The study also found similar loses are expected through 2022 unless China reforms its regulatory process. Those hardest hit by this predatory trade practice are the same corn and soy growers who have already suffered years of low prices and are currently bearing the brunt of Chinese tariffs. As the Administration seeks an agreement with the Chinese to resolve the ongoing dispute, do you see systemic reform of China's flawed biotech approval process as a possible win for growers from a trade deal?

Answer. I appreciate that the Informa report has taken on the difficult task of estimating U.S. economic damages caused by China's dysfunctional biotech regulatory system, and the estimates in that report are significant. The Administration is seeking an agreement with China to resolve several long-standing issues, including those on biotechnology. For too long, China's biotech policy has stymied U.S. agricultural innovation and restricted farmers' access to critical tools and technologies

necessary to help feed the world as new challenges emerge and the global population increases.

Questions Submitted by Hon. Roger W. Marshall, a Representative in Congress from Kansas

Trade

Question 1. Mr. Secretary, I want to ask about the status of U.S.-Japan trade agreement talks. As you know, Japan is the most important export market for the beef and pork industries. The U.S. Meat Export Federation estimates that export sales to Japan for beef totaled over $2 billion last year, and export sales in pork were approximately $1.6 billion. Unfortunately, with both the Japan-EU trade agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) now in force, our products are at a tariff disadvantage in Japan to many of our global competitors. The reality is we are beginning to lose market share in Japan.

Can you give the Committee an update on the Administration's plans for a U.S.-Japan agreement and assure us there is a sense of urgency to reestablish a level playing field for our agricultural products there?

Answer. On December 21, 2018, the U.S. Trade Representative (USTR) submitted to Congress and released to the public a summary of the Trump Administration's specific negotiating objectives for its U.S.-Japan Free Trade Agreement negotiations. One of the Administration's top negotiating objectives is to secure comprehensive market access for U.S. agriculture goods in Japan by reducing or eliminating tariffs. The Administration has begun negotiations, and certainly understands that Japan's recently negotiated agreements with other countries disadvantages U.S. farmers and ranchers.

Rail Rates

Question 2. Secretary Perdue—First, thank you for your efforts to open markets for U.S. ag producers. One of U.S. agriculture's strengths as an export competitor has been world class infrastructure. Today, while our infrastructure is still world class, wheat farmers in Kansas and across the country are being priced out of using it.

Unfortunately, Class 1 carriers' tariff rates on wheat have increased in each of the last 3 years resulting in wheat rates being priced higher than other commodities, from the same origins to the same destinations by nearly $.30 per bushel. This has hurt wheat's competitiveness in the world market, prices being paid to farmers in Kansas, and our overall ability of this great state and nation to fulfill your proclaimed new motto of "Do right and connect everyone."

Can you speak to ways USDA can work with industry to curtail these annual price increases while in the face of these low commodity prices, declining wheat acres, all the while the World, our global customers, are consuming far more wheat today than just a decade ago?

Answer. USDA does not have jurisdiction over rail rates, which falls to the Surface Transportation Board (STB). USDA has submitted comments to STB in various proceedings on how to make its rail rate challenge procedures more accessible and effective for agricultural shippers to challenge unreasonable rail rates. In addition, USDA met with STB's Rail Rate Review Task Force to suggest new and streamlined methods for rail rate challenges. Finally, USDA has met with industry representatives—with both Kansas Wheat and the National Grain and Feed Association—about railroad pricing of wheat movements.

Gene Editing

Question 3. Secretary Perdue, as you know, there are several U.S. companies developing interesting animal biotech products that not only would bring jobs to rural America but also would feed a growing world and improve sustainability. Unfortunately, the animal biotech industry is frustrated by the regulatory and legislative barriers that are blocking their products from being marketed or approved in the U.S. As a result, some of these companies are leaving the U.S. market and looking for opportunities to sell their products overseas.

What do you believe can be done to encourage these companies to stay in the U.S.?

Answer. USDA understands that its ability to lead the way in agricultural innovation will lead to good jobs and economic success. We also know that biotechnology can help solve some of the most pressing challenges facing animal health, animal welfare, and agricultural productivity.

We have heard from agriculture stakeholders that they want a clear, predictable, and transparent regulatory system. Stakeholders need to get an answer from regu-

latory agencies in a timely manner. Additionally, the development of a new product must have clearly defined rules, so stakeholders do not spend valuable time and resources working on a project that will not see commercialization in a reasonable timeframe. If USDA offers domestic developers some certainty and responsiveness through a solid, transparent regulatory framework, the U.S. will continue to outcompete and "out-innovate" the rest of the world.

Question 3a. Additionally, could you please comment on how closely USDA worked with FDA on drafting the National Bioengineered Food Disclosure law (Disclosure Standard) final rule?

Did FDA review the final rule on the Disclosure Standard before it was released on December 21, 2018?

Have the agencies been working together to make sure that their policies are consistent?

Answer. Yes, FDA reviewed the final rule before it was published on December 21, 2018. For both the proposed and final rules, FDA participated in the Office of Management and Budget's inter-agency review process. Since publishing the final regulations, USDA has continued to work together with FDA to ensure that policies are consistent wherever possible.