

**HEARING TO REVIEW THE IMPLEMENTATION  
OF FEDERAL FARM AND DISASTER PROGRAMS**

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**JOINT HEARING**

BEFORE THE

SUBCOMMITTEE ON  
GENERAL FARM COMMODITIES AND RISK  
MANAGEMENT,

AND THE

SUBCOMMITTEE ON  
LIVESTOCK AND FOREIGN AGRICULTURE,  
COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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# HEARING TO REVIEW THE IMPLEMENTATION OF FEDERAL FARM AND DISASTER PROGRAMS

THURSDAY, SEPTEMBER 19, 2019

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON GENERAL FARM COMMODITIES AND RISK  
MANAGEMENT,  
JOINT WITH THE  
SUBCOMMITTEE ON LIVESTOCK AND FOREIGN AGRICULTURE,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The Subcommittees met, pursuant to call, at 10:03 a.m., in Room 1300 of the Longworth House Office Building, Hon. Filemon Vela [Chairman of the Subcommittee on General Farm Commodities and Risk Management] presiding.

Members present: Representatives Vela, Van Drew, Costa (Chairman of the Subcommittee on Livestock and Foreign Agriculture), Brindisi, Hayes, Cox, Harder, Bustos, Panetta, Axne, Peterson (*ex officio*), Thompson, Austin Scott of Georgia, Allen, Rouzer, Comer, Marshall, Hagedorn, Johnson, LaMalfa, and Conaway (*ex officio*).

Staff present: Lyron Blum-Evitts, Malikha Daniels, Emily German, Prescott Martin III, Isabel Rosa, Mike Stranz, Katie Zenk, Matthew S. Schertz, Ricki Schroeder, Trevor White, Dana Sandman, and Jennifer Yezak.

## OPENING STATEMENT OF HON. FILEMON VELA, A REPRESENTATIVE IN CONGRESS FROM TEXAS

Mr. VELA. This joint hearing of the Subcommittees on General Farm Commodities and Risk Management and Livestock and Foreign Agriculture entitled, *Hearing To Review the Implementation of Federal Farm and Disaster Programs*, will come to order.

Thank you and welcome to this joint hearing of the Subcommittees on General Farm Commodities and Risk Management, and Livestock and Foreign Agriculture. I am pleased to be joined by my colleague and fellow Chairman, Mr. Costa, as well as my esteemed Ranking Member, Mr. Thompson, and the Livestock and Foreign Affairs' Ranking Member, Mr. Rouzer. Welcome also to our Chairman, Collin Peterson, and my fellow Texan, Ranking Member Mike Conaway.

This first joint hearing comes at a very important time for farmers. USDA, and in particular, the Food Production and Conservation mission area and the Farm Service Agency, is in the middle

of a huge job. FPAC and FSA are currently at the helm of three critical but separate efforts to address the needs of farmers, ranchers and rural communities in our country. The Market Facilitation Program, which is meant to assist those farmers most directly harmed by the Administration's trade war, the expanded Wildfire and Hurricane Indemnity Program, or WHIP+, which will aid in rural recovery from natural disasters, and programs like ARC, PLC, DMC and other supports within title I of the farm bill, which provide a risk management framework for farmers and ranchers.

It is our job on this Committee to ensure that these programs are structured and implemented in a way that can quickly, efficiently, and most directly serve the farmers, ranchers and small towns who need them right now. It is also our job to ensure that these programs are implemented in a way that is fair, transparent, and consistent with the law. We can absolutely get farmers the help they need while still conducting appropriate and necessary oversight.

I do have concerns about the path that USDA is on, especially when it comes to staffing. I hear from farmers all the time about understaffed local FSA offices. Resources at FSA are stretched thin and I would like to hear today what plans USDA has to make sure these resources are managed effectively. On top of that, there are many media stories about software glitches and unprepared staff struggling to process these disaster payments.

It is clear that USDA wants to find efficiencies, but is USDA prepared to make the changes needed to successfully deliver these important services, even if that means increasing, not decreasing, staff and resources?

I look forward to hearing your testimony today, Mr. Under Secretary.

[The prepared statement of Mr. Vela follows:]

PREPARED STATEMENT OF HON. FILEMON VELA, A REPRESENTATIVE IN CONGRESS  
FROM TEXAS

Thank you, and welcome to this joint hearing of the Subcommittees on General Farm Commodities and Risk Management, and Livestock and Foreign Agriculture. I'm pleased to be joined by my colleague and fellow Chairman, Mr. Costa, as well as my esteemed Ranking Member Mr. Thompson, and the Livestock and Foreign Affairs' Ranking Member Mr. Rouzer.

Welcome also to our Chairman Collin Peterson and my fellow Texan, Ranking Member Mike Conaway.

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FPAC and FSA are currently at the helm of three critical but separate efforts to address the needs of farmers, ranchers, and rural communities in our country.

- The Market Facilitation Program, which is meant to assist those farmers most directly harmed by the Administration's trade war;
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It's clear that USDA wants to find efficiencies, but is USDA prepared to make the changes needed to successfully deliver these important services, even if that means increasing, not decreasing, staff and resources?

I look forward to hearing your testimony today, Mr. Under Secretary.

Mr. VELA. I now recognize Chairman Peterson for an opening statement.

You waive? I recognize Ranking Member Conaway for an opening statement.

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

Mr. CONAWAY. Thank you, Mr. Chairman. I appreciate you holding this really important hearing and having us focus on the way that USDA is going about its business of trying to help farmers and ranchers in rural America across this country, at a junction where it is really difficult where the Chairman mentioned everything that is going on.

The process we have gone through the last 8 days on the CR is shameful. It is one thing for China to use our farmers and ranchers and rural America as a weapon against President Trump and those trade negotiations, but it is entirely something else to have the powers of this body be using those same good people as leverage because you simply don't like President Trump.

Now, this Committee and the USDA have done yeoman's work trying to make sure that rural America is protected, that we eliminate the uncertainties that live out there. The way the Majority has gone about this CR and taking the CCC funding hostage is now using those folks as a weapon. Shame on us for allowing that to happen. It should never have happened.

We are reducing this body to a terrible state. It is one thing for one of our colleagues to list donors of President Trump to try harass their businesses and hurt them financially. It is entirely different for this body, this body, to do the exact same thing with this funding mechanism that has always gone forward without impediments.

Now, my colleagues on the other side of the aisle might say that this has been done before, the restrictions placed on this funding as a result of Blanche Lincoln and Vilsack's efforts affected future promises, not the current promises that were made at that point in time. These promises on the MFP payments, the disaster relief, have been made, and for us to threaten rural America that those payments would not go out under regular order is terrible. Shame on us for getting to doing that exact same thing.

My colleagues will say we fixed it, but you didn't. You left restrictions on there. There is a report that USDA has to do. In the face of all of the things that the Chairman said they had to get done, now we have added another report due by October 30 or 31 to that workload. Shame on us for doing that.

We have also not fully funded it. We have given it some sort of date-certain funding as opposed to moving it to the \$30 billion.

From now on, congratulations. From now on, as my Chairman said yesterday on the radio, from now on, this process will now be a weapon that both sides can use to their advantage. And shame on us for doing that.

I yield back.

Mr. VELA. I recognize the Chairman, I recognize Mr. Peterson.

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

Mr. PETERSON. I want to tell Members that haven't been here 29 years some of the history.

This was put in place by the Republican party in 2010, and it was put in place, this restriction, because at that time, the Republicans thought that Secretary Vilsack was using the CCC to help Blanche Lincoln, who at the time was Chairman of the Senate Agriculture Committee, in her reelection because there was a disaster in Arkansas. And the Senate wouldn't do a disaster bill because she was up for election.

What happened? What they did instead was they put a limitation on Vilsack so that he couldn't use the CCC to do it.

You guys put it in place, not us.

Mr. CONAWAY. On basis?

Mr. PETERSON. Well no, and so what has happened ever since is the Appropriations Committee has waived that provision. They didn't change it, but they waived it. Okay. So, this time it became an issue. There wasn't a single Member on this Committee, the Agriculture Committee, that had anything to do with this, period.

And so, I object to making these kind of accusations that our Members somehow or another were complicit in this. We were not. And I found out this came from the Senate. It did not come from the House. This whole brouhaha came out of the Senate.

My concern about this, and what I said on the radio yesterday is, this is legitimate. There weren't a handful of Members that understood what the CCC was before this all started. And that is not just this latest dust-up. The President using this fund for farmers has elevated this thing, and so now I have had people talk to me from the liberal side complaining about it. They never knew there was a CCC, never knew how it operated. And then yesterday, the Freedom Caucus, they are starting to weigh into this thing.

That is what I am concerned about. But, nobody on this Committee had anything to do with that, and without this Committee, this thing might have happened. It wasn't the House that was pushing this, it was the Senate. That is where these troubles usually start.

I just wanted to clear the record.

Mr. VELA. I now recognize the gentleman from Pennsylvania, Ranking Member of the General Farm Commodities and Risk Management Subcommittee, Mr. Thompson, for his opening remarks.

**OPENING STATEMENT OF HON. GLENN THOMPSON, A  
REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA**

Mr. THOMPSON. Chairman Vela, Chairman Costa, thank you for holding this important hearing regarding implementation of the 2018 Farm Bill provisions in disaster assistance. Thank you to

Under Secretary Northey for your leadership, for attending, and for providing us an update on the status of these important policies.

As those of us representing rural America know firsthand, times are tough in farm country. Over the past few years, it seems like there isn't a single region of the country that is immune from Mother Nature's devastation.

Not only are producers having to grapple with extreme weather, they are also being buffeted by bad markets and an ever-changing landscape for global trade. Not to mention the policy uncertainty coming out of Washington.

That is why it is so important to get the 2018 Farm Bill completed without the threat of extensions which would only have exacerbated the challenges facing farmers and ranchers.

I am very pleased with the timely rollout from USDA of the key farm bill programs, despite having numerous other policies to implement, which I am sure we will hear more about today.

The House Republicans were able to make some key targeted improvements to the farm safety nets, which should not be overlooked, and do not forget in conference, we were having to negotiate against the Senate bill which would have cut \$700 million out of the baseline of these critical programs. Talk about kicking farms and farm families when they are down. It is unconscionable to me that people would be advocating for the erosion of the safety net at a time when producers are looking for any lifeline available to keep their family farms in business.

I am proud that we were able to hold the line and produce a conference report that provides improvements to all title I programs to the benefit of all crops and regions of the country.

One additional area where Congress could act now to ease the concerns of the agriculture community would be to act swiftly to approve the United States-Mexico-Canada agreement, USMCA, which made key improvements to NAFTA and is expected to provide \$2.2 billion in additional exports for our producers, particularly for dairy, the main commodity produced in my district.

Beyond the access that it provides, USMCA also sends a signal to other trading partners currently in talks with USTR that United States has the wherewithal to follow through on commitments made, which will lead to other opportunities to expand trade, just like what we saw with the agreement and principle reached with Japan.

Congress must approve USMCA now, and failure to do so will erode relationships between our negotiating partners, not just for this Administration, but for all future Administrations as well.

Thanks again for holding this joint hearing, and I look forward to hearing from Under Secretary Northey about the actions USDA is taking to aid our farmers and ranchers.

Mr. VELA. Thank you. I now recognize the gentleman from California, Chairman of the Subcommittee on Livestock and Foreign Agriculture, Mr. Costa.

**OPENING STATEMENT OF HON. JIM COSTA, A  
REPRESENTATIVE IN CONGRESS FROM CALIFORNIA**

Mr. COSTA. Thank you very much, Mr. Chairman. I think it is important that these two Subcommittees meet together this morn-

ing. This hearing that deals with the review of the implementation of the Federal farm and disaster programs is fitting and appropriate, given the challenges that we are facing today in farm country. And for all of the Members that are participating, I thank you.

I also want to note that it was important that Chairman Peterson clarify the history and the record as it relates to these activities that were most recently involved with the continuing resolution that we need to pass this week, and that we need to obviously have a budget, because frankly, it is irresponsible to shut down the government. I have always felt it is irresponsible, and past actions by previous Congresses to do just that for political agendas is inappropriate, period. And certainly, the President learned that lesson the hard way last year. At least, I hope he did.

The history of the CCC, which as Chairman Peterson pointed out, is really not known by the majority of Members of Congress until this last week. It is important to note, because frankly, we should not be politicizing this. It is not part of this Committee. My sense is it really came from the Senate as well, but we have to deal with it.

What we are dealing with today is to talk about where the safety net is. Where is the safety net for farmers and ranchers and dairy people across this country? And as the Chairman of the Subcommittee on Livestock and Foreign Affairs, I am very interested in overseeing that the new Dairy Margin Coverage Program that we worked so hard on in the reauthorization of the last farm bill, and the Administration's Market Facilitation Program is properly implemented. And that is why we have the Secretary here today, in part.

The Dairy Margin Coverage signup for 2019 was set to end tomorrow. Now, it is important that we give dairymen and -women every opportunity to sign up for this program. We will be asking the Secretary where we are in terms of that signup and whether or not your numbers kind of coincide with the numbers that I have heard. I hope there can be a little bit of flexibility with that deadline tomorrow. This year, given that we have a brand-new program, but at the same time, I know you have the challenge, because we have the signup for the 2020 program. I am sympathetic to the challenge that the Department is facing in that instance.

But, it has been tough in dairy country across the land. We know with the large fluctuations and the amount of dairies that have gone bankrupt and have been sold in every region of America, and we certainly have lost our fair share in California. I know dairymen and -women that have been there for generations that now find themselves having to sell the dairy, and it is tough. And it has economic ramifications in the communities where those dairies have been.

Nationwide, though, the program, in terms of success has triggered, I am told, over \$1 billion in help—\$¼ billion, excuse me. Let me correct that, \$¼ billion in help to dairy farmers throughout the country, and that is good. That is obviously what the intention was.

I have a difference with the Administration, with the President, on this tariff war. I have been clear about that. The President has said that farmers are better off with Market Facilitation Program payments than they were with the access they had to China before

the trade war. In the USMCA we have made some headway with Canada on that Class VII. I can tell you the dairy market is very important for California and Mexico. Yet, when I talk to farmers, it is not just my disagreement with this that no one wins the tariff war, because everybody has leverage. But farmers in California are feeling the pain of it, and they agree. They think that it is important that they have access to markets and they maintain those markets, and they are very fearful when we lose these markets because of this current trade war, we may never regain them. And that is a concern I have.

The Market Facilitation Program and how those monies are used for the payments really don't come close. I mean, the example in dairy, 12¢ per hundredweight. I mean, you are getting \$16 to \$18 per hundredweight, 12¢, it is in the margins. It may stave off a bankruptcy or a foreclosure by a bank for a certain time period, but 12¢ per hundredweight is not going to save a dairy.

I don't know what the USDA leadership thinks. I am interested. I have a few questions on how the Market Facilitation Program was set up and how you are implementing it.

But, Chairman Vela, thank you for agreeing to host this joint hearing with me. Secretary Northey, you have a farm background. You know how difficult it is in farm country, and we appreciate your participation here this morning to give us a sense of—with your testimony—where we are going with this.

[The prepared statement of Mr. Costa follows:]

PREPARED STATEMENT OF HON. JIM COSTA, A REPRESENTATIVE IN CONGRESS FROM CALIFORNIA

Thank you for joining us today. I'm happy to hold this important joint hearing with the General Farm Commodities and Risk Management Subcommittee to evaluate the safety net the USDA provides for farmers.

In my role as Chairman of the Subcommittee on Livestock and Foreign Agriculture, I am very much interested in overseeing the roll out of the new Dairy Margin Coverage program and the Administration's Market Facilitation Program, that are meant to help farmers of all types. The Dairy Margin Coverage sign-up for 2019 ends on September 20th. About  $\frac{2}{3}$  of California dairy farms that have established production history with USDA have signed up for Dairy Margin Coverage so far. Nationwide, the program has already triggered over  $\frac{1}{4}$  billion in help to dairy farmers this year.

When it comes to trade, the President has said that farmers are better off with Market Facilitation Program payments than they were with the access they had to China before the trade war. The farmers I talk to disagree and the conversations I've had with USDA leadership makes me think you might disagree as well. I've got a few questions to ask about how that program was set up and how you're implementing it now.

Chairman Vela, thank you for agreeing to host this joint hearing with me. Under Secretary Northey, thank you for joining us. I look forward to your testimony.

Mr. COSTA. I now yield to the Ranking Member of our Subcommittee, my Subcommittee, Mr. Rouzer, for any remarks he wishes to make.

**OPENING STATEMENT OF HON. DAVID ROUZER, A REPRESENTATIVE IN CONGRESS FROM NORTH CAROLINA**

Mr. ROUZER. Thank you, Mr. Chairman. I have a prepared statement that I will just submit for the record, and I just have a couple comments for the second time, because I am interested in getting to the real meat of the matter here.

But first, it is important that we recognize just how critical it is that we in agriculture stick together, Republican and Democratic. It is unfortunate that so many of our other colleagues that don't have the opportunity to represent rural areas. The lack of understanding of agriculture is significant. There is a wide gap there, and of course, that is not uncommon around the countryside either. Most folks have no idea where their food and fiber comes from. We take it for granted every single day of our lives, and so, it is really important that we as Republicans and Democrats on this Committee stick together and promote and educate and cajole and persuade as best we can our other Members of Congress so that they will understand the nature and the gravity of what we are doing here as it relates to production agriculture and clearly, a country that can feed itself and clothe itself is in a very enviable position. It enables us to be prosperous here at home, and strong abroad as well.

The other thing I would like to mention—and I have been around agriculture and these debates for a long time, going back to my days on the Senate staff. And back then, I never understood why we didn't have some type of—in addition to crop insurance, some type of catastrophic fund of some sort so that when these disasters hit, we are not waiting on Congress for 8 months or 12 months or 14 months or whatever it may be, but have a program in place similar to what we have with FEMA where Congress makes an appropriation every year, and you have it there. And when a disaster hits, you have a base. And then if you need to come back and supplement that Congress can.

