

STATE OF THE RURAL ECONOMY

HEARING BEFORE THE COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

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STATE OF THE RURAL ECONOMY

TUESDAY, FEBRUARY 6, 2018

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

The Committee met, pursuant to call, at 9:30 a.m., in Room 1300 of the Longworth House Office Building, Hon. K. Michael Conaway [Chairman of the Committee] presiding.

Members present: Representatives Conaway, Thompson, Goodlatte, Lucas, King, Gibbs, Austin Scott of Georgia, Crawford, Denham, LaMalfa, Davis, Yoho, Allen, Bost, Rouzer, Abraham, Kelly, Comer, Marshall, Bacon, Faso, Dunn, Arrington, Peterson, David Scott of Georgia, Costa, Fudge, McGovern, Vela, Lujan Grisham, Kuster, Bustos, Maloney, Plaskett, Adams, Evans, Lawson, Panetta, Soto, and Blunt Rochester.

Staff present: Bart Fischer, Callie McAdams, Jackie Barber, Matthew S. Schertz, Mollie Wilken, Anne Simmons, Evan Jurkovich, Keith Jones, Kellie Adesina, Liz Friedlander, Matthew MacKenzie, Troy Phillips, Nicole Scott, and Carly Reedholm.

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

The CHAIRMAN. Good morning. I will call our hearing to order. Please join me in a brief prayer.

Heavenly Father, we thank you, Lord, for the privilege of serving this great nation. We ask, Lord, for wisdom and discernment and understanding as we go about these difficult decisions that affect so many lives across this country and livelihoods as we work on the decisions that this Committee has responsibility for. We ask, Lord, that we are worthy of the blessings of being able to do this. We ask for your help and assistance. Forgive us for our failures. We ask this in Jesus' name. Amen.

This hearing of the Committee on Agriculture entitled, *State of the Rural Economy*, will come to order.

I would like to thank our star witness, the Honorable Sonny Perdue, for being with us today. It is customary for the Secretary of Agriculture to help the Committee kick off a new year. This hearing is an opportunity for the Secretary to offer his assessment of the rural economy and to visit with Members of the Committee about the full range of issues impacting rural America and agriculture.

Of course, it does not take a hearing to appreciate the hardships that rural America and our nation's farmers and ranchers face today. Over the last 4 years, we have witnessed the steepest de-

cline in net farm income since the Great Depression. Producers, who always operate on thin margins, are struggling to cover their costs. Thankfully, we have taken some important steps in lightening their load.

The Administration has been moving to unburden farmers and ranchers of unnecessary regulations that cost producers a fortune and put them in legal limbo. And, late last year, Congress approved and the President signed into law a tax reform bill that provides meaningful tax relief for American agriculture. Regulatory and tax relief are already helping America's farmers and ranchers by reducing their cost of doing business. In turn, this means more economic activity and jobs on the farm and on main street America.

Unfortunately, on the earning side of the equation, the news has not been nearly as favorable. Natural disasters and high and rising foreign subsidies, tariffs, and non-tariff trade barriers have resulted in lost crops and chronically depressed prices. And uncertainty over the direction of trade has exacerbated the anxiety in rural America because the U.S. farmer and rancher depends so much on access to global markets to make ends meet.

Crop insurance has been an extraordinary success story, providing critical risk management to farmers and obviating the need for Congress to approve *ad hoc* disaster assistance over the past decade. However, the most costly hurricanes on record have shed some light on the areas where we need to make improvements so crop insurance can serve, as an example, the Florida orange producer as well as the Iowa corn farmer. Some weaknesses in the farm bill's safety net have also become apparent, especially for our nation's cotton and dairy farmers.

We on this Committee are going to do our best to address these and other issues through pending legislation and a strong new farm bill that the President has declared he wants sent to his desk on time.

Toward this end, Mr. Secretary, you developed and presented some very thoughtful and constructive principles to help guide us in charting the course toward that new farm bill, and I want thank you for that.

On the trade front, the ball is naturally more in the Administration's court than it is in ours. I appreciate the Administration's strong desire to strike better deals for the United States and to reduce, if not eliminate, our trade deficit. But, as you know, Mr. Secretary, there is also a deep concern in the countryside that none of the gains we have made in the way of market access for farmers and ranchers should be lost in the process. In this regard, you have been a critical friend and advocate and, again, I thank you for that.

[The prepared statement of Mr. Conaway follows:]

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CONGRESS FROM TEXAS

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With that, I would like to recognize my friend, the Ranking Member, for his opening statement.

The CHAIRMAN. With that, I recognize my friend, the Ranking Member, for comments he would like to make. Collin.

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

Mr. PETERSON. Thank you, Mr. Chairman, and welcome, Secretary, back to the Committee. We appreciate you being here.

As those of us here today are well aware, commodity prices have dropped since the farm bill was last reauthorized, and milk prices are also softening as we speak. I am very concerned that if prices continue to fall and we have any kind of average year or below average year, that we could be in some real trouble.

This is one of the reasons that if I had my way, I would like to see a farm bill that had an improved safety net going into this situation, but with no new money, I don't know how we are going to do that.

Last year, the President's budget called for \$231 billion in cuts to the mandatory farm bill programs. You were not yet at USDA when the budget was released, but I hope that we will be able to see some of your influence in the new budget that is going to come out next week, and I am not sure anybody in the Administration, other than yourself, has much of an understanding of what goes on in agriculture. So we appreciate what you are trying to do, and you are the voice of reason at the table. I wish you luck with that.

As I said, I appreciate your efforts to give us some guidance in writing the new farm bill, and I hope you will work with us to write a bill that provides an adequate safety net and other tools for our farmers and ranchers, and we look forward to working with you on that.

I yield back.

The CHAIRMAN. I thank the gentleman. The chair would request other Members submit their opening statements for the record so our witness may begin his testimony and ensure there is ample time for questions.

I would like to welcome to the witness table this morning the Honorable Sonny Perdue, Secretary of the U.S. Department of Agriculture, Washington, D.C. Mr. Secretary, the floor is yours.

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

Secretary PERDUE. Thank you, Mr. Chairman, Ranking Member Peterson, and distinguished Members of the Committee. It is an honor to be with you today. I have submitted for the record comments, but you all know it comes as no surprise that we are in a very different situation than when you last contemplated a farm bill regarding commodity prices. The facts are I wish there was better news, but there is a lot of stress and a lot of duress on the farms today. The only saving grace for that is we are talking about a constituency that is probably the most resilient among Americans, and the most optimistic, or they wouldn't continue to do what they do year in and year out by putting a lot of the risk of their equity in the ground, hoping for that next good crop.