And very clearly, as valuable as crop insurance is, you take a situation in my home State of North Carolina, you have economic losses year after year after year. That is the hurricane of economics, so to speak, and then you have the weather, hurricanes coming through that absolutely devastate your areas. Farmers had millions and millions of dollars tied up in the ground. Hurricane hits in early September, and they don't even have an opportunity to get anything from that investment. And meanwhile, it comes at a time when they have lost all their equity due to the economic hardships that they have faced over a period of time. And then it takes Congress months to get any kind of disaster aid package across the finish line, for a variety of reasons.

I just think we have to—and this has been an age-old problem. We have to come up with a better solution than what we have now. Crop insurance is very valuable. It is very helpful; but, there are so many times we face when, it is just not quite enough, and we have to have extra help. So, that is where we are.

I look forward to your testimony, Mr. Northey, and look forward to questions and answers.

Thank you. I yield back.

[The prepared statement of Mr. Rouzer follows:]

PREPARED STATEMENT OF HON. DAVID ROUZER, A REPRESENTATIVE IN CONGRESS  
FROM NORTH CAROLINA

Thank you, Chairman Vela, and special thanks to Under Secretary Northey for being here to discuss the implementation of Federal farm and disaster programs. House Republicans fought hard during the 2018 Farm Bill to strengthen the farm safety net at a time when producers need all the help they can get.

Uncertainty is problematic for any business, but especially for our farm families. Having a 5 year farm bill in place is critically important to provide at least some degree of stability for an industry that has always faced a wide variety of challenges and uncertainty.

In addition to the enhancements made to ARC, PLC, the Marketing Assistance Loan, livestock disaster, and crop insurance, I was very happy that a provision that I authored made it in the conference report. Section 1104 of the 2018 Farm Bill ensures that producers who farm multiple small tracts of land are eligible to benefit from the farm safety net. I want to thank Ranking Member Conaway and his great team for working with us during conference to ensure that provision was adopted.

Despite the good work done on the farm bill, positive news has been hard to find for farmers in North Carolina and the rest of the Southeast. Our producers have been hammered by multiple hurricanes in recent years. Hurricanes Matthew, Maria, Florence, Michael, and, of course, most recently Dorian, devastated the agriculture sector throughout the Southeast. This succession of storms has put enormous strain on producers, and years of economic losses have consumed any equity that farm families had. As we all know, farm income is down more than 50% during the course of the past 6 years.

This is why it was so vital that Congress provided disaster assistance to help folks recover. While *ad hoc* disaster programs are no one's preferred choice to make ends meet, extraordinary times call for significant measures and our producers are still in great need.

This underscores the need to constantly improve the insurance policies available to producers and be more forward looking about necessary coverage options.

The 2018 Farm Bill certainly took a step in that direction by requiring that USDA look at options for providing additional coverage for losses from tropical storms and hurricanes, and we should continue to look for other improvements that will help reduce the need for *ad hoc* assistance.

Mr. Northey, I want to commend you and the folks at FSA who learned from lessons in 2017 and used that experience to make modifications to WHIP+. Thank you for being here today and I look forward to your testimony.

Mr. VELA. Thank you, each of you, for your views on the current conditions facing agriculture in your state and across this country. I would like to request that opening statements by other Members be submitted for the record so the witness may begin his testimony and to ensure that there is ample time for questions.

We would like to welcome our witness, the Honorable Bill Northey, Under Secretary for Farm Production and Conservation at USDA. Mr. Northey is a fourth-generation farmer from Iowa, and served as Iowa's Secretary of Agriculture from 2006 to 2018.

Under Secretary Northey, please begin when you are ready.

**STATEMENT OF HON. WILLIAM NORTHEY, UNDER SECRETARY,  
FARM PRODUCTION AND CONSERVATION, U.S. DEPARTMENT  
OF AGRICULTURE, WASHINGTON, D.C.**

Mr. NORTHEY. Very good. Thank you. Chairman Vela, Chairman Costa, Ranking Members Thompson and Rouzer, and distinguished Members of the Committee, I am honored to be with you this morning to discuss the work USDA has accomplished and continues to deliver as we implement the 2018 Farm Bill.

Thank you for your leadership in providing the programs and the funding authority that lets us support our nation's hardworking farmers, ranchers, and forest stewards. I am privileged to be the Under Secretary for FPAC, comprised of the three farmer-facing agencies of FSA, RMA, and NRCS.

Since Congress passed and President Trump signed the 2018 Farm Bill into law last December, one of our highest priorities has been implementing the Dairy Margin Coverage Program. Sign up for DMC began June 17 and FSA began making payments for the DMC on July 11. As of last evening, we had over 21,000 producers

enrolled in the Dairy Margin Coverage Program, with about \$230 million being paid. To ensure that our producers have enough time to enroll, we are extending the deadline from September 20 to September 27, so 1 week.

Our FSA offices have and will continue to make the extra effort to ensure producers are notified of the approaching deadline. We have made phone calls and sent out post cards and emails. Additionally, producer organizations and cooperatives have been important partners in sharing program information and deadlines, and we will continue to work with them to do so with this new deadline.

FSA has implemented the 2018 Farm Bill changes to ARC/PLC as well. ARC/PLC sign up began September 3 for the 2019 program, and will run through next March, and RMA has implemented key crop insurance provisions, including multi-county enterprise units, and providing insurance options for grazing and harvesting of wheat. RMA will provide coverage for hemp in crop year 2020.

On the conservation side, we have held sign-ups for continuous enrollment CRP, and the Conservation Reserve Enhancement Program, and FSA is planning a CRP general sign up in December, with our CRP grassland sign up to follow that.

On September 3, we published an Announcement of Funds Availability for the Regional Conservation Partnership Program, and additionally, NRCS has implemented EQIP, CSP, and the Agriculture Conservation Easement Program in accordance with existing regulations as prescribed by the 2018 Farm Bill. New regulations will be published soon for implementation of those programs in Fiscal Year 2020.

This past year has tested the resilience of America's farmers. Crop insurance, supplemental natural disaster assistance programs, and short-term trade mitigation programs have helped producers manage those challenges. To help producers who were unable to plant crops or had significant delays in planting, USDA increased some flexibility in some of the program rules and its delivery by allowing earlier harvest of cover crops on prevent plant acres, by extending the filing deadline for acreage reporting, by providing EQIP cover crop cost-share for prevent plant acres, and by deferring interest charges on crop insurance premiums. We took these actions based on comments we received from you, from farm organizations, and directly from producers.

I also know there is a lot of interest in the implementation of the supplemental disaster relief bill. Last week, we announced FSA's WHIP+ Program, which provides payments to producers for natural disasters occurring in 2018 and 2019. We began accepting payments, but also included in that, in addition to the WHIP+, are payments for milk loss, for stored grain losses, and for 2017 peach and blueberry freeze losses. In addition, all producers with flooding or excess moisture-related prevent plant claims in 2019 will receive a top-up payment of ten to 15 percent of their indemnity.

We are providing relief through the Emergency Conservation Program, the Emergency Forest Restoration Program, and the Emergency Watershed Program, which were provided \$1.5 billion in the disaster relief bill.



The Market Facilitation Program, part of President Trump's support package for farmers, will provide up to \$14.5 billion in direct payments to agriculture producers who have been affected by unjustified retaliatory tariffs on U.S. farm goods. Sign up began July 29, and will run through December 6. As of the beginning of this week, we have more than 346,000 applications, and \$4 billion have been paid to producers.

In February 2018, USDA launched *farmers.gov*, a mobile-friendly website, making it easier for producers to apply for programs, process transactions, sign documents, and access their information. They can also access a farm loan, a disaster assistance discovery tool there, and we began accepting debit card payments online as well. And there is more to come.

Before I close, I would like to acknowledge this particularly challenging time, as you all have noted, for our agricultural producers. At FPAC, our agencies are working hard to ensure producers have what they need to help manage their risks and their land.

I want to thank our thousands of USDA employees who serve our nation's farmers, ranchers, and forest stewards daily, for their hard work in implementing the 2018 Farm Bill and other programs.

Again, thank you for the opportunity to testify this morning. I would be happy to answer any questions.

[The prepared statement of Mr. Northey follows:]

PREPARED STATEMENT OF HON. WILLIAM NORTHEY, UNDER SECRETARY, FARM PRODUCTION AND CONSERVATION, U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, D.C.

Chairmen Vela and Costa, Ranking Members Thompson and Rouzer, and distinguished Members of the Committee, I am honored to be with you this morning to discuss the work we have accomplished and continue to deliver as we implement the 2018 Farm Bill, as well as how our programs provide critical safety net support for our farmers, ranchers and forest landowners when disasters hit and their livelihood is put at risk.

As a farmer myself, I know first-hand how valuable these programs are and how important it is that the USDA delivers them effectively, efficiently, and using common sense.

Within his first month on the job, Secretary Perdue established the farm bill-mandated Trade and Foreign Agricultural Affairs mission area, centered on the work of the Foreign Agricultural Service. That created an opportunity to establish a new common sense, farmer-facing mission area, Farm Production and Conservation (FPAC). By bringing together the sister agencies Farm Service Agency (FSA), the Risk Management Agency, and the Natural Resources Conservation Service (NRCS), USDA now has a single mission area that serves as a focal point for the nation's farmers, ranchers, and forest stewards as they work to conserve land for future generations and seek help in protecting their hard work and investment from the effects of bad weather and unpredictable markets. Together, the agencies work to support each other as we deliver our programs to serve our customers.

The 2018 Farm Bill strengthened these partnerships in ways that will allow them to do an even better job on behalf of our nation's agricultural producers. We have been able to leverage the natural connections, unique resources and vast network of dedicated employees across the mission area agencies to implement the farm bill in a unified effort. As a result, we are working more effectively and efficiently than we could have if these agencies had to coordinate their work across multiple mission areas. A good example of this is the newly integrated nature of FSA and NRCS conservation programs that previously operated independently without strong alignment. The new mission area structure has helped to foster a level of communication and collaboration that our employees had not seen in their decades of working for those agencies.

As you are well aware, our farmers and ranchers across the United States have faced—and continue to face—significant challenges from natural disasters. While the farm bill helped us improve programs for our producers, natural disasters con-

tinued to destroy crops and erode valuable resources. In addition to our standing safety net programs, the Additional Supplemental Appropriations for Disaster Relief Act of 2019 provided funding for new programs to help our hardest-hit farmers recover. I would like to speak about our efforts to implement these programs today as well.

Our agencies have a proven track record of delivering farm safety net and resource conservation programs, but unfair trade retaliation has affected the ability of our producers to sell their products overseas at a fair price. As a result, we have taken essential steps to mitigate those devastating impacts. Through the Market Facilitation Program, outlined in President Trump's Support Package for Farmers efforts, we have rolled out new tools to keep our rural economy and agriculture sector afloat. In fact, average net cash farm income for farm businesses is forecast to increase 11.4 percent to \$81,900 in 2019.

### **Farm Bill Implementation**

Last December, when Congress passed and President Trump signed the Agriculture Improvement Act of 2018 (2018 Farm Bill) into law, our top priority was to implement the programs quickly and effectively to meet the needs of our struggling farmers.

The 2018 Farm Bill reinvented the Margin Protection Program for Dairy (MPP-Dairy) as the Dairy Margin Coverage (DMC) Program, providing a boost to coverage levels and a reduction in premiums. It is a voluntary program that offers protection to dairy producers when the difference between the national all-milk price and average feed cost (the margin) falls below a certain dollar amount selected by the producer. The program requires producers to contribute to this coverage of their financial risk through a premium schedule scaled by production levels.

Signup began on June 17, 2019 and on July 11, the FSA began making initial payments, retroactive to January 1, to enrolled producers.

As of September 16, 20,647 dairy producers have enrolled in DMC. Approximately \$276.8 million has been paid out. Producers have until September 20, 2019, to sign up. To help them understand their options and make critical business decisions, we rolled out an online Dairy Decision Tool developed in partnership one of our land-grant universities—one of the many innovative ways we have been helping our producers learn about their new options and make decisions. Efforts are still underway in our FSA field offices to notify producers of the approaching deadline, including personalized phone calls, postcards, and emails by our staff and producer associations and cooperatives.

The farm bill also addressed concerns of dairy producers faced with a decision between the Risk Management Agency's (RMA) Livestock Gross Margin (LGM) insurance option and the last year of FSA's old MPP-Dairy option. Instead of having to choose, dairy producers who elected to participate in LGM in 2018 were able to retroactively participate in the MPP-Dairy for 2018. This enrollment opportunity ended May 10. Over 400 (414) participants retroactively enrolled and nearly \$8.15 million has been paid to producers through this retroactive coverage.

While not a farm bill program itself, RMA's Dairy Revenue Protection (DRP) insurance product works well with the new DMC to add a layer of risk protection our producers need when covering the costs to bring their products to market. During the several months since initial sales started, DRP has covered over 37 billion pounds of milk, which represents about 15 percent of total milk production.

For our crop producers, crop insurance is a vital part of the farm safety net. RMA manages the Federal Crop Insurance Program, which provides effective, market-based risk management tools to strengthen the economic stability of agricultural producers. Total liability in the program is more than \$105 billion on more than 372 million acres for crop year 2019. The farm bill recognized the importance of crop insurance by further enhancing products and available options.

RMA has implemented key crop insurance provisions such as Multi-County Enterprise Units, the Dual Use Option under Annual Forage, and has provided expanded coverage for industrial hemp eligible for coverage under Whole-Farm Revenue Protection. In addition, key provisions related to veteran and beginning farmers and ranchers have been implemented that make crop insurance more affordable with more robust coverage for those just starting out in agriculture.

Providing effective risk management options for hemp producers was an important part of the 2018 Farm Bill. Just last month, we announced that RMA opened its Whole-Farm Revenue Protection policy to cover hemp. For the 2020 crop year, hemp can be insured under this program provided the producer has a contract and meets applicable Federal and state regulations. Whole-Farm Revenue Protection allows coverage of all revenue for commodities produced on a farm up to a total insured revenue of \$8.5 million.

To address initial concerns about developing eligible production records to include hemp under WFRP policies, RMA proactively issued guidance earlier this year that allows hemp to be grown without voiding a producer's existing WFRP for 2019.

Implementing the 2018 Farm Bill also required RMA to quickly update its Annual Forage insurance policy to offer a Dual Use Option, which the agency began offering for the 2020 crop year in May for select counties of six Great Plains states. Producers who select this option can insure their small grains crop with both an Annual Forage Policy for grazing and a multi-peril Small Grains Policy for grain.

NRCS, RMA, and FSA also developed new guidelines and policy provisions for the treatment of cover crops, which add more flexibility in determining the date when cover crops must be terminated in order to remain eligible for crop insurance. Producers can now be assured that their insurance will take effect at time of planting the insured crop. Cover crop management practices are covered by Good Farming Practice provisions, and the guidelines are no longer a requirement for insurance take effect. This effort is another example of the three FPAC agencies working together to provide more flexibility to farmers and ranchers.

The 2018 Farm Bill also made changes to another set of critical risk management tools: the FSA-administered Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. ARC is an income support program that provides payments on historical base acres when actual crop revenue declines below a specified guarantee level. PLC provides payments on historical base acres when the effective price for a covered commodity falls below its effective reference price, set by Congress in the Bill. Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, dry peas, lentils, small chickpeas, large chickpeas, peanuts and, added in 2018, seed cotton.

Though much of the main structure of the ARC and PLC programs was retained in the 2018 Farm Bill, a few mandatory and discretionary changes were made, and FSA has readily implemented those. The 2019 ARC/PLC enrollment began September 3, 2019 and will run through March 15, 2020. The 2020 ARC/PLC enrollment will begin Oct. 7, 2019, and run through June 30, 2020. Enrollment for subsequent years (2021–2023), will begin Oct. 1 of each year and run through March 15 of the following year.

Access to credit is critical when commodity prices are low or market forces impact a producer's margins. FSA's Marketing Assistance Loans are critical tools for keeping our rural economy strong and our farmers continuing to farm. Marketing Assistance Loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. The 2018 Farm Bill increased loan rates for all loan commodities except minor oil seeds, wool, mohair, honey, peanuts and upland cotton. These loans are critical in certain commodities and certain regions where private lenders or processors may require producers to utilize them as a prerequisite to obtain secondary financing.

While crop insurance is designed to cover a majority of crops, not all producers or crops are eligible for effective coverage. The FSA's Noninsured Crop Disaster Assistance Program, or NAP, provides financial assistance to producers of non-insurable crops when low yields, loss of inventory or prevented planting occur because of natural disasters. FSA implemented farm bill provisions to strengthen this vital option. For example, buy-up coverage under NAP is now part of permanent program authorization. Basic coverage has a payment limitation of \$125,000 per person or legal entity, while the payment limitation for buy-up coverage is a separate \$300,000. Service fees to apply for coverage have increased, while the premium amounts for buy-up NAP coverage remained unchanged. Beginning, limited-resource and targeted under-served producers remain eligible for a waiver of the NAP service fee, and qualified veteran farmers and ranchers are now eligible for a service fee waiver and premium reduction if they meet certain criteria.

In another example of how FPAC agencies have been working together to integrate program options for our producers, beginning in 2020, NAP indemnity payments may be collected in addition to RMA's Whole-Farm Revenue Protection indemnity payments when a producer is insured under both plans.

Implementation of our conservation programs has been right on track as well. Sign-ups for continuous Conservation Reserve Program (CRP) and Conservation Reserve Enhancement Program were held June 3 to August 23, 2019. FSA is still planning a CRP general sign-up in December 2019, with a CRP Grasslands sign-up to follow.

NRCS' Environmental Quality Incentives Program, Conservation Stewardship Program and Agricultural Conservation Easement Program have continued operating under current regulations consistent with new farm bill provisions, ensuring

customers had no lapse in service. Interim rules and associated policies are under development in preparation for fall (tentatively October) publication and fiscal 2020 program delivery.

NRCS has made progress on implementing new provisions under the farm bill, including the Feral Swine Eradication and Control Pilot Program, a joint project with the Animal and Plant Health Inspection Service (APHIS) that directs \$75 million to help control the runaway feral swine population plaguing much of the country. NRCS accepted project proposals June 20 to August 19. NRCS also announced \$25 million available for On-Farm Conservation Innovation Trials, including a Soil Health Demonstration Trial. Through On-Farm Trials, NRCS and partners will collaborate to encourage the adoption of innovative practices and systems on agricultural lands. Sign-ups ran from May 15 to July 15, 2019.

And just recently, NRCS announced that it is accepting proposals for the Regional Conservation Partnership Program. Currently, we have 375 active RCPP projects with close to 2,000 partners. Partners are leveraging nearly \$1 billion in NRCS investment[t] with close to \$2 billion in non-NRCS dollars.

#### **Disaster Assistance**

Over the past year, USDA has responded to challenges that tested the resilience of American farmers, bringing together safety net programs with new initiatives to create economic conditions in which they can prosper. With the help of crop insurance, natural disaster assistance, and short-term trade mitigation programs, many producers are managing the stresses of these difficult times.

As you know, many producers were unable to plant crops by a crop insurance final planting date or have experienced significant delays in planting that may affect their production outcomes. On August 27, FSA published its first crop acreage data report for 2019, which includes information on crops planted, prevented from planting and failed acres through August 22, 2019. Agricultural producers reported they were not able to plant crops on 19.56 million acres in 2019, which marks the most prevented plant acres reported since FSA began releasing the report in 2007.

These are challenging times for farmers, and USDA is here to help—by increasing flexibility in both program rules and delivery.

Our actions have included: Deferring interest charges on crop insurance premiums for 2 months; extending the deadline to file acreage reports in 13 states that were heavily impacted; updating the haying and grazing date for producers who planted cover crops on prevented plant acres; offering special sign-ups in ten states through the Environmental Quality Incentives Program for assistance to plant cover crops; and providing a minimal payment through MFP for cover crops with the potential to harvest.

More than 8,900 applications were received in the ten states that offered a special sign-up through the Environmental Quality Incentives Program for assistance to plant cover crops or implement other disaster recovery practices. Of those, it is anticipated that over 2,200 contracts will be funded on over 300,000 acres with an investment of over \$13 million.

As of September 2, RMA has paid roughly \$2.2 billion in claims related to prevented planting for the 2019 crop year.

We are truly taking a cross-agency, customer-focused approach to make sure producers get the help they need.

#### *Disaster Relief Act of 2019*

We also know there is a lot of interest in how USDA will implement its share of the Additional Supplemental Appropriations for Disaster Relief Act of 2019. Congress provided a total of \$19 billion in assistance through the Disaster Relief Bill, including \$3 billion to address agricultural losses.

USDA's WHIP+ builds on the successes of the 2017 Wildfires and Hurricanes Indemnity Program (WHIP), authorized by the Bipartisan Budget Act of 2018. It will provide payments to eligible producers who suffered eligible crop, tree, bush and vine losses resulting from hurricanes, floods, tornadoes, typhoons, volcanic activity, snowstorms and wildfires that occurred in the 2018 and 2019 calendar years. In addition, assistance will be provided to producers who experienced milk losses, on-farm stored commodity losses, were prevented from planting in 2019, or whose harvested wine grapes were adulterated.

We are chomping at the bit to implement this disaster aid package, and will do so in an equitable manner, working with state leadership to identify where the losses and needs are located in order to best serve our fellow Americans in need of a helping hand.

In addition to the appropriations provided for crop losses, the same Act also provided nearly \$1.5 billion in funding for the Emergency Conservation Program (ECP),

the Emergency Forest Restoration Program (EFRP) and the Emergency Watershed Protection Program (EWP).

ECP and EFRP, administered by FSA, provide financial and technical assistance to agricultural producers, ranchers and forest landowners with farmland (ECP) and nonindustrial private forestland (EFRP) for rehabilitation expenses when damaged by natural disaster events, such as flooding, hurricanes, tornados, wildfire and drought. Congress provided \$558 million for ECP and \$480 million for EFRP. As of August 2019, \$276.8 million in ECP assistance and \$19.2 million in EFRP assistance was provided to help landowners recover from natural disasters.

EWP, administered by NRCS, helps local communities recover after a natural disaster strikes. The program offers technical and financial assistance to help local communities relieve imminent threats to life and property caused by floods, fires, windstorms and other natural disasters that impair a watershed. As of July 2019, over \$528 million in assistance was provided to states to help communities recover from disasters. In late July, NRCS announced an additional \$200 million in funding for 11 weather-affected states.

### **Trade Mitigation**

The Market Facilitation Program, part of President Trump's Support Package for Farmers, will provide up to \$14.5 billion in direct payments to agricultural producers who have been affected by unjustified retaliatory tariffs on U.S. farm goods. FSA opened signup July 29, 2019 and it runs through December 6, 2019. As of September 16, nearly 260,000 applications have been filed, \$3.81 billion has been paid to producers and the webpage had 194000 visits. In the 2018 MFP, USDA helped more than 590,000 producers with \$8.6 billion in assistance provided.

### **Farm Production and Conservation and Customer Service**

We have taken great strides at USDA toward making our programs faster, friendlier and easier. In February 2018, USDA launched *farmers.gov*, a dynamic, mobile-friendly public website combined with an authenticated portal where customers can apply for programs, process transactions and manage accounts. Since its creation, we've been working to expand the self-service options available to producers. Some of those highlights include:

- H-2A Visa Program page and interactive checklist tool that delivers a custom checklist with application requirements, fees, forms and timeline built around a producer's hiring needs.

- Farm Loan Discovery Tool that helps farmers find information on USDA loans that best fit their operations. Farmers who are looking for financing options to operate a farm or buy land can answer five simple questions about what they are looking to fund and how much money they need to borrow. After submitting their answers, farmers will receive information on farm loans that best fit their specific needs. The loan application and additional resources also will be provided.

- My Financial Information enables a USDA customer to view loans and financial information.

- Disaster Assistance Discovery Tool that walks each producer through five simple questions for a personalized list of USDA disaster assistance programs that might meet their business needs.

And we just announced last month that FSA is expanding its payment options to accept debit cards and automated clearing house debit.

This is just the beginning of a multi-phased roll-out of new payment options for USDA customers. Ultimately, payment option flexibility will be extended to allow farmers and producers to use debit cards and ACH debit payments to make payments for all FSA programs, including farm storage facility loan repayments, farm loan facility fees, marketing assistance loan repayments, Dairy Margin Coverage (DMC) administrative fees and premiums and Noninsured Crop Disaster Assistance Program (NAP) fees.

### **Conclusion**

Before I close, as I've described all the hard work that's being done in FPAC, it would be remiss of me not to thank our thousands of USDA employees who are working diligently to implement the 2018 Farm Bill and who work to serve our nation's farmers, ranchers and forestland owners daily.

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

Mr. VELA. Thank you. Members will be recognized for questioning in order of seniority for Members who were here at the

start of the hearing. After that, Members will be recognized in order of arrival. I appreciate the Members' understanding.

I now recognize myself for 5 minutes.

Mr. Northey, having just passed the farm bill, one of my primary concerns is assuring that all the programs we paid for are fully and accurately administered. I know this is a priority for you, as well, and providing excellent customer service for farmers and ranchers. I am aware that you have made a significant investment in a comprehensive workload analysis to determine the number of staff required for optimal efficiency, giving states the ability to make decisions regarding staff placement and office leases, for example.

Right now, we know that field office staffing is down from 11,000 in 2003 to about 8,500 employees currently. What is the target number of employees contained in the workload analysis, and are we even close?

Mr. NORTHEY. Overall, certainly one of the staffing—what the staffing model has allowed us to do to be able to look at those areas where we are the most short in staff, and for us to be able to fill those areas first. We are targeting every dollar that we have in salaries and expense from appropriations to be able to use that for staffing levels.

Ideally, the model says we should have a lot more folks than what we have right now. We have a lot of work that is being done out there.

I don't know that we will ever have the funding to be able to get back to the levels we were in staffing 8 or 10 years ago. We are going to be as efficient with those staff as we can. We are right now staffed across our three agencies about 90 percent of what our ceiling is, about what the dollars are that we have for each of those agencies, and we are working hard to get that closer to the 100 percent.

We are working to staff up. We certainly have burdened those folks with several activities, including activities in excess of the farm bill activities that you have had. But these are important programs to deliver. We have looked at trying to improve our software as well to be able to make sure that that works as easily as we can make it. As we looked at delivering the Market Facilitation Program, we looked at trying to make that as easy for our producers, as well as our staff, to be able to deliver. I think some of those things are helping. Certainly, some online activities—we don't expect all producers to use our services online, but having access to that allows producers to sign some documents, save some miles coming in, and save some time at the counter as well.

Mr. VELA. What is that staff ceiling number?

Mr. NORTHEY. The staff ceiling number is about, I can get those numbers exactly for you, but it is about 10,000 for FSA, and we are around 9,000 right now for FSA.

Mr. VELA. Fair enough.

One last question. Can you explain the rationale for the timing of the Agricultural Risk Coverage and Price Loss Coverage election and enrollment process? As I understand it, farmers and landowners can go to their FSA county office today and make the election for 2019 and 2020. However, they can only enroll for the 2019 program right now, because enrollment for 2020 does not begin

until October 7. Is that the best way to describe the situation, or maybe more open-ended, can you describe what is happening in that regard?

Mr. NORTHEY. It is. We are taking sign up for 2019 right now. We will start sign up for 2020 in the midst of this, and I don't remember that date. I believe it is October, and so we will have folks that will be able to come in and sign up for both, but right now, we are taking that 2019 sign up.

That sign up will continue through March.

Mr. VELA. Thank you.

I now recognize the Chairman of the full Committee, Mr. Peterson, for 5 minutes.

Mr. PETERSON. Thank you, Mr. Chairman.

I have a couple questions, but one of the things you said has me concerned, that you are going to have crop insurance for hemp, and I guess that was ordered in the farm bill or something, or in some place?

I have been investigating this, and I am going to be doing more in the next couple of weeks, but I don't see how in the world you are going to come up with a product for hemp, given what I have found out about it. Do you think you are going to be able to do this?

Mr. NORTHEY. Certainly, you handed out the challenge. The challenge is coming up with a product that fairly represents the risk, understanding how it should be priced.

Mr. PETERSON. Good luck.

Mr. NORTHEY. Right now, what we will offer for sure is the ability to include it in whole farm revenue protection. That is a policy that includes all crops on a farm, and in that case, we typically will just work with folks that have a history of growing it. And so, in that case, we would have some previous revenue from that farm.

There are some folks that are looking at coming up with individual policies. They are diving in to some of the information coming from those areas where they have been growing hemp.

Mr. PETERSON. Well, after my next 3 weeks of the exploration, I will have a report for you. Okay?

The question I have is about the staffing situation. As I understand it—and I don't understand it. Apparently, I have heard that you guys asked under the budget for additional resources or positions or something, or that the budget said that you should have additional positions or resources. But then when you asked for the appropriation, you did not include that.

Going back in history, we had 11,500 people working at FSA offices in 2004. Today, we have 8,500. I would argue we have more work today than we had in 2004. In my area, I have people now that have turned their offices into kind of a part-time office and the CED, like in my county where I go, is now spending a day or 2 a week in the county next door because they have turned it into a part-time office that I think is only open a couple days a week. When he comes down from that other county to staff it, I think he even brings people from that other office with him, to staff it at the time.

This county that has gone part-time is a completely agricultural county. There is nothing else there in the county, and I don't un-

derstand how all this happens. But my concern is that we don't have the staffing out there that we need. And I don't know if you asked for it and didn't get it, or whether you have some other plan going on here that we are not up to speed on. I don't see how this is going to work. Do you have some magic bullet here that I don't know about?

Mr. NORTHEY. There certainly is no magic bullet in being able to serve all the needs out there. We do use as much technology as we can, but, the budgeting process is a challenging process. It is about making lots of choices. You all deal with it as well, and being able to look at where you have funds available. We sure gladly would use more folks if there were more dollars to be able to get more folks.

Mr. PETERSON. Did you ask for more dollars, did the Administration ask?

Mr. NORTHEY. And lots of proposals inside and outside, and certainly, we have our process of being able to sort through the priorities at USDA and through the President's budget, as well as you all have your priorities and what you need to work through.

We are looking to do everything we can to stretch the resources that we are given as far as we can.

We do have—

Mr. PETERSON. I am sure you are.

But you also have this Optimally Productive Office report that Accenture is doing something? They are doing some kind of study of your offices.

Mr. NORTHEY. Yes.

Mr. PETERSON. But that hasn't been completed yet, as I understand it.

Mr. NORTHEY. Yes, that is ongoing. We actually do time studies all the time to be able to understand what programs are taking the most time, what offices and areas are seeing an increase in time.

Certainly, one of those challenges are disaster programs. Those occur infrequently. You can't really staff for those, so you end up really challenged in areas where you have disaster on top of the other programs.

But this is a way for us to be able to measure the workload at each of those offices, look across the state, for example, across Minnesota, and see which offices are the most short in staffing and make sure that we staff there first with the available people that we have.

Mr. PETERSON. Well, somehow or another, we are going to have more people in these offices if we keep having disaster programs and facilitation programs. The workload for the new dairy program, I mean, it is a lot of things we didn't have before. And these studies, give me 1 more minute.

We were up on the northern border because the Customs and Border Patrol did a study of the time, the people going across the border and all this stuff. And they went and closed my borders there on a U.S. highway. They went from closing at 10:00 p.m. to 4:00 p.m. in the afternoon.

I have people working on both sides of the border, now Canada is at midnight and we are at 4 o'clock in the afternoon, so people come to work and can't get back home. It is just crazy. And it was



one of these studies that did that, that caused them, they claim, to make these changes. And they have nine places in North Dakota that have like 20 percent of the crossings that we have, they left them open until 10 o'clock. I don't know.

I am skeptical of all these studies, but, I hope we can work together to get more people out there, because I think we are short.

Mr. NORTHEY. I appreciate that.

Mr. PETERSON. Thank you. Thank you, Mr. Chairman.

Mr. VELA. I now recognize the Ranking Member of the full Committee, Mr. Conaway, for 5 minutes.

Mr. CONAWAY. Thank you, Mr. Chairman. I appreciate that.

I share Chairman Peterson's concerns over hemp. I am worried we have opened Pandora's box.

As an example, as I understand it, if a hemp plant is stressed through drought or lack of water, the THC levels skyrocket, and so we are going to be insuring an illegal product if we are covered by crop insurance. And so, lots of unanswered questions in that.

Mr. Northey, on the implementation side, in the 2014 Farm Bill, we allocated some extra \$100 million specifically for implementation of the farm bill. Collin and I at the last final days of that effort worked really hard to get, we wound up maybe \$15 million. The Senate was willing to go to zero, and Collin and I fought for some additional monies to help you get that.

Can you talk to us a little bit about where the stresses and strains are with respect to the implementation of the 2018 Farm Bill, and what areas you might need some help in?

Mr. NORTHEY. Thank you. Certainly, the \$100 million was beneficial and used and needed, and mostly used for software and outreach, some additional staffing as well.

In this case, having \$15 million, we needed to go and use some of our other resources to do some of the IT work, and some of the staffing. We had some other activities we were working on that we needed to prioritize the farm bill implementation. Certainly needed to do the IT work for that, and so, we would reallocate resources to be able to try and get that done.

Mr. CONAWAY. Can you talk to us about any specific area of the 2018 Farm Bill, where the choke points are right now remaining at this point?

Mr. NORTHEY. Yes. The farm bill was our priority, so we pulled things away from the other things that we were doing, other modernization of some of our software and other kinds of things.

We haven't slowed any of the farm bill process down, but we had some ideas about other things that we were going to do that we needed to be able to use the resources for the farm bill.

It is our priority to get out, and that is the number one activity.

Mr. CONAWAY. But, what I am hearing, though, is you got other areas that should have been attended to in moving forward on your normal course of business that have suffered as a result of the lack of resources that our Senate colleagues were willing to pitch in.

I want to publicly thank Chairman Peterson for his help on trying to get the \$15 million that we got. It was hard to do, and dramatically short of the \$100+ million that was allocated in 2014.

Mr. Northey, I thank you for your work and the team you have in place. They work hours they don't get compensated for. They are

incredible warriors on behalf of producers in this country. They are neighbors with those folks. They live next door to them, and FSA offices that I have visited, the folks love what they are doing and they go above and beyond what would normally be expected of a Federal employee to make sure that, to the extent that they can, that our farmers and ranchers are getting access to these programs that Congress has put in.

Please convey our thanks to them for their hard work and their continued hard work, moving forward.

With that, Mr. Chairman, I yield back.

Mr. PETERSON. Mr. Chairman, would the gentleman yield?

Mr. CONAWAY. Yes, sir.

Mr. PETERSON. I just need 30 seconds.

I forgot to ask you, you created this new business center apparently, that now is in the process for hiring. As I understand it now, the CED and the county and the county committee for FSA, they used to be able to hire people there locally. But now, as I understand it, they send this to this business center, and there is one person here in D.C. that has to approve that before it is sent back to the county for them to hire somebody.

I don't think any of us here think that is a good idea to have Washington decide who should be hired in local FSA office. Would you look into that?

Mr. NORTHEY. Sure.

Mr. PETERSON. I mean, that is what I was told.

Mr. NORTHEY. The decision is still made locally, and in the State Directors, State SEDs have the authority to be able to decide what offices those go into as well.

But we can—

Mr. PETERSON. They apparently fill out an electronic form, and that form gets sent to D.C., and then the person looks at it for uniformity, and if it is not uniform, they kick it out and it doesn't go back to the county. I don't understand why we are letting someone in Washington make decisions about who should be hired in a local county. If you could give me an answer, I would appreciate it.

Thank you, Mr. Chairman.

Mr. VELA. I now recognize the Ranking Member of the Subcommittee, Mr. Thompson.

Mr. THOMPSON. Mr. Chairman, thank you so much. Mr. Under Secretary, good to see you again. Thank you for your leadership and your service. Please extend my appreciation to all the hard-working folks in USDA that are under your responsibility. I appreciate what they do. We obviously need, and our family farms depend on, that level of professionalism to be able to connect them with the resources that, quite frankly, this Committee makes available through our work with the farm bill authorizations and reauthorizations.

I want to start out a little bit on dairy. You mentioned about 21,000 farms are signed up for the Dairy Margin Coverage, which I read was about 70 percent of the registered dairy operations. What is FSA doing, specifically, to ensure that the remaining operations are fully aware of the potential advantages to participate in a new program? I appreciate the 1 week extension, obviously.

Mr. NORTHEY. You bet.