The state of the rural economy is fragile. It obviously depends on some things that you all will struggle with in this environment, as Ranking Member Peterson talked about. That was a heavy burden of the budget in this time period in trying to create a farm bill with a better safety net in light of the financial situation that we find ourselves.

But the good news is that, for the most part, the 2014 Farm Bill was a good pathway forward. As you all indicated and everyone recognizes, there are a couple of sectors there, particularly dairy and cotton, that didn't fare as well, and I know that you all in this Committee having been working toward a solution on that, and I am hopeful that we can have a viable solution for those two sectors, as well as our specialty crops and others that have fared well.

By and large, a safety net is really the goal of the farm bill, as well as providing for those who don't have the resources for enough food. But there are a lot of challenges out there. We have lower commodity prices, as you well know, and frankly, there is a very specific example of that for those of you in grain sorghum country,

we know just with a mention of China considering ante upping and countervailing duty taxes, the cash price on sorghum dropped over \$1, which was 25 percent, just yesterday on the cash prices. So we see how fragile we are from a trade perspective, how dependent our ag economy is on trade, as well as the labor issue. And I know that Chairman Goodlatte and others have mentioned a permanent legal workforce in agriculture that is especially needed. The good news is we have made some progress on the deregulatory environment and will continue to do that as we seek out comments and opinions from our producers and those interested in the industry about how we produce our food and how we can do better in the regulatory environment.

Certainly, a lot of progress has been made there, but our farmers are more leveraged than they were 5 years ago, and that is a challenge. There is rising debt, not to the level necessarily of the 1980s, but concerning particularly for those beginning farmers, the ones that didn't quite have the advantage of the 2008–2013 run up in commodity prices.

All of those are challenges that we see, going forward. We have submitted to you our principles on the farm bill. By and large, you have a good format to begin with, and I want to applaud, Mr. Chairman, you and the Committee for getting out around the nation over this last year to hear directly from producers over the things that they believe have been working for them, some of the things they believe might have been working against them, and to understand how we can do better.

As you may know, I have followed many of you in your districts and I have been there, and I appreciate the hospitality. We are at 32 states in 9 months, and hearing a lot of genuine comments there. As we all know, farmers are not very timid when it comes to telling us what is on their minds, and they have done so. We have a good understanding of where they are, but also our consumers. We were in a food bank in Pennsylvania the other day and saw a great network of providing for people who don't have enough food, and the great news about America, it is a great generous and compassionate nation, and the farm bill does a wonderful job in that as well.

So with those comments, I will try to reserve my answers to be concise, and if I am not informative enough, you are welcome to ask for comments on the record and I will be happy to submit those. So thank you. We are glad to be with you here today.

[The prepared statement of Mr. Perdue follows:]

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

Good morning, Chairman Conaway, Ranking Member Peterson, and distinguished Members of the Committee. It is an honor to be with you today. I thank you for the opportunity to appear before you to provide an update on the status of our rural and agricultural economy. Not quite a year ago, I was provided the honor and privilege of taking the helm as Secretary of Agriculture. Since then, USDA has made breakthroughs in agricultural trade, moved to reduce burdensome regulations, pro-

duced the report from the Task Force on Agriculture and Rural Prosperity,* responded to an inordinate number of natural disasters, and battled through an extreme fire season, among other notable achievements. USDA employees have worked tirelessly to serve the American people during this time. As we look ahead, we will continue our efforts to be the most effective, efficient, and customer focused department in the entire Federal Government.

The State of the U.S. Rural Economy

In updating you on the state of the rural and agricultural economy today, I can report that farmers are continuing to adjust to low commodity prices using a number of strategies, such as by borrowing, which has increased overall debt-to-asset levels in the farm sector. However, while conditions are testing the resilience of the American farmer, the Trump Administration and USDA are focused on creating economic conditions where they can prosper. With the help of farm disaster programs and crop insurance, many producers are recovering from some difficult times following a series of disastrous droughts, wildfires, and hurricanes in many parts of the country.

The U.S. farm sector has faced declining prices and farm incomes following the near record levels reached in 2014, leaving some producers more vulnerable to the production disruptions posed by natural disasters. Net farm income has fallen nearly 50 percent from its peak in 2013, as most commodity prices have fallen over the past 4 years while global stock levels have rebounded with several years of record production. We project continuing low commodity prices and trade challenges in the face of large global supplies and a relatively strong dollar for the coming year. As a result, many farmers will continue to face tight bottom lines, even negative returns in some cases. In 2016, for example, almost half of wheat farmers had negative cash farm income and higher levels of debt relative to assets compared to other farm sectors. We are seeing the effects of those conditions across the agricultural economy, as farmers cut costs by spending less on inputs, services, and capital investments.

While crop receipts have fallen with lower commodity prices, returns to the livestock sector have been mixed with some sectors seeing higher margins in 2017 relative to 2016. Overall, the record levels of crop and livestock production we have seen over the past few years, while contributing to continuing low prices, have helped to keep farm incomes from falling further. We saw the largest soybean crop ever in 2017, corn production was the second highest ever, and cotton yield hit a record high. However, some of our competitor countries have seen similarly high production numbers. We expect global production to continue to expand and that will keep stocks abundant and maintain the pressure on prices.

Producers have reduced spending on inputs and tapped a combination of savings, loans, and off-farm income and assets to remain in business in the face of continuing stresses in the farm economy. After 4 years, however, those resources are dwindling for many. Farm debt has also been rising more rapidly over the last 4 years, increasing by 22 percent since 2013—up from \$315 billion to \$385 billion according to USDA data—and reaching levels last seen in the 1980s. Demand for commercial farm operating loans continues to increase in most regions despite a steady, if slow, rise in interest rates on agricultural loans. The Farm Service Agency's (FSA) Farm Loan Program has seen a slight annual decline in lending following the record 2016/17 harvests, but loan demand still remains historically high. While delinquencies have been stable, FSA has seen a significant increase in restructuring of direct loans to assist producers during these difficult economic times.