We certainly got a lot of partners in reaching out to farmers. Last year, the sign-up for the Margin Protection Program was just a little over 21,000 as well. We are actually about 80 farmers short right now of where we were in sign up in 2018, with 2 days of sign up to go. We think likely we will end up by the end of this week, and certainly by the end of next week, at more sign up for this program than we did for MPP.

But as you suggest in the question, there are other producers out there that have participated in the past. Maybe they are not in business. Maybe they decided not to participate in this. Other producers that have dairy operations as well that are not participating, and we are trying to reach out to those, make sure that they understand the value of this program, how it works a lot better for our larger producers than it once did. It still ensures up to the 5 million pounds, but it works much easier for our larger producers. Certainly, we have some small producers that historically have not participated, and we are making sure that we reach out to them. Phone calls, emails, postcards, everyone got at least two postcards over this sign-up period. They have been contacted through their marketing organizations as well, whether it is a co-op or they are part of an association. We have worked with them all to reach out as well.

We have done all that we can. We will continue to do that the next week, and we are hearing good reports that a lot of folks know. I assume we will see a significant bump in the next couple days, but it is important still to be able to give folks another week to make sure that if they have lost track of the date, that we get a chance to be able to touch in one more time and get them in to be able to make that conscious choice.

Mr. COSTA. Would the gentleman yield?

Mr. THOMPSON. Sure.

Mr. COSTA. I think there is bipartisan support here. I don't know if you need a letter from us, but that flexibility, as I said in my opening comments, it is important for the Department to exercise.

And so, what you are saying is that you are exercising that flexibility, but it is important, notwithstanding all the efforts you have made that you indicate you will be entertaining until the end of the month or whatever time period, makes sense.

Mr. NORTHEY. Right now, we are announcing today that extension for 1 week, and so from the 20th to the 27th. We do have to watch about getting much later than that, because we need to have sign ups start for the Dairy Margin Coverage Program for 2020 that first week of October, and we need to be able to get folks completed in this sign up period. So, that is our intention right now.

Mr. THOMPSON. And each of us have a responsibility as well. I know the month of August, and it continues today, I take every opportunity, whether it is a Farm Bureau legislative session on a farm, I was at the All-American Dairy Show on Saturday in Harrisburg, about 2,400 head of cows there with kids showing them. The Dairy Summit, Secretary Perdue joined me for, just to encourage our farmers to sign up. This is a product that does work for everyone. It is affordable, and I appreciate it.

In the few seconds I have left, and I am not really looking for a response, but I do want to reach out to the Department on our

other big crop that I have in my district, and that is hardwoods. Our hardwoods have been hit hard with this tariff situation, yet there has been no relief. I think there are two things. We need to look at, first of all, we need to get these tariff deals done. That is a priority, but if anything extends for any period of time and there is a second round, we got to look at how we help these hardwoods. They have been at the tip of the spear of losses, and for those in the business that have contracts on our National Forests, or Army Corps of Engineer lands, one of the simple solutions is just to extend the contracts they may have for another 24 months, because they are being forced to harvest when the market, they are harvesting at one level and their market is not there.

But, that is something I will follow up with the appropriate folks at USDA on.

Thank you.

Mr. NORTHEY. Very good. Thank you.

Mr. VELA. I now recognize the Chairman of the Livestock Subcommittee, Mr. Costa, for 5 minutes.

Mr. COSTA. Thank you again, Mr. Chairman.

As I said in my opening comments, I don't really believe anyone wins trade wars, because everybody has leverage, and whether it is part of their strategy or for political reasons, certainly the Chinese recognize that. And the leverage they have chosen to use in not buying U.S. agricultural products has really hurt farm country. Of course, at any point in time, and the President is correct, the Chinese have been bad actors and this has been for 20 years, both as it relates to industrial theft as copyright issues, and even when we have won in the World Trade Organization, they haven't complied. They have been bad actors, and that was recognized in the Obama Administration and the Bush Administration before that. There have been different strategies used to try to deal with it.

Certainly, they can buy more agricultural products because they need them and they have the money, but this is part of a strategy. You are not the trade ambassador. I don't hold you to that responsibility, but let me just tell you, when we are talking about California and specialty crops, a \$50 billion a year ag industry in California, of which 44 percent, more or less, is dependent upon trade, it is hitting hard throughout the country, but especially in California. Pistachios, almonds, beef, citrus, table grapes, walnuts, plums, cherries, avocados, face now over 50 percent tariffs on exports to China. The California Walnut Commission estimates that their industry will lose nearly \$100 million annually due to the Chinese trade dispute, and meanwhile, California farmers, to my numbers that we have come up with, have received about \$80 million in total payments in the first Market Facilitation Program. You know, that doesn't cut it. I mean, you can go down the list: 3¢ a pound for almonds, 6¢ a pound for cherries. I mean, we think we have lost about 30¢ a pound on the almond market, 3¢ doesn't come close.

I talked earlier about the 12¢ per hundredweight on dairy. Nationwide, the dairy industry estimates that they have lost more than \$2.3 billion in revenue since the trade war began, and they have received about \$200 million in the first round.

Beyond these losses, we are losing market share, as I said earlier, to our competitors, and those relationships are tough to rebuild after, hopefully, we get past this.

While I mentioned it is not your job to negotiate the treaties, the President said that he was making farmers more than whole, and the farmers are doing better than if China were buying. As I said, California farmers disagree with that.

Mr. Under Secretary, do you agree with the President? Will the second round of trade aid make farmers more than whole, and are they better off with this than they would be with access to China's market or other markets?

Mr. NORTHEY. Everybody is working for a better trade situation, not only for the products we were exporting, but the products we were struggling to export. That is where the real gain will be.

Our Market Facilitation Program was a bridge to get to that. It is certainly hard in that Market Facilitation Program to deliver exactly what a producer lost.

Mr. COSTA. Well, it is not possible.

Mr. NORTHEY. It is not.

Mr. COSTA. But, \$16 billion, is that the current number with the two programs so far, or it is going to increase?

Mr. NORTHEY. It will be \$14.5 billion for the—

Mr. COSTA. And you are spreading that around the whole country and in the Midwest, and you are talking about sorghum and wheat and corn and important commodities. The California ag industry is \$50 billion. You try to spread \$16 billion across the country and you talk about different states, I know farmers don't want subsidies. We have gone through this a whole lot over the last 20 years of farm programs. They want access to markets. They want level, fair trade, and with 44 percent of California's agriculture depending upon trade, I mean, it is the reason we need to get this USMCA agreement completed, because it is so important to our country, as well as to our neighbors to the north and to the south.

What is the implementation going to be in this next round?

Mr. NORTHEY. We are still getting sign up for participation in this program up until December 6. We have told all producers that the first 50 percent of this second round of MFP is guaranteed. We will look to see whether the second and third payments are needed. If we get a trade deal, then we will reevaluate. We certainly hope that we get a trade deal before this—

Mr. COSTA. But it doesn't make up for the loss of markets.

Mr. NORTHEY. No.

Mr. COSTA. Okay.

Mr. NORTHEY. It certainly is a support for producers. It is important to be able to have something, and I think it is a recognition by the Administration how important trade is to agriculture. And it is a great reminder, and an appreciation for the role of trade and why there needs to be an active participation, and trying to get to that trade deal that is better on the other side.

Mr. COSTA. Thank you.

Mr. NORTHEY. Thank you.

Mr. VELA. I now recognize the Ranking Member of the Livestock and Foreign Agriculture Subcommittee, Mr. Rouzer.

Mr. ROUZER. Thank you, Mr. Chairman, and Mr. Under Secretary, thank you for being here with us today. I, too, want to commend the entire team at USDA and all those FSA employees out there that are working really hard, as well as all the other employees at USDA. They do a lot of very, very important work very, very well, and in many cases, with limited resources too.

I want to focus in on the Disaster Relief Act. Roughly \$3 billion, those of us in the Southeast worked really, really hard, including my friend here to my left, Mr. Scott, on getting this disaster relief package across the finish line.

What do you expect to pay for the losses in 2018? Do you have an estimate of what that is going to consume, and then a follow up to that is how much of that money do you think is going to be block-granted to the states? If you can talk about your plans and thoughts on that as well?

Mr. NORTHEY. It is a challenge to estimate what actual losses were, as we did in 2017 as well. Certainly, it is likely between \$½ billion and \$1 billion in losses that occurred from the hurricanes in 2018. We know that there was some coverage that was covered by crop insurance, but this is to top up some of the crop insurance losses as well, to try and cover some of those other losses.

For block grants, we are still in discussions with the states as they continue to bring forward their thoughts in what block grants should cover. As you all outlined in the disaster bill too, this isn't designed to top up existing programs. This is designed to cover those things that are not covered in existing disaster programs, or in WHIP itself. And so, maybe timber and other kinds of things.

We are still in conversations. It will be in the several hundred-million-dollar range, but it will depend what their proposals are, and what they conclude those losses are. And then, of course, the real proof is when you go out to the producers and how many producers have losses and are interested in signing up.

We don't have a set number of what that dollar amount will be. Certainly, it is going to be very important to many of the producers.

Mr. ROUZER. To follow up to that, when a producer goes in and he files his application, how long do you think it is going to take to turn that around?

Mr. NORTHEY. Well, depends how complex that application is, and we already have some producers that have completed applications. And so, in some cases, it is fairly straightforward. They have the information from their crop insurance information last year, and so they are able to complete it very quickly. In other cases, we have producers that have not participated in farm programs before, and so they have to establish eligibility first. They have to go get some of that information, and so there are other additional challenges for some producers out there. They don't have acreage reports to be able to look at history and to compare history to what the losses were in that year.

For the most part, we think it is going to be fairly quick for most producers, but there will be some of the applications that will be more complex or cover things that have more questions and require more information from the producer.

Mr. ROUZER. What about the timing of the payment, though, once that application is complete, everything is done correctly, *et cetera*? Are we looking at a month, or 2 weeks, or 2 months?

Mr. NORTHEY. Right now, we are still making some final changes in software on that payment mechanism, so that should start pretty soon. And once a producer completes that application, it should be certainly within 2 weeks that they would be able to get a payment for that application, and hopefully less than that.

Mr. ROUZER. Just for your awareness, and I don't know necessarily that this is why it spread, but I have gotten some feedback from producers that when they go to the FSA office, they are told that they have absolutely no idea what they are going to be eligible for, and maybe that is just a situation as it relates to the application process itself. But you know, producers walk out of there pretty dejected when they don't have any idea and they are told they are not sure what they are going to be able to receive. I don't know if that is an education issue in some of these offices where the employees have not been brought up to speed on exactly what is entailed in the disaster program, but I have heard that, so I just want to make you aware.

Mr. NORTHEY. I would love to be able to hear about those cases and where we can get more information out. For the most part, many of the places where that program is being implemented is around hurricanes and where areas that are very familiar with the software, since the software we are using is very similar to software and criteria that we used in the 2017 program. For many cases, we have a lot of folks that had some experience implementing that program as well before, but then we have been able to have training. I sure would love to find out if there are some places that we missed that we need to be able to get more touch to some of our employees out there. We have both online and in-person training, train the trainer as well, and we need to make sure that it is such that when a producer comes in, they have competent, capable, and interested person across the counter to be able to help them walk through that application.

Mr. ROUZER. My office will follow up with you on that.

Thank you very much. I yield back.

Mr. NORTHEY. Thank you.

Mr. VELA. I now recognize Mrs. Hayes from Connecticut.

Mrs. HAYES. Thank you, Mr. Chairman, for holding this hearing, and thank you, Under Secretary, for being here.

I represent Connecticut, and my questions are specifically about our dairy farmers. We have about 80,000 working acres of dairy farms, which account for about 4,000 jobs, so much smaller than some of the other districts that we have heard about, but I think that is the cause for so much of the concern in my community.

In 2018 in Connecticut, we had about—actually, we had 110 licensed dairy farmers, and as of Monday when my staff checked, only 66 of those farms had applied for the Dairy Margin Coverage. For a program that is guaranteed to provide protection and support in those margins, why do you think enrollment is not higher?

Mr. NORTHEY. I don't know in those cases. Certainly, outreach has been tried. In some cases, I don't know how Connecticut specifically compares to what its sign up was for MPP a year ago, and

whether there are some producers that choose not to participate, there are certainly groups of producers that choose not to participate in any program at all.

I, again, don't know specifically in Connecticut. I was on a beautiful dairy farm, modern and wonderful dairy farm in Connecticut a few months ago, and I know we have been reaching out to producers, both by postcards and emails and phone calls to be able to let producers know about it. We have another week to be able to reach out to folks. If you hear of reasons or producers that have not been contacted or not aware, we certainly want to be able to make sure that they are aware and understand.

This is a great program. This is a program that is going to be very constructive. Right now, we know they will actually make money in 2019 because of that, but most importantly, in the long-term, this is a great risk management program. For a small amount of money for the future, a producer can know that they have a protected margin in that program. And so, we are seeing about half the producers sign up for 5 years of the program, a little short of half of the producers, and certainly, many of the folks that have signed up for previous programs are signed up. We continue to lose some dairy farms in all parts of the country, so compared to the long-ago history, we have less participation than what we have in some of those producers with historical production. In some cases, some of them were not able to stay in business, and we think we have reached out to all the folks, but we are glad to continue—

Mrs. HAYES. Well, we have seen that in Connecticut.

Mr. NORTHEY. Pardon?

Mrs. HAYES. We have seen it in Connecticut that some of these farms have gone under and they are not able to stay in production. And I agree with you that this is a great program. But, as I am hearing you talk about just ways of outreach, I know in my district specifically in Connecticut 5, broadband is tremendously unreliable. If we are using email as a method to communicate with people, I know on my staff, we have gone out, we have done roundtables. I have met with farms. I would have loved to have joined you on a farm just to really be face to face and talk to people and say this is what is available, because I fear that people are missing out on the opportunity because they don't know that it exists. If there is anything that Members of Congress can do to help you, because it sounded like when the Chairman asked about have you asked for increased staff, it didn't sound like a hard yes. But, I think that is something that we would all be willing to support, because I know it is life and death for my community that there are people on the ground to assist them in the process. If there is anything that we can do, I would love to engage in that process, because I think that when we have these large conversations, the small farmers feel left behind and are afraid of what the next step is or where they fall in this conversation. I think it is critically important.

I know we go to the places where there are the most people and we make the most impact, but farming covers all communities, as you well know.

Mr. NORTHEY. Absolutely, and thank you for—many Members have done a great job in their own communication out to constitu-



ents as well as mentioned it at public events, reminded folks. We will give folks another week, another opportunity to be able to remind them that the deadline is a week from tomorrow.

Mrs. HAYES. Have you used public radio?

Mr. NORTHEY. We have used radio and we have had our—

Mrs. HAYES. Because my farmers love the radio. Well, not my farmers, your farmers too, I am sure. But with the radio I communicate with them a lot, and I know I send out mailers and people don't really read them. I am just thinking of anything that we could do to make sure the information is shared.

Mr. NORTHEY. I am glad to continue to reach out and do whatever we can to make sure that people hear about it.

Mrs. HAYES. Thank you.

Mr. NORTHEY. Thank you.

Mr. VELA. I now recognize Mr. Scott.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman. I suppose my friend and colleague Congressman Bishop's district probably had more ag losses from 2018 than I did, but I believe that I am second of the 435 Members of the House with regard to the losses from storms for 2018.

We know the old saying, the bigger you are, the harder you fall. Certainly, we recognize that is the case in agriculture. The payment for WHIP, the upper payment limit was reduced from \$900,000 to \$250,000 for the 2018 storms. It was \$900,000 for 2017. Can you tell me why that reduction was made, just briefly?

Mr. NORTHEY. Certainly, in discussions, both internal as well through across government, we had several conversations looking at how many folks would hit payment limits, as well as managing the dollars, recognizing that there is a limited number of dollars to be able to cover not only losses in 2018 and losses up until now in 2019, but for the balance of 2019 as well. We don't know what further losses might be.

Mr. AUSTIN SCOTT of Georgia. Absolutely, and that brings me to the second point, and forgive me, on a 5 minute clock, I want to move fairly quick.

We put \$3 billion in. That \$3 billion was for the 2018 storms, and just for the other Members' knowledge, now that the 2019 storms are going to be paid out of that \$3 billion amount that was allocated for 2018, can you tell me how much you estimate the 2019 losses to be?

Mr. NORTHEY. We are going to agree here, no more hurricanes, right? No more disasters, but as you say, it is the balance of 2019, up until now, and going forward as well.

Mr. AUSTIN SCOTT of Georgia. What are the losses to date to be paid out of the \$3 billion?

Mr. NORTHEY. We haven't had a large number of losses to date.

Mr. AUSTIN SCOTT of Georgia. We had the Midwest floods.

Mr. NORTHEY. What was that?

Mr. AUSTIN SCOTT of Georgia. The Midwest floods, do we not have an estimate on that yet?

Mr. NORTHEY. Much of the Midwest floods, the actual coverage will be through crop insurance, either prevent plant through crop insurance or other crop losses through crop insurance, so we will

see a few payments going there, but most of the WHIP payments will go to hurricane areas.

Mr. AUSTIN SCOTT of Georgia. There is almost \$1½ billion left over from the 2017 disaster payments, is that correct?

Mr. NORTHEY. There is.

Mr. AUSTIN SCOTT of Georgia. Just for the Committee's knowledge, I have asked that the 2017 money be appropriated for the storms of 2018 and 2019.

Forgive me, Mr. Secretary. I know I am moving fairly fast. I have a lot of things I want to bring to your attention.

The USDA gave an estimate on November 29, 2018 of the total losses for 2018 to date. The USDA requested a total of \$1 billion for Alabama, California, Florida, Georgia, Hawaii, North Carolina, South Carolina, and Virginia. We have not seen any updated estimates for the 2018 storms. Are you aware of any updated estimates from your economists for 2018 since November 29, 2018?

Mr. NORTHEY. I am not. If there have been, I have not seen what a number would be.

Mr. AUSTIN SCOTT of Georgia. I am not either, and that concerns me greatly.

And I, again, apologize for moving so fast, but for example, and I have the breakdown by commodity group by state. Your economists, USDA's economists, said that the Georgia cotton loss was \$260 million. Indemnity estimate was \$111 million, and \$148 million would end up as the net uninsured loss. According to our ag institutions, the University of Georgia, the land-grant institutions and their economists, while you have \$260 million in that slot, we show it as \$550 million.

I can go down to pecan trees. You show it as \$70 million. We show it as \$260 million. Again, these are land-grant institution economists that we have provided this information to the USDA and asked for updated estimates on what the losses are.

My concern is when Congressman Bishop and I were arguing for the \$3 billion for the storms, we had the information from the land-grant institutions. Georgia, Florida, North Carolina, and we could not get the USDA to move off of the \$1 billion request. We effectively forced it, if you will, to the \$3 billion, and to this date, almost a year later, my farmers have not received any payments yet from the storms, as you know. Not your fault at all, but I don't understand why the estimates have not been updated from November of last year when we know they are not accurate. And I, quite honestly, think the \$3 billion will end up falling very short of what the actual losses were. I am talking about uninsured losses for the 2018 crop year, now we are taking 2019 storms out of it, while at the same time, we have \$1½ billion sitting over there in a lockbox that can't be touched.

Any help from the Administration in moving that 2017 money into whatever we do in a continuing resolution or appropriations process so that it can be used for the 2018 and 2019 storms, it is money that has already been appropriated. It just can't be used. But I am very concerned, and I appreciate you. I appreciate your experience in agriculture. I am concerned with the USDA's economists' estimates. I am concerned, and I would suggest that this cannot take a year the next time somebody goes through a storm

the way the State of Georgia did. My people would not be farming today but for a loan program through the Georgia Development Authority that Governor Deal and the state legislature did in a special session, and then Brian Camp in our state legislature came back in and put more money in it, and they should not have to do that. But for them, my people would not be farming today.

I look forward to the updated estimates from USDA's economists. Thank you, sir.

Mr. VELA. I now recognize Mr. Cox from California.

Mr. COX. Thank you so much, Mr. Chairman. Great to have you here today, Under Secretary Northey.

I have a question regarding the Pima Competitiveness Program. As you know, Pima cotton is not eligible for the traditional farm bill safety net programs, and one of the farm bill provisions important to many California cotton producers is the extra long staple, the ELS, or Pima competitiveness program (Special Competitive Provisions for Extra Long Staple (ELS) Cotton). And just like the majority of farmers and ranchers in my district, cotton producers are being harmed by the trade war with China, resulting in naturally lost markets, and pretty quickly declining market prices.

My office and others have been working with the USDA and the cotton industry to make some needed updates to the Pima program, which the Secretary heard about from some growers in my area during his recent visit to California a couple months ago.

But it is my understanding that the needed changes to the program are being held up by the OMB, so what can you and the Secretary do to help us get this done, and how can this Committee be helpful? Our Pima growers are suffering, and with this year's crop currently being harvested, we need those program updates as soon as possible.

Mr. NORTHEY. I appreciate that. I am restricted from conversations about activities at OMB and the actual proposals, but we continue to evaluate the inclusion of other varieties within that formula that would potentially impact the support through that program.

Mr. COX. Okay. I mean, anything that this Committee could be doing ourselves?

Mr. NORTHEY. Just continue to provide information about why there should be adjustments to that program from the point-of-view of your producers is always valuable.

Mr. COX. Okay. Then I have a question regarding the Dairy Margin Coverage Program, and organic dairy farms are also eligible for the program. And I would like to hear about any specific outreach you have done to reach this section of the industry?

Mr. NORTHEY. We have reached out to all sorts of trade groups and trying to be able to reach out to their producers. We certainly can get you the information about what our touch has been specifically to organic dairy producers. But, their associations have been involved as well, and their marketers have been involved in reaching out to their producers, recognizing that they qualify for that program as well.

We can get information about what has gone out. I am not personally as familiar with each of those outreach efforts.

Mr. COX. Okay. That is all I have, and I yield my time. Thank you so much.

Mr. NORTHEY. Thank you.

Mr. VELA. I now yield to Mr. Marshall. Sorry, I now yield to Mr. Hagedorn, for 5 minutes.

Mr. HAGEDORN. Thank you, Mr. Chairman. Under Secretary, nice to see you again.

I would just like to focus a little bit on the Market Facilitation Program, and some of the farmers out there, especially in southern Minnesota, have questions. I know you have answered this in the past, but I thought maybe it would be good to revisit it, as to why maybe people in counties in my district are receiving \$60 or \$70 per acre, whereas in other parts of the country could be upwards of maybe \$150 an acre. It can vary based on ZIP Codes and counties and could be neighboring counties getting different numbers for the same crops. Could you just maybe go over that a little bit again, and help us with that and how the calculations were made?

Mr. NORTHEY. I can. Thank you, Congressman.

The formula that was figured out to figure out, as you remember, we established the criteria for the payment for the Market Facilitation Program during planting, so we wanted to be able to not incent the growing of one crop *versus* another, so that is why we went to a county payment rate for whatever a producer was planting, they would get the same payment rate. And we would not influence those planting decisions. But then we had to figure out what that payment rate would be, and we looked at those crops that were grown in each of those counties and how those crops were being impacted by the trade. Some crops are being impacted by the trade tariffs to a greater degree than others. They, in some cases, export more of their products. In some cases, export more of it to China where we have had some issues. Obviously, in the first round, you saw some difference between corn and soybeans because they are impacted differently. Certainly, cotton is one of those that is impacted greatly. Some of the other products are impacted to a greater or smaller degree.

What ends up in that final payment is the mix of the crops that are grown in that county, and the impact on the value of those crops based on the loss of the markets to both tariffs and historical non-tariff barriers as well. The Chief Economist's office looked back over the last 10 years to be able to look at when we had higher trading years and what non-tariff barriers might have been added through the years as well.

And so, the differences, there are some places where the average acre in that county, which is the mix of acres in that county, have a higher impact per acre than others in other counties.

Mr. HAGEDORN. I appreciate you clearing that up again.

I know these subjects that I am about to bring up don't necessarily directly impact you, but you have some fine folks behind you that you all go back and talk to the Secretary and report to the White House and others. What has been going on in farm country for 5 and 6 years with the low commodity prices, high input costs, it is tough and it is having a cumulative effect as we go through the trade negotiations.

There have been some good things done, and people miss that. Regulatory reform, the things that the Administration has taken on with some of the folks up here on the Hill, that has been excellent. Getting rid of that high cost energy and having U.S. energy independence, which is important to agriculture. The tax reform bill was good for our farmers. Obamacare and the Affordable Care Act, that has really crushed them, and we need to do better there and get that down.

But on trade, my message is this. They understand that China has been cheating, and we have to do something. But they really want it solved as fast as possible, and I know that you are working on it, and the trade rep and the President and everybody else is committed to that. And so, we just continue to encourage to get a result as fast as possible that is good for the whole country.

Second, on biofuels, you got to keep working in that area. I know they are looking at making some announcement hopefully in the near future, whether it is buying back the gallons. But we need that program implemented the way that Congress intended. You can't let the bureaucrats and others decide that they are going to reinterpret the statutes. We should be following the law of the land, and I hope we can get that worked out because it is critically important for our corn and soybean farmers in southern Minnesota.

And last, this is just something to make sure that you stay apprised on. This African swine flu that has really crushed things in China, maybe half their hogs, obviously demand for soybeans would be down. We can't have that here, and I know you are working hard, the whole Department is, to make sure that we keep it out of the United States, keep it out of North America. But that would be devastating to farmers in an array of areas. And so, I appreciate your attention to that.

Thank you.

Mr. NORTHEY. Thank you.

Mr. VELA. I now recognize Mr. Van Drew.

Mr. VAN DREW. Thank you, Mr. Chairman, and welcome, Under Secretary. It is good to see you. I am from southern New Jersey, which is a lot different than northern New Jersey.

When Secretary Perdue was before the full Committee in February, he told us he didn't think a second round of trade payments would be necessary or likely, but we, obviously, are in the midst of a second round.

I want your opinion. Do you think at this point, from what you hear from the people you speak to; because, you are going to have to be ready. Do you think a third round of payments is likely at this point?

Mr. NORTHEY. I am still hoping that the second and third payments of the second round are not necessary, because we are back to a better trade environment in the short-term. Right now we are focused on being able to make these payments now for producers. I did not believe there was a likelihood of a second round. I thought it sounded to me that we were very close in agreement, and that certainly would have been preferable for everybody. But when an agreement could not be reached, it was important to be able to stand up for the producers, be able to support producers in this challenging time.

Mr. VAN DREW. Of course. I agree.

Mr. NORTHEY. I don't know. I wouldn't—

Mr. VAN DREW. I just hoped you had some inside info.

Mr. NORTHEY. No.

Mr. VAN DREW. No.

There are significant differences between the 2018 Market Facilitation Program, the MFP, and the 2019 edition of the MFP. Most notable is the approach towards how payments are calculated, which is based on actual production last year, but this year is on a per acre basis. Can you offer the rationale or the reasoning or the decision making why that was done?

Mr. NORTHEY. That is a great question. In 2018, we established the Market Facilitation Program going into harvest, when we would be very close to be able to have harvest numbers, and we could look at actual production as producers could bring that information in to their FSA office and be able to provide that information.

As we looked at 2019, we looked at a crop that was growing, or in some cases, not even planted yet. We wanted to make sure and not influence that planting decision, so we needed to be able to have a producer that was considering between two crops just look at what the market asked for, not look at a Market Facilitation Program payment, which would have been different than the first time around if we had instituted that in 2019.

We wanted to go to an acre payment to be able to provide that continuity, and yet, predictability that there was support for producers that were impacted by the trade situation in 2019.

And so, that is why we went to the acre payment in 2019. Certainly, one of the criteria for both programs was to make it pretty straightforward for a producer to be able to come up with the information that they needed to comply, make it as straightforward as possible for our offices as well to be able to deliver it, because we were adding that onto the work that was being done in our offices and the work that a producer needed to go through. I think both met that test, even though they were delivered differently, because they were delivered at different times of the production year.

Mr. VAN DREW. And you believe by using that combination, varying on the circumstances, you achieve the maximum accuracy?

Mr. NORTHEY. I think so. It is a challenge to be able to predict what market impacts are of trade disruptions. The chief economists did a great job of being able to analyze that, get the information back. Certainly, there will always be disagreements of whether that was enough or not or whether it was balanced the right way. But I think we did, and then to be able to deliver it the way that we did also minimized the disruptions that the payment could have caused if we had gone commodity by commodity payment.

Mr. VAN DREW. Okay. This trade aid has created a situation, as you know, where some farmers are getting direct payments while others, like a lot of fruit and vegetable growers, particularly in my area, have to hope that the USDA's purchase of their products will be large enough to move their whole market.

Can you share why some of the commodities that were impacted by the trade war received MFP payments, while others received purchases?

Mr. NORTHEY. As we looked at the commodities that were being impacted, you can look at certainly some of the specialty commodities that were being impacted. For some of them, we could replace that demand by creating new demand by buying them and having them offered through food banks. Hopefully that even creates additional customers in the future. In other commodities, that wasn't possible or we couldn't supply enough if it was dairy or pork. We did some purchases, but we also needed to make some direct payments. Of course, we didn't have any way with the larger commodities, cotton or corn or soybeans, to be able to offer purchase and have a place for those all to go.

It made sense to be able to use the purchases wherever it could make sense to be able to offer that through other outlets, hopefully creating additional customers, and then provide direct payments to those that we were not able to provide purchases to.

Mr. COSTA [presiding.] The gentleman's time has expired.

Mr. VAN DREW. Thank you, Mr. Under Secretary.

Mr. NORTHEY. Thank you.

Mr. COSTA. I thank the gentleman.

The chair will now recognize the gentleman from Georgia, Mr. Allen.

Mr. ALLEN. Thank you, Mr. Chairman, and Mr. Under Secretary, thank you for being here today.

We have already heard a lot about the situation in Georgia with the disaster, and crops being in direct path of the hurricane, and the losses from infrastructure and communities just devastated. It took a long time, but we now have a disaster relief package, and through this process I continue to hear from my constituents not only the need for immediate disaster assistance, but also the concerns of fixing the problems they experienced when signing up for the previous WHIP Program.

To this, Mr. Under Secretary, what has FSA done to ensure that the new WHIP+ Program is being implemented effectively and efficiently throughout all the local FSA offices?

Mr. NORTHEY. As we have made sure that our staff is well-trained in the program, we have made some IT improvements as well in the way that the program operates, including the payment mechanism being hooked directly to the program mechanism, so that allows a little more efficiency in the offices.

It is a challenge for producers when we are looking at individual losses, and that is the way this program was designed, to be able to look at individual losses. If you and I are across the fence from each other and you suffered a 60 percent loss, I suffered a 40 percent loss, and yet we are in the same neighborhood, we will pay based on the relative loss. And that requires a certain amount of paperwork. Often that information is already available from the crop insurance records. Again, that loads fairly quickly into the WHIP Program.

Mr. ALLEN. Okay.

Mr. NORTHEY. Where we end up—

Mr. ALLEN. Can you define *relative loss*?

Mr. NORTHEY. Pardon?

Mr. ALLEN. How does relative loss work, are you balancing out the losses across a certain area, or how does that work?

Mr. NORTHEY. We take each individual operation's loss. We don't take a regional loss, we take an individual operation's loss, and then we take into account what that operation received for crop insurance payments as well, and then we have a formula to be able to have a higher amount coverage than crop insurance, but never more than what a full guarantee for crop insurance would have been.

No producer in this case, even with these payments, is going to be better off than they would have been had they had a crop, especially those producers that had a really good crop coming, and we had that in some cases. They will only be insured or they will only be covered, or we only compare against what their expected normal crop would have been.

Mr. ALLEN. All right, and I understand this became available last Wednesday. Is that correct?

Mr. NORTHEY. It did, yes, on the 11th.

Mr. ALLEN. Okay, and you did comment about the software, and when will the software be readily available to the FSA offices?

Mr. NORTHEY. It is out there now and they are working. We have seen some applications back. Certainly, if you hear any different, I would love to be able to hear about that.

Mr. ALLEN. Okay.

Mr. NORTHEY. But it is out there working. We had it available for folks. We are not now yet for those first operations making those payments. That will occur within the next few weeks.

Mr. ALLEN. Right.

Mr. NORTHEY. Once that happens, then we will start making payments as soon as—

Mr. ALLEN. In addition to the WHIP+ Program, I worked tirelessly to secure disaster assistance for our blueberry growers who suffered losses in the 2017 late season freeze. When do you think that the provision that was included in the disaster relief package made available funds to expanded coverage of the previous 2017 WHIP package? When will growers expect to receive this and how will this be distributed?

Mr. NORTHEY. Yes. That sign up started last week as well, so that started on the 11th as well. I assume we have producers that as soon as they are aware of that are coming in the office. Again, that is using the 2017 program, so the 2017 software, payment limits, other things of 2017, and that is already available and we should have producers certainly possibly signing up for that program right now.

Mr. ALLEN. Well, speaking of the trade situation, when Secretary Perdue came to his first hearing here, I said then, "Farm income was down 55 percent," and this was before we ever got into trade negotiations. And I said, "What are we going to do about these low commodity prices?" And he said we have bad trade deals. I don't know what the answer is. Obviously, lots of people have been impacted by these negotiations, but then again, the reason that we have terrible trade deals is we have an election in this country every 2 years, and people who are in public service don't want to take the risk of trying to fix these things.



And so, this President has taken it on and I just pray that we can get a quick resolution to this thing, and have a fair free trade, because our farmers can compete with anybody in the world.

Mr. COSTA. The gentleman's time has expired.

The chair will now recognize the gentlewoman from Iowa, Congresswoman Axne. Welcome.

Mrs. AXNE. Thank you. Thank you, Chairman and Ranking Members. Thank you for the opportunity to join this joint Subcommittee hearing on disaster recovery, and thank you, Under Secretary Northey, for being here. You know it is always great to see you.

As a fellow Iowan, you know as well as I do how devastating severe flooding can be, and how long the recovery process can take for our communities. Southwest Iowa, as you know, is still reeling from the massive flooding that occurred this past spring. Entire towns, such as Hamburg and Pacific Junction in my district went completely underwater, and have been estimated to lose billions of dollars in damages, and of course, agricultural losses throughout Iowa.

But we all know that risk isn't over. In fact, western Iowa is currently experiencing another round of potentially severe flooding. I have been closely monitoring the situation and spoke with emergency management coordinators last night. But the current situation further underscores the urgency of what we are talking about here today. And when I traveled the district and, you and I have worked on this together and saw the damages in the spring, of course, what I was impressed with was the resiliency of Iowans. Of course, we didn't wait for the government to come in and do the job. We got to work themselves and they helped one another start that really difficult and long road to recovery.

Church congregations were putting out meals for those who didn't have one. Neighbors helped muck out each other's basements, and farmers, of course, donated hay to each other for their cattle to graze.

But the bottom line is, is that while Iowans got to work, we need to ensure that the Federal Government does its job. I heard from a lot of Iowans that said they didn't know what resources were out there, what the deadlines were, and how they could sign up. As you know, I invited this past June, Leo Ettleman, a producer from my district, to testify before a Subcommittee hearing, and he told us about the challenges that he and others are facing in obtaining the necessary information and resources through the flood recovery process.

I am grateful that the President was quick to declare a disaster emergency and that Congress was able to pass our disaster supplemental. However, it is very clear to me that we need to do a better job of providing a streamlined set of processes and procedures that can go into effect immediately following a disaster. We have both talked about this issue.

I have some specific questions that I hope that the USDA can help us with. Under Secretary Northey, I know you have long experience with flood recovery in Iowa in the Secretary of Agriculture during our floods of 2008 and 2011, we worked together when I was part of the sustainability task force to address that in 2008.

Do you agree that it is important for the USDA to have prompt and effective communications with those that are affected by flooding?

Mr. NORTHEY. I certainly do, and it is a challenge. They are often very busy doing other things. Sometimes even the communication tools are down, whether it is internet or phones or other things. And so, it is a challenge to be able to communicate with folks, so we have to be even more aggressive in letting them be able to have easy access to that information.

Mrs. AXNE. And during your tenure at the USDA, what steps have you taken to improve USDA's communication to farmers affected by floods?