Relatively firm land values have kept farmer debt-to-asset levels low by historical standards, and relatively low interest rates, despite their upward trend, continue to keep the cost of borrowing low. But those average values mask areas of greater vulnerability. The strength of land values varies geographically, with some regions seeing greater weakness even as others hold steady or see modest increases. Debt-to-asset ratios vary among farm businesses by commodity specialization, with some commodity specializations showing a much larger share of highly leveraged operations. About one-in-three poultry farms, one-in-four wheat farms, and one-in-five cotton farms are highly or very-highly leveraged, making them more vulnerable to low prices and impacting their ability to recover from natural disasters.

Commodity programs authorized under farm bill commodity title provisions have transitioned over the last 3 decades from coupled income and price support measures linked with supply management to decoupled income support measures focused

*The report entitled, *Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity*, has been retained in Committee file. It can be accessed online at: <https://www.usda.gov/sites/default/files/documents/rural-prosperity-report.pdf>.

on risk management and market-oriented planting flexibility. The primary goal of Federal farm programs is to provide an effective financial safety net for farmers and ranchers to sustain viable production of food, fiber, and fuel in the face of changing market and production conditions without distorting markets.

The farm safety net created by the 2014 Farm Bill has provided significant support to producers as commodity prices and farm incomes have fallen steadily over the last 4 years. The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs are a vital part of the farm safety net and assist producers struggling from low commodity prices and natural disasters. Payments under ARC and PLC programs have totaled \$20 billion for crop years 2014–2016, with \$6.9 billion for crop year 2016 alone provided to assist producers in Fiscal Year 2018.

Producers continue to find the farm safety net less effective for dairy and cotton than for other commodities. Cotton production in 2017 was high as a result of increased acres and high yields in some areas. However, not all producers have benefited, as disasters have affected some crops, and the increased production has kept pressure on prices for cotton lint and especially for cotton seed, a co-product that can help producers meet costs. The 2014 Farm Bill removed cotton as a covered commodity, and therefore it is not eligible for payments under ARC or PLC. The cotton STAX program was the tradeoff, but due to lower cotton prices, it has provided lower revenue protection than producers expected at the time of the bill's passage. Similarly, some dairy producers have faced milk prices near or below the cost of production, but because of the way in which margins are calculated, payments have been infrequent under the current Margin Protection Program (MPP). Premiums and fees paid by producers have been consistently higher than payments under the Program. Last fall, USDA provided producers participating in MPP the opportunity to opt-out of the Program in calendar year 2018, and we saw a roughly 75 percent drop in participation, showing producers were unhappy with the lack of support provided by the program.

In addition to low commodity prices, the vagaries of weather made last year a challenge for many of our agricultural producers. U.S. farmers faced a large number of natural disasters in 2017, including wildfires, hurricanes, tornadoes, droughts, and severe freezes. In those impacted areas, USDA responded with all the tools available to it, making timely payments for loss claims on crop insurance policies and through FSA's suite of disaster assistance programs for noninsured crops, livestock, trees, vines, and bushes. USDA also provided assistance to producers to install conservation practices on land damaged by severe weather, and continues to provide help to communities to restore and enhance damaged watersheds and floodplains.

Positioned for Success

Since I was named Secretary of Agriculture, my goal has been to better position USDA to support agricultural producers, while providing increased accountability to American taxpayers. Through the OneUSDA call to action, we are creating a new operating model for USDA to better serve its customers. Through OneUSDA, I am challenging every employee of the Department to help and listen to those who rely upon the Department and to be transparent, consistent, and objective in all decision making. As a result, we will modernize USDA operations and service delivery; reduce burdens on our stakeholders; serve customers; and ensure responsible use of the Department's resources. During the past year, we have initiated the realignment of a number of offices in the spirit of OneUSDA to improve customer service and maximize efficiency. These actions reshaped certain offices into more logical and commonsense organizational structures.

The newly established Farm Production and Conservation (FPAC) Mission Area has put a stronger focus on domestic agricultural issues and has provided the foundation for achieving a simplified one-stop shop for USDA's primary customers, the men and women farming, ranching, and foresting across America. Through this organization, USDA supported an effective safety net for the more than two million agricultural producers who provide food and fiber to over 300 million Americans, and millions more around the globe. This was never more critical than during the response to the destructive hurricanes in 2017. In response to Hurricanes Harvey, Irma and Maria, thousands of FPAC staff were deployed across hurricane-stricken regions to provide timely assistance through various emergency conservation, clean-up, and indemnity programs while authorizing additional time flexibility for reporting losses and completing requests for assistance. In the aftermath of these disasters, FPAC employees successfully coordinated the handling of over 7,500 requests for assistance or claims, providing the billions of dollars in much needed assistance mentioned earlier. In addition, our employees assisted Puerto Rico with a one-of-a-

kind program that provided feed for dairy cattle to prevent herd losses, following virtually complete destruction of feed sources across the island.

While creating the FPAC mission area, it became apparent that there were redundancies and inefficiencies in FPAC mission support activities and that improvements in program delivery could be realized. To reduce these redundancies and improve operations, we have created a Farm Production and Conservation Business Center. Through the FPAC Business Center we have begun to centralize administrative and information technology operations of the three agencies, which will ultimately strengthen customer service and capitalize on efficiencies across FSA, NRCS, and the Risk Management Agency (RMA). An immediate success was the consolidation of assets that allowed us to dispose of more than 1,000 under-utilized vehicles, generating a \$3 million annual reduction in operating costs. In addition, we are making it easier for producers to interact with FPAC employees by modernizing IT systems, creating agency-specific portals for customers to learn about, leverage, and enroll in our programs. More specifically, we are in the process of building an online portal for our tech-savvy customers to access their crop insurance records and their FSA and NRCS contracts, maps, and more. Just last week we unveiled the new home for that portal, *Farmers.gov*, which we are continuing to build upon. America's foresters, farmers and ranchers have overcome significant barriers to ensure a reliable food supply, support job growth, and promote economic development. We will continue to improve our systems to make us more responsive to their needs so we can optimize the time we spend with producers in our county offices.

The goal of the creation of the Under Secretary for Trade and Foreign Agricultural Affairs is to ensure that American producers are well equipped to sell their products and feed the world. International trade continues to be an engine for economic growth in rural America, with U.S. farm and food exports reaching \$140.5 billion for the 2017 Fiscal Year, the third-highest total on record. Agricultural exports generate 20 percent of U.S. farm income, stimulate rural economic activity and support more than a million American jobs. USDA has worked tirelessly to find, open, and expand markets for the high-quality food, fuel, and fiber that our farmers and ranchers produce. USDA scored significant trade victories, including the reentry of U.S. beef to China after a 13 year hiatus; signing of a phytosanitary import protocol for U.S. rice to enter China; easing of regulations on U.S. citrus into the European Union; gaining approval for new biotech varieties in China; resumption of U.S. distillers dried grains into Vietnam and China; reentry of U.S. chipping potatoes into Japan; and lifting of South Korea's ban on imports of U.S. poultry.