Mr. NORTHEY. We do extra outreach and training for staff that find themselves in a disaster situation. Sometimes in that area, some of those folks have dealt with emergency conservation programs before, and other programs that help clean up after a flood or pick up debris or rebuild fences. But in some cases, we have folks that have not been experienced with that, so sometimes we will send in jump teams as well from other areas to bring into those areas. They will have their experience and that outreach work, be able to go to community organizations, work with those existing outreach even through churches, but certainly through extension agents and cooperatives and other business partners out there that can help us reach out to producers. There are many different ways we are looking at trying to do the same thing on the NRCS side and providing maybe even almost more of a permanent jump team that can come in from outside to be able to help when we have disasters. In that case, it is the Emergency Watershed Protection Program, an infrastructure support program that is unique, that is different than our other tools, but we need people with experience, if possible, to be able to help folks locally implement those programs.

Mrs. AXNE. Well, I am so glad to hear you talk about this jump team, because you and I have talked about some of the issues we face trying to get communication to folks who were kayaking into their homes, and we talked about mail was being sent to them. Well obviously, that doesn't work out, or the fact that folks didn't think we needed congregational meals because we hadn't requested them. That is because the cattlemen stepped in, Farm Bureau, *et cetera*.

Last question: Would you be willing to commit to work with my office on ways to help streamline that process and the communication between USDA and the folks on the ground?

Mr. NORTHEY. You bet. I would be very glad to.

Mrs. AXNE. I am looking forward to it. Thank you.

Mr. COSTA. I thank the gentlewoman. Her time has expired, and we all are sympathetic about the challenges that the states that have been subject to the flooding of the Mississippi River, and the impacts it has created there have been hard hit, those communities, and we appreciate your noting that, and all the good work you are doing.

The chair will now recognize the gentleman from Kentucky, Mr. Comer, for 5 minutes.

Mr. COMER. Thank you, Mr. Chairman, and Under Secretary Northey, it is great to have you back to the Committee. You are

doing a tremendous job at USDA, and I applaud Secretary Perdue and the team he has put together. I just wanted to say that, and appreciate your good work and your friendship.

I don't need to tell you, and it has been mentioned several times today, about the flooding conditions and the terrible planting season that we had. In western Kentucky, I represent four counties on the Mississippi River, very small counties in geographic area. But one of the counties, Hickman County, had over 8,000 acres that didn't get planted in anything. And I know that was the case in many areas of the United States along the river. And because of the terrible planting season, no doubt yields are going to suffer. Large amounts of acres weren't planted. When the August crop production report came out, a lot of farmers were surprised at the report that were projected on the fall harvest, and as a result, corn prices and other commodities went down quite a bit overnight.

Can you describe what caused the differences in those reports, and also how farmers, grain elevators, and users of commodities can manage the price risk that they face in response to sudden changes in prices?

Mr. NORTHEY. It is really a big challenge in a year like this trying to get numbers right. We still don't yet know what the production levels will be out there. It partly depends on when the frost is and how much time there is for the rest of the season. We know it is uneven, production across the country. We certainly know that we have a lot of prevent plant acres. Across the country, we normally get about 2 or 3 or 4 million acres that are prevent plant. This year it is 19 million acres that are prevent plant across the country.

As time has worked out, folks have looked at the acreage numbers. That was one of the concerns that folks had, and generally have believed that that fairly represents the actual amount of corn acres out there. There is still a lot of discussion of what the production levels should be, and I am certainly not in the production prediction business. We are there to be able to respond after that.

But risk management tools, there are a lot of great ones. Through the companies, certainly crop insurance is one of the most important risk management tools that folks participate in, and then the revenue coverage has been very valuable to producers and we see high levels of participation in that.

Mr. COMER. Well thank you.

My next question and last question will be about hemp. I know that that has come up a couple times today, and as you know, when I was Commissioner of Agriculture, we were the first state, Kentucky, to implement a hemp program. It has been a huge success story. We have processors that are all over the state. Most of the newer ones are located in my Congressional district. We are very happy about that, and it has just been a great success story.

As we move forward, I know that Senator McConnell put language in the—in Congress to require USDA to have hemp crop insurance, and I share Chairman Peterson's concerns about what that type of crop insurance product will look like. I just wanted to mention two things, and I have had several discussions with people at USDA. But I just want to go on the record with two things that I hope that the final product looks like or doesn't have.

Number one, I don't want a product that creates absolutely no risk for the farmers which would encourage over-production. I think that is the concern that Chairman Peterson and Ranking Member Conaway have, as do I. And second, we don't want a product that is ripe for fraud. And I have always said that the best Federal crop insurance product that would prevent fraud would be one that says you can only insure what you have a contract to sell, whether that is tobacco or hemp; because, the overwhelming majority of farmers are honest. They utilize the crop insurance program. We need the Federal Crop Insurance Program. But there are always a few bad actors here and there, and I don't want to see a situation where a farmer has a contract to sell 30 or 40 acres of hemp, but they plant 100 or 200 acres of hemp. Because hemp is a very expensive crop to produce.

I just wanted to go on the record and express my concerns. I appreciate the work that you all are doing on industrial hemp. I know it is a lot to digest. We went through it in Kentucky, and you can put a bunch of zeroes on it, and that is what you all are going through now at USDA. But anything that I can do or my office can do to work with you on that final product, as you know, we are more than willing to do that. But I do appreciate the work you are doing and just wanted to express my concerns.

Mr. Chairman, I yield back.

Mr. COSTA. The gentleman's time has expired, and your concerns are recognized. Thank you.

Mr. NORTHEY. Thank you.

Mr. COSTA. The chair will now recognize the gentleman from California who represents a great part of the California Central Coast, Congressman Panetta.

Mr. PANETTA. Thank you. Thank you, Mr. Chairman, Ranking Member Thompson, and of course, Under Secretary Northey. Thank you very much for being here. I appreciate not only your time today, your preparation for being here, but also your service. Thank you very much.

As you heard, I come from the Central Coast of California, and in California, as you know well, we of course have a lot of agriculture. But unfortunately, we have some wildfires as well. And, last year the California delegation and I joined with my colleagues in sending a letter to the appropriators requesting that WHIP include assistance for grape growers and other producers whose harvests were tainted by wildfire smoke, the smoke taint, as you know well. And I got to say, I was pleased to hear this year of reports that WHIP+ is getting off to a pretty good start, and I know that a lot of my wine grape growers in California, who were affected by last year's wildfires and the smoke taint are actually pretty pleased with how that is going, so that is good to hear.

But as we continue to roll out WHIP+ and FSA offices continue to do that, are you and your agency taking any specific steps to reach out to farmers who have been tainted or impacted by the smoke taint to ensure that they are aware of the assistance that they might be eligible for through this program?

Mr. NORTHEY. I believe that there is outreach. I don't know what that is, Congressman, and we certainly can make sure that that is true, and certainly will be glad to work with you to make sure that

we are working with the organizations often, whether it is the wineries or others that can help us reach out to those producers. We want to make sure, since it has not been covered in the past in a sufficient way at all, that they are aware that there is now coverage for that.

Mr. PANETTA. Outstanding. Thank you very much. I appreciate that offer and we will take you up on that.

Another thing that we also have in California is obviously we have organic crops and specialty crops, and a lot of producers in my district, they face a lot of barriers utilizing the USDA's crop insurance options, including whole farm revenue protection and the non-insured crop disaster assistance program, NAP. Given that crop insurance and the participation by these farmers is limited to access disaster relief, are there any steps being taken by your agency to make sure that the crop insurance, or NAP, is more accessible to organic and specialty crop producers?

Mr. NORTHEY. Certainly, it is available and we see some good participation, especially in specialty crops. Of course, NAP is available where there is not a crop insurance product for folks, and we see good participation in those specialty crop areas. Whole farm revenue protection is a great option for many of those farms with a diversified mix of crops that are hard to individually account for, but they can account for the revenue across that mix of crops.

We see participation. We, certainly, provide outreach to encourage folks to be a part of it. We are hearing that they are good tools for many producers, always looking at ways that they can be better tools for producers, but are a very important mix of our products for those producers who are not producing common commodities in other places.

Mr. PANETTA. Yes, understood, and I appreciate your recognition of that.

In regards to that, have you heard of, or are you implementing, any sort of continuing education requirements or any training for producers to make sure that they understand exactly how this works?

Mr. NORTHEY. We do provide outreach to producers and producer organizations. Certainly, our staff is available to be at other meetings to be able to share information as well, whether it is a grower meeting about something completely different, they can also—our staff will share information. We also, and this is delivered through private crop insurance agents, and those agents are often very active in the outreach that is done around those products as well. They will go ahead in service. They will be the ones that will make the connection, at least on whole farm revenue protection. The NAP is delivered through our FSA offices, and our county executive directors or others in that office will participate in some of those conversations at larger events, outreach, field days, other kinds of things.

Mr. PANETTA. Good. Thank you very much, Mr. Under Secretary. I yield back.

Mr. COSTA. The gentleman yields back, and the chair will now recognize the gentleman from Kansas, the Jayhawk State, Congressman Marshall.

Mr. MARSHALL. Well thank you, Mr. Chairman, and good morning, Mr. Under Secretary. Thank you so much for being here today.

I want to talk just for a second about high quality alfalfa and the Dairy Margin Coverage Program. Now, if I know anything about farming, it is alfalfa. I grew up, my main job in the summers from age 14 to 18 was hauling hay, and I always really kind of didn't look forward to those alfalfa days, because they were heavy bales, 90 to 100 pounds, and I remember complaining to my grandfather about the weight of those bales. And he said, "Look, we grow high quality alfalfa here, and those momma cows that are pregnant are going to love this high-quality protein they are getting. It is like molasses to them, and that is what got those cows through those hard winter days in Kansas."

As I understand it, we are working on this new Dairy Margin Coverage Program, and the price of that type of alfalfa is a little bit more expensive. How is FSA integrating in the information into the DMC formula? Is that going to help us have a more accurate effect on the cost side of this equation?

Mr. NORTHEY. It is. I grew up in Iowa baling small squares of alfalfa hay, but ours was beef quality hay, not dairy quality hay. I certainly know the wonderful smell of alfalfa in the summer.

We did include, as the farm bill suggested, we should look at the price of high-quality hay and compare that to the average hay price that we were using in that Dairy Margin Coverage formula before, everyone is very familiar. You have the milk price and you subtract the feed costs, and the margin is what we are insuring. If that cost of feed by using dairy hay or high-quality hay is a little higher, your margin is a little narrower, and you will trigger a payment a little earlier.

We did, after looking at that and seeing that there is an additional cost, we included in the hay portion of that feed cost 50 percent high quality hay and 50 percent all-hay price. And so that has narrowed the margin a little bit and allowed a more fair representation of what a dairy producer was actually seeing for their feed costs, and certainly, makes it an even better tool for producers to be part of that Dairy Margin Coverage Program.

We have seen times where that premium quality hay will jump in price because of a shortage. That was not being covered before. That is a partial compensation now for those producers, and I think that is an improvement of that program.

Mr. MARSHALL. Great. I appreciate your efforts on that.

I want to talk about just a great job my FSA officers are doing back home. Now, maybe Kansans just don't complain as much as other states, but I am not getting many complaints, and I want to shout out to my executive director and a good friend, David Shem, as well as all those other FSA officers. And as a producer myself who interacts with those people once a year, I think they are doing an incredible job. They have already processed 112,000 applications for the Market Facilitation Program, and 30,000 applications so far for the MFP payments for 2019. I appreciate the great work that they are doing.

One of the things that they are starting to ask me questions about is updating the IT systems between Risk Management Agency and the Farm Service Agency, and the producer data could be

shared across agencies. Can you give us an update on how that is coming along, the Acreage Crop Reporting Streamlining Initiative, and a timeline when you think that might be available to producers?

Mr. NORTHEY. We continue to make progress there to be able to allow information. Right now, we have producers that are able to certify their acres at Farm Service Agency and have that information automatically transfer into their crop insurance agent, and *vice versa*. It is not where it needs to be in the longer-term, and we are also looking at improving the overall acreage reporting process, too. Right now, much of that is still paper driven at the counter, so to be able to put this together in a better electronic form would make it an easier process for producers at the counter, but also potentially decrease the number of contacts a producer needs to be able to make, because we have the information at FSA and it can automatically go to a crop insurance agent.

We are making small steps. In the meantime, we are trying to get our programs out, and so we are looking to be able to make some bigger steps in the future.

Mr. MARSHALL. Quickly, my last question has to do with WHIP, the Wildfire Hurricane Indemnity Program. Certainly, we understand what it typically covers. One of the concerns of my producers is on farm-stored commodities and the other thing I am hearing about is pivots, the irrigation pivots under water, 8', 10' of water, and there is no type of coverage for them at a cost of several hundred thousand dollars. Any thoughts on either of those?

Mr. NORTHEY. On farm-stored commodities that were impacted by flooding are being covered, not within WHIP itself, but within the disaster program. That sign up started last week as well. And so, we have producers going in, just provide information about what a producer had for that stored commodity, whether it is hay or whether it is grain that has been lost, and we will cover 75 percent of the loss of that.

Mr. COSTA. The—go ahead. Are you done?

Mr. NORTHEY. And for irrigation pivots, we have some pieces to be able to touch that. Typically, that has been covered through casualty insurance rather than through our disaster programs, but we have some pieces of EQIP in some cases, ECP in some cases, but mostly has been covered in regular casualty insurance.

Mr. MARSHALL. Thank you. I yield back.

Mr. COSTA. The gentleman's time has expired.

The chair will now recognize the gentleman from South Dakota, Congressman Johnson.

Mr. JOHNSON. Thank you, Mr. Chairman.

I feel like I would be remiss if I didn't start with a thank you. Of course, we have had a wet year. That has come out time and time again as we have been talking about disaster response, but you know, Bill, you were so good at being willing to have conversations with us earlier in the spring about moving that haying and grazing date for cover crop. USDA did it. I could tell it took some work on your end to get it done; but, on behalf of South Dakota, thank you, because there are a lot of us who are a lot better off because of that flexibility that USDA showed, that leadership that you showed. So, thank you.

I want to talk about CRP sign up. The last general sign up for CRP was in the final days of the Obama Administration, and from a South Dakota perspective, we only had a couple selected, even though there were thousands of applicants. I think that was because EBI pushed acres away from traditional areas. And so, I just wanted to get your thoughts on that about EBI, if any amendments or evolutions of that are needed, and if there are any particular pieces of advice I should give my producers in South Dakota as they look toward the next CRP sign up?

Mr. NORTHEY. Well, you are right we are scheduled for December for the next CRP sign up. One of the additional challenges CRP had in the last sign up is there are few acres that were able to be accepted. The cap was very tight to the number of acres that were available. We will likely see a lot more acres available this time around. We have expiring acres this year, and then for sign up in December, since that starts in October of 2020, we will have expiring acres in September 30, 2020 as well. And so, that is a large number of acres that expire at that time.

I think we will see a lot larger sign up than we have seen for many years. That will provide certainly more room for many producers. I assume there will be a lot of interest as well.

The Environmental Benefits Index will be available to everybody. We are looking at making some adjustments. The next one will look just like this last one, so if there are concerns, we are certainly glad to be able to hear that. I don't know some of the specifics on whether it targeted other areas, so certainly glad to be able to talk through that if there are some additional concerns, and what that EBI will look like. But that Environmental Benefits Index will be available publicly, so each producer will be able to look at it and decide whether they want to plant a warm season grass instead of a cool season grass, or a native.

Mr. JOHNSON. When you talk about EBI being the same, is it going to be the exact same mechanism or will it be fundamentally the same?

Mr. NORTHEY. It will be fundamentally the same.

Mr. JOHNSON. Okay. So, now as we look at, because it has just been a record wet year, and good grief, we had some counties in South Dakota that got another 8" or 10" last week. These folks just can't buy a break. Some of them have been into a number of years of prevent plant already. Of course, they know they need another option for that continuously wet ground.

CRP, is that much of an option for them? Is there any kind of a preference that is given to prevent plant type acres for enrollment into CRP?

Mr. NORTHEY. There is not a preference, *per se*, in looking back and seeing what was prevent planted the previous years, but it is certainly likely that those areas would qualify, especially for wetland program acres. And we have that through a program that is out there. We have a Wetland Reserve Program as well, and so sometimes connected directly to that general enrollment, but often connected in other ways. I would encourage folks to go both to their FSA, but their NRCS office as well, and have those conversations if they have an area that they have lost to too much water for several years and are thinking about that area is costing them too



much to farm. There are some programs that will make good use out of that and good areas for public benefit out of that that they can retain ownership and be able to have some program participation in that.

Mr. JOHNSON. Well, Mr. Chairman, I would just close by noting how good it feels to have somebody in this position who really understands what it is like to work hard outdoors, what it is like to have dirty hands, what it is like to sit down and try to figure out how do you run an operation with the kinds of really tight margins that modern production agriculture has. You are doing a good job, sir, in large part because you get it. Thank you.

Mr. NORTHEY. Thank you.

Mr. COSTA. Well, I thank the gentleman from South Dakota. There are a number of us who still actively farm, so I appreciate that.

The last Member, and we will close the hearing following his 5 minutes, is the gentleman from California who represents a nice part of northern California, Congressman LaMalfa.

Mr. LAMALFA. Thank you, Mr. Chairman. I appreciate it, and for having this hearing today to be able to go over these matters. Under Secretary Northey, I really appreciate you being here and the good work you are doing over there, so thanks.

I will get through this. I am just about last, but just quickly. We grow a lot of *amonds* in California, or almonds. We say *amonds*. I have to clarify for those who—

Mr. COSTA. The old *amond* joke.

Mr. LAMALFA. Yes. I won't tell the joke, but we still have an undistributed fund in the Market Facilitation Program from last fall. There was \$63 million that was set aside by USDA for almond producers: \$25 million of it has been distributed, leaving about \$38 million that hasn't been issued for various reasons, some of it having to do with particular level of record-keeping and farm records that hadn't really been kept. My understanding, you already have in place for 2019 a remedy for that, so we do appreciate that. The growers appreciate that.

Is there a way to recapture for the 2018 crop the still undisbursed \$38 million and catch up on some of those needs that are still left behind?

Mr. NORTHEY. For our numbers, our projections of what our spending would be for 2018, there were certainly reasons, whether payment limits or AGI or other kinds of reasons folks did not participate in that program. We have some that participate at greater levels than what the dollars were, some were at less. What we waited for is for folks to come in and apply, and we certainly have the dollars available to do that. It is not a set aside of a certain amount of dollars for a certain crop, and I just encourage folks to come in and participate in this year's program. It is based on acres. It is certainly easier for some producers than a production-based program was for them, and certainly, we look forward to having those folks all participate in this year's program.

Mr. LAMALFA. Right. Can we apply the acres test to the 2018 for those that didn't have the farm records on that basis so we can again capture some of that that was left behind for those losses?

Mr. NORTHEY. We don't have any mechanism to go back and look at that. Sign up has closed on that and we are not looking back at change. I know it was a challenge to implement that program for lots of producers, as well as for us.

Mr. LAMALFA. Certainly in the timeframe and such, right? Yes.

Mr. NORTHEY. To be able to get that done, yes.

Mr. LAMALFA. All right, but you would still encourage them to come in and apply, and maybe those records could be built or something found satisfactory.

Mr. NORTHEY. Participate: The sign up for 2018 has closed.

Mr. LAMALFA. Yes, it has.

Mr. NORTHEY. But, the signup for 2019 is now open until December 6.

Mr. LAMALFA. Okay. December 6, okay. Thank you.

And then in the area of the PLC, Price Loss Coverage, as it applies to rice and/or others that are applicable, but in rice particularly, the crop year being what it is, producers may not receive a payment until November or December, even though the marketing year ends in the summer, in July typically. What is being done to help with the timely issuance of payments to those producers, especially since the cash flow can be an issue for some?

Mr. NORTHEY. I don't know when the marketing year ends and when our information is available, so typically for us to be able to make an ARC or a PLC payment, we need last year's production and the marketing years average prices.

We can check on rice and be glad to be able to work through that and be able to get that information to you, but I am assuming the timing is as early as it can be, considering when we are able to get that information on production and price. If it can be earlier and we can legally do it, we sure would love to be able to do it. I assume that is why it is that way, but I don't know in particular—

Mr. LAMALFA. Yes, typically the harvest will land in early to mid fall, and it wouldn't be too long after that you would have certified production amounts. And so, it would seem that, taken in context with the marketing of that crop the following year, we are just looking for ways to speed up that timeline for the PLC to be available, because again, cash flow is a problem with all that. It is basically a year behind.

Mr. NORTHEY. Yes.

Mr. LAMALFA. Is that something you think can be—

Mr. NORTHEY. We will certainly look at it. The price that we look at for PLC and ARC is the marketing year following that production. Often, just like the corn and soybean payments, we will make for ARC and PLC in October will be based on the prices from last harvest until this late this summer, this fall.

Mr. LAMALFA. Does it have to be the entire crop have that done, or can it be on a more individual farmer basis, or—

Mr. NORTHEY. It is the entire crop. The average for the crop, not for the producer.

Mr. LAMALFA. All right.

Mr. NORTHEY. But I still will have to, Mr. Congressman, I have to check on rice. I am less familiar with the mechanics of rice, and if there is something we can do in a more timely way—

Mr. LAMALFA. We would be happy to have that. Thank you, and I will yield back, Mr. Chairman.

Mr. COSTA. The gentleman's time has expired. If you could please get back not only on the other commodities to the gentleman, but to the Committee as well, that would be appreciated.

Mr. NORTHEY. I would be very glad to.

Mr. COSTA. All right. We have come to a close, but before we adjourn, I would invite Ranking Member Thompson to make any closing remarks that he may desire.

Mr. THOMPSON. Mr. Chairman, thank you for this hearing. I appreciate the fact that our two Subcommittees came together, it is very timely. Secretary Northey, thank you.

We work really hard on this Committee to make sure we are doing the right things by American farm families, and that is evidenced by the programs that we put forward and authorize within the farm bill. And so, I just take great confidence to have somebody with your background, your experience, and quite frankly, your confidence executing those programs. And so, thank you for what you have done.

I yield back.

Mr. COSTA. Well, we thank the Ranking Member of the Subcommittee, and I know I speak for Congressman Vela, we do appreciate the efforts to bring both Subcommittees together for this important hearing today, and our staff who worked hard to put this together as well for both Subcommittees.

I will now recognize my Subcommittee's Ranking Member, Mr. Rouzer, for any closing comments he might like to make.

Mr. ROUZER. Well thank you, Mr. Chairman, and Mr. Under Secretary, I too thank you for being here. We appreciate the work that you and the many great employees all across USDA do, and certainly appreciate your attention to the detail of implementation of our disaster assistance programs. That is just so critically important. This is a very fragile time, very precarious time for many in production agriculture, particularly those that have been forced to endure multiple natural disasters. For example, in my district we had Hurricane Matthew in 2016 and then followed up by Hurricane Florence in 2018, and then low commodity prices on top of that for an extended period of time as well. It has been probably one of the most challenging times in agriculture, and throughout the country in general, but specifically for these areas that have been hit so hard by our natural disasters.

I really appreciate your time and attention and follow through on that, and look forward to continuing to work with you to address those needs.

Mr. Chairman, I yield back. Thank you.

Mr. COSTA. All right. The gentleman yields back, and Under Secretary Northey, we appreciate the time that you spent this morning with both Subcommittees and the testimony that was given and the questions that you answered. Clearly, if there is any follow up, both Subcommittees will reach out to you and the Department. We thank Secretary Perdue. As was noted by almost every Member, I believe, it is tough times in farm country, and regionally, looking across the country and from a combination of natural disasters that have taken place almost in every region of the country, to com-

modity prices that have been impacted by a lot of factors, including this trade war that is taking place. American farmers, ranchers, dairymen and -women are struggling to survive, and clearly, as I say everywhere I go, food is a national security item. A lot of folks take it for granted. Nobody does it better than the American farmer every day, putting food on America's dinner table at the most highest quality and at the most cost-effective price anywhere in the world. And we do it so well, we can produce more than we can consume, and therefore, the trade issues are critical.

But the fact of the matter is that we must remind ourselves that with less than five percent of the nation's population directly engaged in the production of food and fiber, that this is a critical issue for all Americans, and we must do everything we can to ensure that we provide stable markets to ensure that all of the American agriculture can make it through these difficult times. Because as we know, nobody does it better than the American farmer.

I will close this hearing. The record for today's hearing will remain open for 10 calendar days to receive any additional material and supplemental written responses from witness to any question posed by a Member.

At this point, this joint hearing is now adjourned. I thank the Members of both Subcommittees.

[Whereupon, at 12:17 p.m., the Subcommittees were adjourned.]

[Material submitted for inclusion in the record follows:]

## SUBMITTED QUESTIONS

**Response from Hon. William Northey, Under Secretary, Farm Production and Conservation, U.S. Department of Agriculture**

*Joint Questions Submitted by Hon. Filemon Vela, a Representative in Congress from Texas; Hon. Glenn Thompson, a Representative in Congress from Pennsylvania*

*Question 1.* Please provide the Committee with the current number of FSA county field office employees for each state, distinguishing between permanent full-time and temporary full-time employees.

*Answer.*

**FSA County Office Non-Federal (CO) Permanent and Temporary Full-Time Employment as of 10/4/19**

State	County Office Non-Federal (CO) Permanent Full-Time**	County Office Non-Federal (CO) Temporary Full-Time	Total County Office Non-Federal (CO) Permanent and Temporary Full-Time
Alaska	4	0	4
Alabama	127	10	137
Arkansas	144	13	157
American Samoa	1	0	1
Arizona	20	2	22
California	89	29	118
Colorado	95	4	99
Connecticut	11	1	12
Delaware	8	1	9
Florida	59	13	72
Georgia	206	19	225
Guam	2	0	2
Hawaii	9	3	12
Iowa	446	19	465
Idaho	73	2	75
Illinois	390	7	397
Indiana	259	0	259
Kansas	370	16	386
Kentucky	206	0	206
Louisiana	97	8	105
Massachusetts	11	1	12
Maryland	50	1	51
Maine	20	0	20
Michigan	167	0	167
Minnesota	292	6	298
Missouri	302	5	307
Mississippi	147	0	147
Montana	152	5	157
North Carolina	233	9	242
North Dakota	200	6	206
Nebraska	290	7	297
New Hampshire	11	2	13
New Jersey	18	1	19
New Mexico	41	4	45
Nevada	9	2	11
New York	103	3	106
Ohio	230	1	231
Oklahoma	190	12	202
Oregon	53	1	54
Pennsylvania	118	7	125
Puerto Rico	0	0	0
Rhode Island	3	1	4
South Carolina	96	12	108
South Dakota	229	14	243
Tennessee	168	10	178
Texas	462	11	473
Utah	36	2	38
Virginia	116	3	119
Virgin Islands	0	0	0

**FSA County Office Non-Federal (CO) Permanent and Temporary Full-Time  
Employment as of 10/4/19—Continued**

State	County Office Non-Federal (CO) Permanent Full-Time**	County Office Non-Federal (CO) Temporary Full-Time	Total County Office Non-Federal (CO) Permanent and Temporary Full-Time
Vermont	16	2	18
Washington	67	4	71
Wisconsin	226	0	226
West Virginia	44	2	46
Wyoming	37	0	37
<b>Total</b>	<b>6,753</b>	<b>281</b>	<b>7,034</b>

\*\* Does not include permanent part-time staff.

**FSA County Office Federal (GS) Permanent and Temporary Full-Time  
Employment as of 10/4/19**

State	Federal (GS) Permanent Full-Time	Federal (GS) Temporary Full-Time	Total Federal (GS) Permanent and Temporary Full-Time
	(4)	(5)	(col. 4 + col. 5 = col. 6)
Alaska	0	0	0
Alabama	21	0	21
Arkansas	63	0	63
American Samoa	0	0	0
Arizona	9	0	9
California	31	0	31
Colorado	20	0	20
Connecticut	4	0	4
Delaware	1	0	1
Florida	17	0	17
Georgia	35	0	35
Guam	0	0	0
Hawaii	10	0	10
Iowa	81	0	81
Idaho	25	0	25
Illinois	55	0	55
Indiana	34	0	34
Kansas	62	0	62
Kentucky	68	0	68
Louisiana	40	0	40
Massachusetts	6	0	6
Maryland	7	0	7
Maine	16	0	16
Michigan	36	0	36
Minnesota	69	0	69
Missouri	54	0	54
Mississippi	45	0	45
Montana	25	0	25
North Carolina	34	0	34
North Dakota	59	0	59
Nebraska	64	0	64
New Hampshire	3	0	3
New Jersey	2	0	2
New Mexico	14	0	14
Nevada	3	0	3
New York	42	0	42
Ohio	35	0	35
Oklahoma	80	0	80
Oregon	19	0	19
Pennsylvania	32	0	32
Puerto Rico	28	27	55
Rhode Island	0	0	0

**FSA County Office Federal (GS) Permanent and Temporary Full-Time  
Employment as of 10/4/19—Continued**

State	Federal (GS) Permanent Full-Time	Federal (GS) Temporary Full-Time	Total Federal (GS) Permanent and Temporary Full-Time
	(4)	(5)	(col. 4 + col. 5 = col. 6)
South Carolina	23	0	23
South Dakota	58	0	58
Tennessee	37	0	37
Texas	90	0	90
Utah	19	0	19
Virginia	25	0	25
Virgin Islands	1	0	1
Vermont	12	0	12
Washington	16	0	16
Wisconsin	58	0	58
West Virginia	24	0	24
Wyoming	12	0	12
<b>Total</b>	<b>1,624</b>	<b>27</b>	<b>1,651</b>

*Question 2.* Please provide your projected number of FSA county field office employees both permanent full-time and temporary full-time for each state, for the 4th Quarter of FY 2020.

*Answer.* FSA uses the Optimally Productive Office (OPO) tool to inform staffing decisions. It provides dynamic data and analysis built on more than 600 million data points to help leaders in the field and at headquarters make decisions to better serve farmers and ranchers. The productivity tool provides data that informs leaders on the varying levels of productivity across offices and programs. The demand forecast tool provides a view of estimated future workload to help leaders better plan for future work. The location analysis tool provides leaders with data that informs where offices could be best located to optimize customer service and employee experience. Together, these tools allow USDA leadership to use a data-driven approach in determining where to place staff and locate offices in order to efficiently and effectively serve farmers and ranchers. Since staffing decisions are informed by these dynamic factors as well as the impacts of attrition, competition for talent, and changing technology and processes, we are unable to project what the needs will be by state in the 4th quarter of FY 2020.

*Question 3.* Please provide the Committee with the optimal number of “unrestricted” FSA field office employees for FY 2020 as determined by the Optimally Productive Office tool for each state.

*Answer.* The OPO toolset described in *Question 2* shows the unrestricted staffing level as of October 4, 2019 is 11,644 nationwide; however, similar state level data is unavailable.

*Question 4.* Please provide the Committee with the staff ceiling numbers for FY 2020 given to each State Executive Director.

*Answer.* Until a full year FY20 budget is provided, states will retain the hiring levels provided for FY 2019.

*Question 5.* Please provide the current number of FSA county offices by state, distinguishing between those that are open full-time (daily, Monday through Friday) and those open part-time.

*Answer.*

**Number of Full-Time and Part-Time Farm Service Agency County Offices  
as of 10/15/19**

State	Number of Full-Time County Offices	Number of Part-time County Offices	Grand Total
Alabama	44	1	45
Alaska	2	0	2
American Samoa	1	0	1
Arizona	8	0	8
Arkansas	52	0	52

**Number of Full-Time and Part-Time Farm Service Agency County Offices  
as of 10/15/19—Continued**

State	Number of Full-Time County Offices	Number of Part-time County Offices	Grand Total
California	30	0	30
Colorado	32	6	38
Connecticut	5	0	5
Delaware	2	1	3
Florida	30	0	30
Georgia	54	12	66
Guam	1	0	1
Hawaii	4	0	4
Idaho	29	0	29
Illinois	82	11	93
Indiana	73	2	75
Iowa	97	0	97
Kansas	94	2	96
Kentucky	64	0	64
Louisiana	35	2	37
Maine	12	1	13
Maryland	19	1	20
Massachusetts	7	0	7
Michigan	47	2	49
Minnesota	69	5	74
Mississippi	63	0	63
Missouri	92	2	94
Montana	46	2	48
Nebraska	67	4	71
Nevada	6	0	6
New Hampshire	5	0	5
New Jersey	6	0	6
New Mexico	20	4	24
New York	37	2	39
North Carolina	65	7	72
North Dakota	51	0	51
Ohio	60	6	66
Oklahoma	58	1	59
Oregon	21	1	22
Pennsylvania	37	1	38
Puerto Rico	7	2	9
Rhode Island	1	0	1
South Carolina	33	1	34
South Dakota	55	0	55
Tennessee	58	1	59
Texas	168	5	173
Utah	18	1	19
Vermont	8	1	9
Virgin Islands	1	0	1
Virginia	41	0	41
Washington	23	2	25
West Virginia	23	0	23
Wisconsin	51	4	55
Wyoming	17	0	17
<b>Grand Total</b>	<b>2,031</b>	<b>93</b>	<b>2,124</b>

*Question 6.* According to press reports and anecdotal information, USDA has reduced FSA field office staff totals from 11,000 in 2008 to 8,700 currently. Please verify this information.

*Answer.* We are unable to separate out the different types of FSA staff going back to 2008. However, we can provide on-board staff as of September 30 each year. The following table sets out staffing numbers for each fiscal year less the mission support function series that correspond with positions transferred to the FPAC Business Center on October 14, 2018.



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Farm Service Agency	12,706	12,148	11,189	10,330	9,798	10,166	10,530	10,132	9,516	9,596

*Question 7.* Please provide the amount of late payments you have made in FY 2019 and FY 2020, listed by program, including interest paid.