The creation of the Assistant to the Secretary for Rural Development (RD) recognizes that the economic health of small towns across America is crucial to the future of the agricultural economy. Rural America possesses inherent strengths that can be used for enhancing the prosperity of its people and its contribution to the economic well-being of the nation. It is our responsibility to use our resources and expertise to work with these communities to achieve a higher quality of life for the 46 million rural Americans. In 2017, USDA made significant investments in rural infrastructure, including telecommunications, e-connectivity, water and sewer systems, and critical community facilities that have improved educational, health, and economic opportunities for rural residents. These vital services are part of the foundation of a high quality of life and enable communities to overcome the effects of remoteness and low population density by connecting them to the rest of the world through high-speed Internet. In addition, USDA—along with a wide range of Federal departments and agencies—is focused on crafting an effective response to the opioid epidemic, including supporting rural communities in designing and building solutions based on their own specific needs and strengths.

Through these and other actions, USDA has improved customer service across all the mission areas of the Department. In the area of food and nutrition services, we responded to the concerns of local school nutrition workers and students by restoring flexibility to serve wholesome, nutritious, and tasty meals in schools across the nation. We successfully eradicated New World screwworm after the first detection in the U.S. in 35 years, quickly eradicated outbreaks of Low Pathogenic Avian Influenza and High Pathogenic Avian Influenza, made significant progress toward the elimination of two cotton pests, reduced the destruction caused by feral swine, and reduced sanitary and phytosanitary barriers to trade. In, 2017, these efforts helped preserve trade valued at \$7.5 billion through resolution of foreign market access issues related to U.S. export detainment, technical barriers to trade, and other impediments to trade. We have proposed regulations to modernize the inspection of swine slaughter and egg products. These changes will improve the effectiveness of the inspection process and allow for more rapid adoption of food safety technologies. Our cutting-edge research program has led to improved productivity and competitiveness, while improving crop quality, nutritional value, and food safety. As we look

ahead to 2018, USDA will continue our efforts to be the most effective, efficient, and customer-focused department in the entire Federal Government.

In addition, the Forest Service responded to an extreme fire season, deploying over 28,000 personnel and spending \$2.4 billion fighting fires across the nation. To ensure we can continue to meet our responsibility for fighting fires and preserving the health of National Forests, we need to find a legislative solution to address the way the Forest Service funds wildland firefighting. We need a new arrangement to end the practice that requires the agency to routinely transfer money from prevention programs to combat ongoing wildfires. For example, in 2017, Forest Service wildfire suppression spending necessitated transfers of \$527 million from other programs. Historically, these transfers have been repaid in subsequent appropriations, however, "fire borrowing" impedes the missions of land management agencies to reduce the risk of catastrophic fire and restore and maintain healthy functioning ecosystems that are vital to our rural communities. We are close to a legislative solution to our forest management and fire funding challenges, and it is important to bring it across the finish line.

We have a strong plan in place to ensure we continue to improve our service to rural America. On my first day in office, President Trump signed an Executive Order, directing me to lead the Interagency Task Force on Agriculture and Rural Prosperity. We were charged with identifying legislative, regulatory, and policy changes to promote agriculture, economic development, job growth, infrastructure improvements, technological innovation, energy security, and quality of life in rural America. On January 8, 2017, we released the findings of the task force. The report is the result of an intensive 6 month effort made by 22 Federal agencies in partnership with state, local, and Tribal leaders. The recommendations centered on five areas: E-Connectivity, Quality of Life, Rural Workforce, Technology, and Economic Development. To ensure that the findings of this report have a meaningful impact on rural America, we are moving forward to implement the initial recommendations and to expand stakeholder participation. While we have many actions we can take at USDA, we realize it will take the entire Federal family to make a difference. We are working closely with the White House so that we can move forward together in making a lasting impact in rural America.

While the Task Force worked tirelessly to identify solutions to the problems plaguing our rural communities, there is more work ahead. No doubt, rural America has struggled under burdensome regulations, but this Administration is taking aggressive action to reduce confusing, burdensome regulations that impair productivity, and USDA is not an exception. As we visit with producers and rural residents in the coming year, we will continue to listen intently and communicate to our Federal partners if there are regulations that are unfair or overly burdensome. Whether it is duplicative paperwork or unneeded process requirements, we want to hear about it. Regulations must be consistent, affordable, and practical enough for our customers and staff to continue doing the important job of feeding, fueling, and clothing the nation. Under President Trump's leadership, this Administration has made it a top priority to get rid of excessive regulations, and has eliminated 22 existing regulations for every new one that comes on the books. At the President's direction, regulatory reform is one of the cornerstones of the Department's strategies for creating a culture of consistent, efficient service to customers, while reducing burdens and improving efficiency. USDA has identified 27 final rules that will be completed in Fiscal Year 2018 and result in over \$56 million in annual savings.

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

Finally, I would like to turn to the drafting of the 2018 Farm Bill. I recognize that it is the job of Congress to write the farm bill. But we at USDA stand ready to provide whatever counsel Congress may request or require. Over the past 9 months, my team and I have traveled to more than 30 states to talk with the men and women who are at work in the fields on America's farms and ranches to produce the food and fiber that feeds and clothes every American, and also much of the world. Whether we were holding town halls, or listening sessions in fields, machine sheds, community colleges, or front yards, we were gathering good advice.

We heard about what works from previous farm bills, and what is not working right now. We took what we heard from the field and have developed a set of principles to aid Congress in drafting the next farm bill. I have already shared those principles with you and I hope they serve you well as you go about your important work of drafting the 2018 Farm Bill. I would like to submit a copy of the principles for the record. As you move forward with crafting the farm bill, it is important that it be fiscally responsible in consideration of our future generations, and reflect the Administration's budget goals. As you deliberate, it is imperative that you improve the tools the Department has to address pressing and difficult situations faced by our producers, and to provide us the authority to react quickly and provide additional assistance if current market conditions persist or worsen, within a streamlined budget constraint.

Conclusion

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

I look forward to working with you to implement policies that will harness the innovative spirit of the hard-working men and women in rural America and help them improve the quality of life and economic opportunities across America.

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

ATTACHMENT

2018 Farm Bill & Legislative Principles



The U.S. Department of Agriculture (USDA) uniquely touches the lives of all Americans daily, through the food they eat, the fibers they wear, and the fuels they use. And U.S. producers make it all possible. Agriculture Secretary Sonny Perdue's motto to 'Do Right and Feed Everyone' has served as the inspiration to travel to more than 30 states across the nation, hearing from the men and women on the front lines of U.S. agriculture. Through these interactions, USDA developed a set of principles to share with Congress for consideration as they craft the farm bill and other legislation beneficial to the agricultural economy. USDA stands ready to provide counsel to Congress, and strives to be the most efficient, most effective, and most customer-focused department in the Federal Government. Our goal is to be responsive to the American people and improve services while reducing regulatory burdens on USDA customers.

USDA supports legislation that will . . .

Farm Production & Conservation



Damaging winds and record rainfall from Hurricane Harvey ruined hay bales, fences, and farm equipment on Jack Carraway's Liberty County, Texas farm.

- Provide a farm safety net that helps American farmers weather times of economic stress without distorting markets or increasing shallow loss payments.
- Promote a variety of innovative crop insurance products and changes, enabling farmers to make sound production decisions and to manage operational risk.
- Encourage entry into farming through increased access to land and capital for young, beginning, veteran and underrepresented farmers.
- Ensure that voluntary conservation programs balance farm productivity with conservation benefits so the most fertile and productive lands remain in production while land retired for conservation purposes favor more environmentally sensitive acres.
- Support conservation programs that ensure cost-effective financial assistance for improved soil health, water and air quality and other natural resource benefits.

Trade & Foreign Agricultural Affairs



A cargo ship.

- Improve U.S. market competitiveness by expanding investments, strengthening accountability of export promotion programs, and incentivizing stronger financial partnerships.
- Ensure the farm bill is consistent with U.S. international trade laws and obligations.
- Open foreign markets by increasing USDA expertise in scientific and technical areas to more effectively monitor foreign practices that impede U.S. agricultural exports and engage with foreign partners to address them.

Food, Nutrition & Consumer Services



U.S. Secretary of Agriculture Sonny Perdue tours the Hunger Task Force vegetable farm, which administers USDA commodity programs and services area food pantries and food banks in and around Franklin, WI.

- Harness America's agricultural abundance to support nutrition assistance for those truly in need.
- Support work as the pathway to self-sufficiency, well-being, and economic mobility for individuals and families receiving supplemental nutrition assistance.
- Strengthen the integrity and efficiency of food and nutrition programs to better serve our participants and protect American taxpayers by reducing waste, fraud and abuse through shared data, innovation, and technology modernization.
- Encourage state and local innovations in training, case management, and program design that promote self-sufficiency and achieve long-term, stability in employment.
- Assure the scientific integrity of the *Dietary Guidelines for Americans* process through greater transparency and reliance on the most robust body of scientific evidence.
- Support nutrition policies and programs that are science based and data driven with clear and measurable outcomes for policies and programs.

Marketing & Regulatory Programs



Carrots.

- Enhance our partnerships and the scientific tools necessary to prevent, mitigate, and where appropriate, eradicate harmful plant and animal pests and diseases impacting agriculture.
- Safeguard our domestic food supply and protect animal health through modernization of the tools necessary to bolster biosecurity, prevention, surveillance, emergency response, and border security.
- Protect the integrity of the USDA organic certified seal and deliver efficient, effective oversight of organic production practices to ensure organic products meet consistent standards for all producers, domestic and foreign.

- Ensure USDA is positioned appropriately to review production technologies if scientifically required to ensure safety, while reducing regulatory burdens.
- Foster market and growth opportunities for specialty crop growers while reducing regulatory burdens that limit their ability to be successful.

Food Safety & Inspection Services



A U.S. Department of Agriculture (USDA) Inspector shows Agriculture Secretary Sonny Perdue around the processing floor of the Triumph Food pork processing facility.

- Protect public health and prevent foodborne illness by committing the necessary resources to ensure the highest standards of inspection, with the most modern tools and scientific methods available.
- Support and enhance FSIS programs to ensure efficient regulation and the safety of meat, poultry and processed egg products, including improved coordination and clarity on execution of food safety responsibilities.
- Continue to focus USDA resources on products and processes that pose the greatest public health risk.

Research, Education & Economics



U.S. Department of Agriculture (USDA) Summer Hispanic Association of Colleges and University (HACU) intern alumni panel.

- Commit to a public research agenda that places the United States at the forefront of food and agriculture scientific development.
- Develop an impact evaluation approach, including the use of industry panels, to align research priorities to invest in high priority innovation, technology, and education networks.
- Empower public-private partnerships to leverage Federal dollars, increase capacity, and investments in infrastructure for modern food and agricultural science.
- Prioritize investments in education, training and the development of human capital to ensure a workforce capable of meeting the growing demands of food and agriculture science.

- Develop and apply integrated advancement in technology needed to feed a growing and hungry world.

Rural Development



U.S. Department of Agriculture (USDA) Rural Development's (RD) Jacki Ponti-Lazaruk with husband James and daughter Abigail, 5, came to Miller Farms in Clinton, MD.

- Create consistency and flexibility in programs that will foster collaboration and assist communities in creating a quality of life that attracts and retains the next generation.
- Expand and enhance the effectiveness of tools available to further connect rural American communities, homes, farms, businesses, first responders, educational facilities, and healthcare facilities to reliable and affordable high-speed Internet services.
- Partner with states and local communities to invest in infrastructure to support rural prosperity, innovation and entrepreneurial activity.
- Provide the resources and tools that foster greater integration among programs, partners and the rural development customer.

Natural Resources & Environment



Chelan District Ranger, Kari Grover Wier, reviewing progress at the reclamation site.

- Make America's forests work again through proactive cost-effective management based on data and sound science.
- Expand Good Neighbor Authority and increase coordination with states to promote job creation and improve forest health through shared stewardship and stakeholder input.
- Reduce litigative risk and regulatory impediments to timely environmental review, sound harvesting, fire management and habitat protection to improve forest health while providing jobs and prosperity to rural communities.
- Offer the tools and resources that incentivize private stewardship and retention of forest land.