*Answer.*

**FSA/CCC FY 2019 All Fiscal Months**  
(Prompt Payment Interest (PPI))

Accounting Program Description	Payment Request Amount	Interest Amount
Economic Adjustment Assist.—Upland Cotton	\$8,885,074.68	\$14,586.94
Cotton Ginning Cost-Share Program	\$823.00	\$7.79
Livestock Forage Disaster Program	\$12,083.00	\$120.88
Non-Insured Assistance Program Authorized	\$10,307.31	\$146.13
Biomass Crop Assistance—Technical Assist.	\$77,519.25	\$234.17
Biomass Crop Assistance—Annual Rental	\$72,237.00	\$1,420.46
Biomass Crop Assistance—Cost-Share	\$8,390.00	\$9.79
Non-Insured Assistance Program	\$1,008,180.00	\$42,983.92
NAP Loss Adjuster—Salary	\$0.00	\$20.09
NAP Loss Adjuster—Travel	\$0.00	\$6.28
Livestock Indemnity Program	\$190,990.00	\$5,581.34
Emerg. Assist. Livestock Bees Fish (ELAP)	\$603,964.00	\$7,223.00
Tree Assistance Program	\$58,097.00	\$716.70
Livestock Forage Program	\$1,332,580.00	\$28,546.74
Geographic Disadvantaged Program	\$1,592.49	\$26.18
Price Loss Coverage Program	\$4,090,208.00	\$28,741.26
Agricultural Risk Coverage Program—County	\$1,164,134.16	\$14,030.30
Agricultural Risk Coverage—Individual	\$132,118.00	\$13,506.32
Loss Adjuster Salary—TAP	\$0.00	\$16.68
Loss Adjuster Travel—TAP	\$0.00	\$3.91
Geographic Disadvantaged Program	\$907.82	\$29.55
Geographic Disadvantaged Program	\$11,121.39	\$182.05
Geographic Disadvantaged Program	\$63,991.42	\$764.27
Supplemental Revenue Assistance Program	\$0.00	\$9,853.97
Wildfires and Hurricanes Indemnity Program	\$3,692,650.00	\$6,906.73
Geographic Disadvantaged Program	\$3,540.77	\$2.44
Market Facilitation Program—Crops	\$37,155,886.00	\$1,032,611.41
Market Facilitation Program—DAHG	\$2,032,378.00	\$34,163.96
Market Facilitation Program—Specialty Crops	\$366,967.00	\$12,094.71
TMP/MPF 2019 Non-Specialty Crops	\$721,644.30	\$26,420.93
TMP/MPF 2019 Specialty Crops	\$21,451.78	\$556.64
TMP/MPF 2019 Livestock	\$3,200.00	\$1,908.81
TMP/MPF 2019 Non-Specialty Crops—A	\$0.00	\$7.37
Grasslands Reserve Program	\$1,185,526.00	\$8,212.75
CRP—Cancel	\$32,068.00	\$3.22
CRP—Emergency Forestry Annual Rental	\$6,547.00	\$377.91
CRP—Emergency Forestry Annual Rental	\$4,622.00	\$16.76
CRP Payment—Annual Rental	\$1,476.00	\$34.54
CRP Payment—Annual Rental	\$1,244,967.00	\$26,660.17
CRP Old Unpaid Contracts	\$12,838.50	\$292.48
Auto CRP—Cost-Shares	\$14,012,690.00	\$104,496.90
CRP Incentive	\$874.00	\$15.42
CRP Common Incentive	\$14,887.00	\$17,451.85
Emergency Forestry Restoration Program	\$117,102.00	\$525.03
Emergency Forest Restoration Stafford	\$186,232.00	\$1,667.72
CRP—Chesapeake Bay Incentive	\$0.00	\$454.81
Emergency Conservation Program	\$1,437,076.00	\$4,700.44
Emergency Conservation Program FY17	\$1,098,162.00	\$4,469.30
Emergency Conservation Program Stafford	\$1,591,288.00	\$4,984.07
ECP Cost-Share FY 2018	\$8,020,742.00	\$36,026.49
Loan Deficiency—Lentils, Dry	\$0.00	\$0.00
Loan Deficiency—Upland Cotton	\$0.00	\$0.00
Miscellaneous Expense	\$72,130.54	\$1,117.66
AMA Organic Cost-Share—Crops	\$1,500.00	\$4.54
CCC Organic Cost-Share—Crops	\$390,721.43	\$2,366.41

**FSA/CCC FY 2019 All Fiscal Months—Continued**  
(Prompt Payment Interest (PPI))

Accounting Program Description	Payment Request Amount	Interest Amount
CCC Organic Cost-Share—Livestock	\$63,822.09	\$345.71
CCC Organic Cost-Share—Wild Crops	\$2,653.00	\$12.99
CCC Organic Cost-Share Fees—Handling	\$105,955.00	\$692.37
Organic Cost-Share Fees—St. Org. Pgm. Fees	\$2,687.25	\$22.44
Margin Protection Program—Dairy	\$70,520.00	\$7,770.48
Margin Protection—Dairy	\$563,352.60	\$510.52
Dairy Margin Coverage—Premium Repayments	\$1,891,587.72	\$2,138.48
Dairy Margin Coverage Program	\$4,307.06	\$429.07
Interest—Cotton, Special Loan	\$14,078.93	\$4.82
<b>Total</b>	<b>\$93,872,449.49</b>	<b>\$1,509,237.07</b>

**FSA/CCC FY 2020 Fiscal Month 1**  
(Prompt Payment Interest (PPI))

Accounting Program Description	Payment Request Amount	Interest Amount
Non-Insured Assistance Prog. Authorized	\$73,855.00	\$5.39
Non-Insured Assistance Program	\$11,310.00	\$6,836.92
Livestock Indemnity Program	\$0.00	\$1,101.57
Emerg. Assist. Livestock Bees Fish (ELAP)	\$0.00	\$487.85
Price Loss Coverage Program	\$19,733.00	\$1,754.92
Agricultural Risk Coverage Prog.—County	\$41,185.00	\$1,423.56
Supplemental Revenue Assistance Program	\$0.00	\$6,971.83
Market Facilitation Program—Crops	\$116,030.00	\$1,643.35
Market Facilitation Prog.-Specialty Crops	\$61,584.00	\$113.43
TMP/MPF 2019 Non Specialty Crops	\$635,277.08	\$40,600.37
TMP/MPF 2019 Specialty Crops	\$4,125.96	\$1,968.69
TMP/MPF 2019 Livestock	\$0.00	\$2,014.13
TMP/MPF 2019 Non-Specialty Crops—A	\$0.00	\$66.01
Grasslands Reserve Program	\$116,952.00	\$957.89
CRP Payment—Annual Rental	\$10,519.00	\$204.30
Auto CRP—Cost-Shares	\$20,682.00	\$85.66
Emergency Forestry Restoration Program	\$10,792.00	\$182.43
Emergency Forest Restoration Stafford	\$149,105.00	\$819.85
Emergency Conservation Program	\$228,101.00	\$1,881.07
Emergency Conservation Program FY17	\$12,979.00	\$58.25
Emergency Conservation Program Stafford	\$155,770.00	\$367.78
ECP Cost-Share FY 2018	\$1,047,978.00	\$5,952.05
Loan Deficiency—Lentils, Dry	\$63,980.17	\$23.61
Loan Deficiency—Upland Cotton	\$772.00	\$32.07
Miscellaneous Expense	\$0.00	\$2.79
Dairy Margin Coverage Program		\$883.14
<b>Total</b>	<b>\$2,780,730.21</b>	<b>\$76,438.91</b>

*Question 8.* Please provide an accounting for the amount currently being spent on leasing vacant or underutilized physical office space, broken out by leases on offices with no employees and the offices that are only occupied part time by appointment only.

*Answer.* As of October 15, 2019, the Farm Service Agency has 187 offices that are either zero-person offices or part-time offices. The total annual rent cost for these offices is \$8,716,753. Of these 187 offices, there are 94 offices with zero personnel. The annual rent cost for the zero-person offices is \$4,606,487. Additionally, FSA has 93 offices that are occupied part-time by appointment only. The annual lease cost for operating these offices is \$4,110,266. The lease term for all FSA offices vary, but generally a lease may be terminated with 120 day notification to the lessor.

Office Classification	Number of Offices	Rent Cost
Zero-person Offices	94	\$4,606,487
Part-time Offices	93	\$4,110,266
Total Zero-person & Part-time Offices	187	\$8,716,753

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

*Question 1.* One of the farm bill provisions important to many California cotton producers and other cotton growers in the Far West region is the Extra Long Staple (ELS) or Pima Competitiveness Program, since Pima cotton is not eligible for the traditional farm bill safety net programs. Just like our friends in other parts of the cotton belt that produce upland cotton and are being harmed by the tariff situation with China, Pima cotton producers are also suffering due to lost market in China and quickly declining market prices. My office and others have worked with USDA and the cotton industry to make some needed updates to the Pima program and I'm very appreciative of Secretary Perdue's support on this. He heard about the need for this from some growers in my district when he was visiting my district a few months ago. However, it is my understanding the needed changes are being held up by OMB so what can you and the Secretary do to help get this done and how can this Committee be helpful?

*Answer.* USDA has been working closely with OMB to resolve PAYGO issues associated with updating some of the program parameters. We anticipate resolution of this issue soon.

*Question 2.* I am hearing from my constituents of staffing shortages at local Farm Service Agency (FSA) offices and delayed receipt of Market Facilitation Program (MFP) payments. Can you please explain the payment system in place for MFP payments? What is being done to ensure efficient delivery of payments?

*Answer.* The MFP application system calculates payments based upon eligible acreage multiplied by an established county MFP rate for non-specialty crop commodities, and by the established rate for the applicable specialty crops. In the case of livestock, the applicant's ownership share interest in production as recorded in the MFP application system is multiplied by the applicable payment rate for the livestock commodity. A payment record is generated once the approval date is recorded in the MFP application system. Nightly payment sweeps are conducted. Payments that are successfully pushed to the National Payment Service are to be certified and signed the next business day. Field offices have been instructed to record County Committee approvals the same day in the MFP application system. Complete applications are to be reviewed and approved within 30 days of receipt in a County office to avoid prompt pay interest payments.

Delays in payments can occur if an applicant has not provided all of the required payment eligibility forms, such as a payment limitation farm operating plan or Adjusted Gross Income certification. County office staff follow up with MFP applicants as time permits to obtain the necessary documentation to record current payment eligibility statuses.

*Question 2a.* What is being done to address reports of staffing shortages at FSA offices given the simultaneous rollout of the new disaster programs, Dairy Margin Coverage, other farm bill programs, and MFP?

*Answer.* FSA has adjusted to handle the FY19 increased workload in a number of ways. Significant training was done to prepare staff for the new provisions of the 2018 Farm Bill which allows them to more confidently and efficiently serve customers. Ad hoc program workload was addressed in several ways. Technology improvements like automated payments reduced data entry. Temporary employees as well as jump teams were also used to meet the ad hoc program demand. Mechanisms like appointments and registers help staff manage the flow of customers. In addition, utilizing Risk Management Agency and the Authorized Insurance Providers (AIPs) to deliver prevented planting disaster payments as part of the supplemental disaster program shifted work from FSA offices.

*Question 3.* If a dairy operation signed up for the 5 year discount in Dairy Margin Coverage and then goes out of business between now and 2023, they aren't required to pay the remaining premiums for future years. Is that correct?

*Answer.* Yes, if a DMC participating dairy operation dissolves between now and 2023, the dairy operation is not required to pay the remaining premium fee from the date of dissolution and for the future years in the contract.

*Question 4.* What specific work has USDA done to inform farms that never participated in the Margin Protection Program about their options under Dairy Margin Coverage?

*Answer.* USDA performed significant outreach before and during the DMC enrollment and coverage election period signup which included press releases, publications and FSA County Office newsletters. Additionally, in coordination with agriculture organizations including farm credit, farm bureau, and ag extension, FSA provided information and support in promotion of the DMC program. FSA County Offices were authorized to perform additional outreach as needed and promote the program throughout their county area.

*Question 5.* In addition to or in place of the Market Facilitation Program, have there been any discussions at USDA about spending some trade aid money on domestic market development so farmers have additional places to sell products in the future?

*Answer.* The trade mitigation assistance is focused on helping farmers adjust to disrupted markets caused by retaliatory tariffs. One part of this strategy is to help producers develop existing and find new overseas markets for their products. Therefore, there has been no discussion of domestic marketing programs in the context of this trade-related assistance.

*Question 6.* Given that dairy farmers have more tools available now given Dairy Margin Coverage and the new Risk Management Association insurance options, how are you working to demonstrate how these two types of risk management options can be used together?

*Answer.* Moving forward, FSA and RMA will work towards developing documents on the attributes of the three USDA dairy risk management programs and complete a side by side comparison of the individual program details.

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

*Question 1.* In the statement of managers for the 2018 Farm Bill, we asked you to “conduct outreach to eligible operations through repeated contacts and multiple modes such as mailings, phone calls and local meetings, and to collaborate with state licensing boards, cooperatives, producer groups, institutions of higher education, and other stakeholders to thoroughly inform producers of their operations’ new affordable options under DMC, MPP credit or refund values, and the new safety net options provided under DMC.”

Would you submit a detailed written summary of the outreach efforts FSA has undertaken including number of contacts made by each method and overall percentage of operations reached for the hearing record?

*Answer.* Although an independent, authoritative registry of eligible dairy operations throughout the country is unavailable, so a percentage of operations reached cannot be provided, USDA developed a multi-faceted outreach strategy to ensure producers were aware of their options under the Dairy Margin Coverage program. USDA performed significant outreach before and during the DMC enrollment and coverage election period signup which included press releases, publications and FSA County Office newsletters. Additionally, in coordination with agriculture organizations including farm credit, farm bureau, and ag extension, FSA provided information and support in promotion of the DMC program. FSA County Offices were authorized to perform additional outreach as needed and promote the program throughout their county area. County Offices regularly informed dairy operations on DMC by use of the GovDelivery electronic newsletter. Additionally, county staff made calls to dairy operations reminding them of program deadlines and held DMC information meetings separately or in coordination with the affiliated dairy agricultural organizations. FSA will continue to employ the strategies outlined below during future enrollment periods as well.

The FSA Administrator, Outreach Coordinator and Deputy Administrator for Farm Programs held three separate dairy industry stakeholder calls with over forty stakeholders on the following dates:

Call 1: 4/22/19  
Call 2: 6/14/19  
Call 3: 9/9/19

Summary of letters and post cards mailed in 2019 for dairy programs:

MPP:

1. Retroactive LGM–MPP—Signup postcard to LGM dairy operations that did not participate in MPP informing of MPP sign-up. 300 postcards mailed to this target audience.

2. Limited MPP—For 2018 MPP partial year contracts, 468 informational sessions were conducted by FSA County Office staff, that covered MPP, along with DMC and LGM. Additionally, news releases were distributed at the state and national levels through the Agency’s county specific e-mail lists. As a result, there were 296 applications for MPP received.
3. MPP Repayments—Letter informing dairy operations of their specific MPP repayments amounts for cash or credit. 14,404 mailed.

DMC:

1. Notification Letter to MPP-Dairy participants of 2019 DMC sign up. 28,703 mailed.
2. Reminder post card to dairy operations not enrolled in DMC. 9,795 mailed.
3. Receivable letter to dairy operations with unpaid premiums. 3,604 mailed.

Key Updates:

- 2019 Enrollment:
  - **23,269** producers have signed up for the program.
  - 10,040 producers signed a 5 year contract.
  - 9,157 producers applied \$30 million in credit from their Margin Protection Program for Dairy participation to DMC.
  - For Tier One, 99.3% of producers elected 95% coverage.
  - For Tier Two, 98.6% of producers elected 95% coverage.
- 2020 Enrollment (as of November 4, 2019):
  - **3,103** producers have signed up for the program.
  - For Tier One, 99.2% of producers elected 95% coverage.
  - For Tier Two, 98.8% of producers elected 95% coverage.
- Comms/Outreach Analytics for DMC campaign:
  - **69,770+ page views** for dairy-related news releases, blogs and webpages.
  - **376,200+ emails opened** with dairy-related information.
  - **3,220+ earned media articles** with an audience reach of more than 10.7 million people.
  - **622,400+ impressions** on USDA and FPAC-managed social media accounts
  - **38,800+ visits** to the DMC Decision Tool.
  - **150** participants in June 17 webinar.
  - **468** targeted outreach meetings were carried out as of Sept. 30, 2019.

*Question 2.* We have an issue where FSA loan officers have approved loans for young operators using shared facilities, only then to be told that they don’t qualify under DMC rules. What are you doing to make sure that new and beginning farmers have access to DMC and your program rules aren’t in conflict and are county committees being used to give guidance on whether this is a new operation and not an effort to game the system?

*Answer.* DMC and Farm Loan Programs are administered under separate authorizing statutes, and these statutes have differences in determining a producer’s eligibility for each. The DMC program allows new and beginning farmers the opportunity to establish a new production history depending on when they started to commercially market milk. FSA does have limitations on multiple producer operations. County Executive Directors (CEDs) are trained on producer eligibility and other requirements for DMC. They work with County Committees, which determines a dairy operation’s eligibility for the DMC program based on separate and distinct operating criteria. In the case of intergenerational transfers, a producer is able to participate in DMC and also obtain a farm loan.

Assisting beginning farmers and ranchers has been a priority of Secretary Perdue for 3 years. We encourage you to provide us with specific cases of farmers who have been unable to utilize DMC due to shared facilities operations to assess what may be done.

*Questions Submitted by Hon. Anthony Brindisi, a Representative in Congress from New York*

*Question 1.* What concerns, if any, are you hearing from farmers about the program, concerns that may be keeping them from signing up for the program? If so, what are your plans for addressing such issues?

*Answer.* USDA is aware not all dairy operations have chosen to participate in the DMC program. While robust outreach efforts were implemented to encourage DMC participation, some producers decided not to participate due to declining government support and religious considerations. USDA will continue to communicate and encourage participation from all dairy operations.

*Question 2.* With 2019 DMC sign-ups now closed, can you share a bit about the outreach work that FSA has done to encourage all producers to sign up for the program, even those that had not been in the Margin Protection Program?

*Answer.* USDA performed significant outreach before and during the DMC enrollment and coverage election period signup which included press releases, publications and FSA County Office newsletters. Additionally, in coordination with agriculture organizations including farm credit, farm bureau, and ag extension, FSA provided information and support in promotion of the DMC program. FSA County Offices were authorized to perform additional outreach as needed and promote the program throughout their county area.

*Question 3.* With the 2020 sign-up not far away, do you anticipate any changes being made to the process based on how this year's process went?

*Answer.* The Dairy Margin Coverage (DMC) enrollment and coverage election period for 2020 is currently open until December 13, 2019. DMC enrollment process for 2020 is unchanged from 2019, and FSA is planning to employ similar outreach strategies to inform producers of their coverage options under the program. We issued a news release at the commencement of signup on October 7 and we will continue to make departmental notifications to the dairy industry, individually notify producers through postcards and letters, as well as use our GovDelivery platform to notify producers, in addition to efforts made at the local levels through our County Offices to ensure producers are well informed about the signup process for 2020.

*Question Submitted by Hon. T.J. Cox, a Representative in Congress from California*

*Question.* I have a question regarding the Dairy Margin Coverage Program, and organic dairy farms are also eligible for the program. And I would like to hear about any specific outreach you have done to reach this section of the industry?

*Answer.* USDA performed significant outreach before and during the DMC signup which included press releases, publications and FSA County Office newsletters. Additionally, in coordination with agriculture organizations including farm credit, farm bureau, and ag extension, FSA provided information and support in promotion of the DMC program. FSA County Offices were authorized to perform additional outreach as needed including organic producers and promote the program throughout their county area.

*Question Submitted by Hon. Doug LaMalfa, a Representative in Congress from California*

*Question.* In the area of the PLC, Price Loss Coverage, as it applies to rice and/or others that are applicable, but in rice particularly, the crop year being what it is, producers may not receive a payment until November or December, even though the marketing year ends in the summer, in July typically. What is being done to help with the timely issuance of payments to those producers, especially since the cash flow can be an issue for some?

*Answer.* The Agricultural Act of 2014 established the timing of ARC and PLC payments, which shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. The Agriculture Improvement Act of 2018 retains this provision. Based on stakeholder input during the implementation of the 2014 Act, the price that all short and medium grain rice receives outside California is used for the calculation of the final marketing year average price for this program. This data is available by the end of October, several months earlier than final price data from California, which allows ARC and PLC payments to be made in November, consistent with the statute.