Management



Navy-veteran Lenny Miles, Jr. works on some lesser-seen business operations for his farm in the office, before heading out to harvest his corn crop in the afternoon.

- Provide a fiscally responsible farm bill that reflects the Administration's budget goals.
- Enhance customer service and compliance by reducing regulatory burdens on USDA customers.
- Modernize internal and external IT solutions to support the delivery of efficient, effective service to USDA customers.
- Provide USDA full authority to responsibly manage properties and facilities under its jurisdiction.
- Increase the effectiveness of tools and resources necessary to attract and retain a strong USDA workforce that reflects the citizens we serve.
- Recognize the unique labor needs of agriculture and leverage USDA's expertise to allow the Department to play an integral role in developing workforce policy to ensure farmers have access to a legal and stable workforce.
- Grow and intensify program availability to increase opportunities for new, beginning, veteran, and under-represented producers.

The CHAIRMAN. Well Mr. Secretary, thank you very much for being here and being with us. We are looking forward to your comments.

The chair would remind Members that they 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 Members' understanding.

We have votes at about 11:30. The Secretary has a hard stop at 12:00, and so I will ask unanimous consent that we go to a 3 minute clock for our questions in order to give everybody a chance to get their comments in. The 3 minutes will be comments as well as answers to a question if there is a question in the comments, so I am going to be pretty Rambo about that gavel. If we have time at the end to do a second round we can do that, but in order to try to get everybody through properly, I am going to be pretty strict on it so we can get this done.

With that, I recognize myself for 3 minutes.

Mr. Secretary, you mentioned sorghum. One of the things that I tell folks is that we have a President who is defending America's trade policies, which means going after folks who are violating it. China has a lot of issues going on, and they have recently, over the weekend, announced that they are going to go after our sorghum producers.

The United States had a tremendous run up in sorghum exports to China over the last 3 years. Can you visit a little bit about what the agency can do in the interim while this is being played out for our sorghum producers?

Secretary PERDUE. Well obviously the trade environment has created a lot of anxiety over the last year. I believe that our President is absolutely convinced that we can do better. Generally, we believe that NAFTA, for instance, has been helpful to agriculture in most sectors, but as I look at some of the provisions and some of Canada's policies regarding the prohibitions against U.S. products, and we can do better. I think that Mexico and Canada are coming to that conclusion.

You mentioned China specifically, and we know that in world trade, China has a policy of dominance in many sectors. The good part about it is American producers are so productive, we have to have good trade policies, and the Administration, Ambassador Lighthizer, is working toward policies that will right those. We cannot be responsible for China's reaction. Obviously the Administration knows that we have to be prepared for that, and we have advocated on behalf of the ag economy to be prepared for any kind of situation that may arise on actions they may take.

We think the sorghum issue will mollify over a period of time. This just shows you, as an example, how fragile and how sensitive the ag economy and commodity prices are now to trade disruptions, and we need to be very careful as we take actions there.

No one is saying that we should not again take actions over bad actions from China and others regarding intellectual property theft, other types of dumping there. We just need to be very careful how we handle the ag economy, because as you know, agriculture typically is the point of the spear of retaliatory measures, and we see even the conversation of considering countervailing duties, what that can do to a market like sorghum.

Everyone in the Administration is aware of that, and we are discussing that, frankly, on a weekly basis.

Mr. CHAIRMAN. Thank you, Mr. Secretary, and I appreciate those efforts.

I yield back the rest of my time. Collin, 3 minutes.

Mr. PETERSON. Thank you, Mr. Chairman.

Mr. Secretary, I have said to many people what I am concerned about with this farm bill is that we are going to get wrapped around the axle on SNAP like we did last time, and it seems like all of the rhetoric I hear in regards to work requirements for ABAWDs, able-bodied adults.

Since 1996, we have work requirements in the Federal law. You can only get 3 months of benefits if you are an able-bodied adult unless there is a waiver. So we have nine states that have state-wide waivers. We have 27 states that have some kind of waivers within their boundaries, and we only have 17 that don't have waivers. Now at one time, when we had high unemployment, that was maybe one thing, but as I understand it, you have the authority to approve these waivers.

One of the things that it says in there is that an unemployment rate in excess of ten percent, at that point you don't really have any option. If it is ten percent, you have to do it. It also says that

it does not have sufficient number of jobs. I am not sure how you determine that. All I can tell you is that in my district, the number one issue that I have day in and day out is how do we get enough people to fill the jobs that we have. These are manufacturing, good jobs, good pay. We can't get enough people.

The other thing it says is on the request of the state agency, the Secretary may waive the applicability of paragraph two of any group of individuals. My question is, in light of all the rhetoric about how we got to get these people back to work and somehow or another the SNAP Program is the problem, which I don't buy into, is there any effort now in USDA to try to reign in these waivers and to get people back to work?

If I had my way, we would give them money and move them to my district and we will put them to work.

Secretary PERDUE. Thank you, sir. Within the limits of the law, Mr. Peterson, we are doing everything we can to reign in the waivers.

You mentioned some statutory prohibitions there, and any time we run up against those, in fact, even from a regional basis, it is not a statewide unemployment number, but if they can do that, states have been fairly aggressive. The ones you identify that have waivers, they have been fairly aggressive in requesting those waivers for which we see no statutory or administrative authority at USDA to deny. And we have discussed it that if we don't find a way to do that, that is one of the areas that probably that could be addressed in the farm bill regarding the parameters around those issues of the waivers.

We have had other types of waivers, as you know, that we have denied that, again, as long as it is a federally mandated program, it would be very difficult to pick winners and losers in that regard. So we would welcome, really, more statutory and administrative authority in order to manage that program in a way that becomes temporary and becomes a pathway back to independence and job creations.

The CHAIRMAN. Thank you. The gentleman's time has expired. Mr. Thompson, 3 minutes.

Mr. THOMPSON. Thank you, Mr. Chairman.

Mr. Secretary, always great to see you. Thank you for spending some time with us in Pennsylvania a couple weeks ago. It was really appreciated.

I want to talk about the spotted lanternfly, actually, a little different. An invasive species, a growing problem in Pennsylvania. It is already found in 13 counties, continues to wreak havoc on agriculture producers and land owners. This pest hosts and is a threat to apples, grapes, peaches, stone fruits, maples, walnuts, oaks, pines, hardwoods, big part of our agriculture economy.

Last month at the Pennsylvania Farm Show, Members of this Committee along with Under Secretary Greg Ibach, thank you for having him come up in joining us, heard directly about the need for more resources to combat the spread of this destructive invasive. Can you advise on how APHIS plans to assist with this extremely urgent matter?

Secretary PERDUE. Well as we know, there are a lot of pests that are threats internationally. This is a new one. The Florida indus-

try, citrus industry certainly learned about how those international pests can damage an industry, and you mentioned your fruit crops and grapes and others. The spotted lanternfly is one of those that we hope to get control of, and the good news is Under Secretary Ibach has already approved the resources to get it under control in working with your local people there at Penn State, and within the state, in order to try to hem that in and stop that spread. It could be a very critical pest for our fruit and grape industry in that way, as those affected counties already know.

We are doing our best from APHIS and Under Secretary Ibach is on the job and we have approved those resources to try to get control of the spotted lanternfly.

Mr. THOMPSON. Thank for that. Also, thank you for what you have done with our nation's school lunch programs. I specifically am appreciative of the interim final rule you produced last year that would allow, among other things, to reinstate low fat flavored milk. That policy is right in line, obviously, with legislation I have introduced.

Is it safe to say that schools can follow the interim final rule to include one percent flavored milk as they put out their bids for the 2018–2019 school year without waiting for the final rule in the fall of 2018?

Secretary PERDUE. That is certainly our intention, Mr. Thompson, but the fact is many school districts are reticent over following those kind of waivers, and we would welcome the kind of legislation you proposed that could ensure that they could do that. Any kind of waiver process you have is always problematic and more paperwork, and it would be wonderful if it were in statute.

Mr. THOMPSON. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman's time is up. Mr. Costa, 3 minutes.

Mr. COSTA. Okay, thank you, Mr. Chairman.

Mr. Secretary, I too want to thank you for your efforts in getting around the country and coming to California. We look forward to continuing to see you. You are doing a good job.

Because of time, I have some quick questions and would like some quick answers.

As it relates to efforts with the Federal Marketing Order in California, some of us worked very hard on that 4 years ago to set that up to allow that opportunity to take place under the right conditions. We are there. We are getting upheld by solicitor's general opinion on a court decision that is separate, in my opinion, from the matter dealing with this Marketing Order. Can you tell us how you are going to get this resolved? Obviously if you had made a response before December 31, it wouldn't be an issue. Where are we?

Secretary PERDUE. Right. It is complicated. Obviously it has to do with the Department of Justice essentially changing their minds or their opinion regarding whether the Administrative Law Judges are constitutional or not. As you know, the Federal Milk Marketing Order has to be under formal comment, which is adjudicated.

Mr. COSTA. I understand that. Is there another way we can deal with this?

Secretary PERDUE. I have asked my General Counsel that, and he fears until this *Lucia* case (*Lucia v. Securities and Exchange*

Commission) is there, we will be litigated if we proceeded under that formal comment period.

Mr. COSTA. The dairy industry has, as you know, suffered around the country and as well in California. Obviously they are very desperate for something to happen on this. What is your plan of action for finalizing the California Milk Marketing Order?

Secretary PERDUE. One of the efforts we have made in others, this statute requires this be a formal ALJ type of adjudicated process. Other steps we have taken are the informal notice and comment on other regulations. So until this is determined, I am not sure what—

Mr. COSTA. Well we want to continue to work with you on exploring what other options might be available, given the circumstances.

Let me segue over to trade. You have been a voice of reason. It has been difficult for many of us to follow what direction the President is pursuing with regards to whether it is TPP or NAFTA. Thirty percent of California's milk goes to Mexico. Mexico and Canada are our second and third largest agricultural trading partners. What is your quick assessment on NAFTA at this point in time?

Secretary PERDUE. NAFTA negotiations are a little bit like Congressional bills. It doesn't ever happen until the end, but the good news I am more hopeful than I have been.

Mr. COSTA. Don't tell me that.

Secretary PERDUE. Probably, we will see more movement on Mexico's side than we do Canada. I believe, frankly, we will get a better deal from both of them and preserve the benefits for all three countries.

Mr. COSTA. Before the end of this year?

Secretary PERDUE. Yes, sir. Again, we have the Mexican elections coming up. We have one more round here which, in my opinion, will be extended; but, again, we get the Mexican politics out of the way, we will have a deal before the end of the year.

Mr. COSTA. Mr. Chairman, thank you for the time and I will submit the other questions for the record.

The CHAIRMAN. All right. Mr. Goodlatte, 3 minutes.

Mr. GOODLATTE. Thank you, Mr. Chairman.

Mr. Secretary, welcome. You and I have discussed the issue of the agricultural workforce a number of times in the past, and we both agree that our current H-2A Agricultural Guest Worker Program is deeply flawed.

From those conversations we have had with farmers all across this country, it makes sense that a guest worker program should help, not punish, farmers who are willing to pay a fair wage for law-abiding, dependable workers when American workers are not available. With the state of the rural economy front and center this morning, unnecessary burdens place H-2A employers at a competitive disadvantage in the marketplace, therefore threatening the future of U.S. agricultural production. Most farmers and ranchers do not even use the program. How do you feel an overhaul of the H-2A program would benefit the rural economy of America?

Secretary PERDUE. Chairman Goodlatte, as we have discussed publicly and privately, I applaud your efforts and your interest in creating a permanent legal workforce for agriculture. As I indicated in my opening remarks, it is one of the top three things that we

hear about on a continuing basis, not just the seasonal workers, but obviously in the dairy and year-round type workers as well.

What you have contributed to this effort is amazing in the fact that what we have told our constituency that you are working on some tweaks. It is not everything that all of them would like, and we have issues from the California transition to others, but I know that we are working on a good resolution on those. But we have advised them to be very favorable in those discussions. I am very hopeful that the legal agricultural workforce can work its way into any of the immigration debate and discussion and resolution that Congress comes up with in the future.

My thanks to you for continuing to put it in the forefront. It is one of the most critical issues facing American agriculture.

Mr. GOODLATTE. Well thank you, and we will continue to work with you and the agricultural community to make sure that we get it right, but now is the time. This is an important issue. This is the one sector of our economy that is the most affected by the lack of workforce. Agriculture is impacted by international competition. Everything that is grown and produced in America can be produced in dozens of other countries around the world, and unless we have a workforce and a program that works to obtain that workforce and one that works for both employers and the guest workers, and for American citizens, we are going to lose out. And so I am hoping that we can get that done and get that done now.

Secretary PERDUE. I am very hopeful.

Mr. GOODLATTE. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. Ms. Fudge, 3 minutes.

Ms. FUDGE. Thank you very much, Mr. Chairman, and thank you, Mr. Secretary, for being here.

Mr. Secretary, do you know if the Administration has made any progress towards, or even any efforts to, nominating an Assistant Secretary for Civil Rights?

Secretary PERDUE. Yes, that person is in vetting right now. We have an individual that you will be very proud of and we are moving forward with that. We have been disappointed, frankly, in our nomination process and how slowly it has proceeded. We need a lot of help there, but we have identified and the President hopefully will have a nomination before you very quickly.

Ms. FUDGE. Thank very much. Let me just go a little further with that.

It is my understanding that you recently considering realigning the Office of Civil Rights by combining and centralizing them in D.C. Now quite frankly, I am really surprised because we all know that the Department does not have a stellar record of civil rights. I mean, we settled *Pigford* for black farmers. We settled *Keepseagle* for Native American farmers. So it is very, very important that we don't make those same mistakes.

I understand about budgetary constraints, no question about it. I know that this year we are going to borrow 80 percent more than we borrowed last year because of lagging tax revenue. I understand that. I also understand that the tax bill that we just passed is going to make that even worse this year. So I understand about re-

sources, but I don't understand why we would punish socially disadvantaged farmers by centralizing something that we know needs to be in the states. Can you help me with that? Are we still talking about doing that?

Secretary PERDUE. Sure. We are making reorganization in many ways over centralization of enterprise efforts. The good news is, and I would invite you to come to the USDA and let us share with you how we have cleared up the backlog of cases in less than a year, many that have been there for 18 months to 2 years. We were outside the statutory limits, and the people that we have had in that situation have cleared those up within that time limit. Our goal is within 90 days over any kind of civil rights case or anything being filed to give any individual externally or internally a hearing and an adjudication of their complaint.

Ms. FUDGE. So again, are you still planning to centralize all of this civil rights offices?

Secretary PERDUE. We are planning to, again, manage the Department of USDA to be the most efficient, the most effective, and the most customer focused. That includes, again—

Ms. FUDGE. Mr. Secretary, is that a yes or a no, sir?

Secretary PERDUE. I am sorry?

Ms. FUDGE. Is that a yes or a no?

Secretary PERDUE. Yes, we are going to enterprise manage that, absolutely.

Ms. FUDGE. Thank you very much, Mr. Chairman. I yield back.

The CHAIRMAN. The gentlelady yields back. Mr. Lucas, 3 minutes.

Mr. LUCAS. Thank you, Mr. Chairman, and Mr. Secretary, I want to thank you. It took you all of 11 days to get to my district after you were confirmed and sworn in, and I have 12 quotes on my iPhone from that speech you gave from that hay rack that day. I put them there because I thought it was a composite wisdom. It tells me how your philosophy is about running this Department. I just wanted to pass this along that I am thinking about this labor situation, and I have the answer right here in front of me. More babies and less welfare, but that is a long-term plan.

I want to shift off that topic and not ask you a question on it, and turn to this and say to you in this record today that the nomination of our state Secretary of Agriculture, Bill Northey, to be Under Secretary of Farm Production and Conservation in your Department is very important to me, and I am doing all I can, especially behind the scenes, to try to bring that together so that can be resolved. I wanted to open that topic up in case you had any comment you would like to make regarding that subject.

Secretary PERDUE. I would encourage you and all your colleagues to help in that regard. This is a very important position. The Under Secretary oversees our FSA offices, our NRCS offices, and the crop insurance. These are the producers. That is the customer facing issues that we have. We need good leadership there. Bill Northey has demonstrated himself. The frustrating part is it has nothing to do with Bill Northey. It is a total other issue. If there were issues regarding his answers or other things like that, I could accept that more and we would work to cure that. We feel as if we are caught

in a crossfire, so I hope you will use your personal relationships in that regard to help us remove that hold as soon as possible.

Mr. LUCAS. I will continue with that, Mr. Secretary, and I appreciate your response.

Shifting topics, the foot-and-mouth disease vaccine, many of us agree on expanding and establishing a bank, a vaccine bank. But I wanted to ask you specifically to speak to the issue of genetically modified vaccine and how that might dramatically change the way we produce a vaccine, how we inventory it, and how we distribute it.

Secretary PERDUE. Surely. There are, if I can use the term, *two strains* of thought regarding that right now. One is a traditional vaccine that cannot be produced in the United States of America by statute. We would have to procure that. Really the only effort there now is in France. That is still a longer term type of thing before they get a line up. The ARS has participated in what is called a leaderless or attenuated vaccine that could be produced here. Many people feel like that is a ways away as well.

Honestly, Congressman, that is an issue where USDA owes this Committee and Congress more specific information and advice and counsel over how you make the decisions of which way to go. Certainly from an appropriation, this is not a cheap issue. The money is not there. You have to find it, and I challenged my team this week to get more specific advice and counsel regarding what recommendations, the pros and cons of each step, so you all can be as informed you need to be.

Mr. LUCAS. Thank you, Mr. Secretary. Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman's time has expired. Mr. McGovern, 3 minutes.

Mr. MCGOVERN. Thank you. Mr. Secretary, thank you for being here.

Mr. Secretary, I am deeply worried about the future of SNAP and our nutrition programs. I am worried because, as the ranking Democrat on the Nutrition Subcommittee, we haven't seen a paragraph, a sentence about what might be in the farm bill, and that usually tells me that when it comes out, it is going to be something I don't like. And I am worried because I read today, the Chairman of the Committee saying that the Freedom Caucus will be very happy with the so-called reforms on SNAP. We have no idea what they are going to be. I am assuming that our USDA is working with the Majority on this Committee, in drafting the farm bill, and if you are, maybe you can give us a copy of what we are supposed to be dealing with. I don't think it is a classified document.

I would just say that I want a farm bill just as much as everybody else does on this Committee, but if it eviscerates our nutrition programs, our SNAP Program, there is going to be one hell of a fight on the floor.

Last year, you said when you came before the Committee, and you were new, that, "SNAP is a very effective program" and, "You didn't want to fix things that aren't broken." That was music to my ears. Yet a couple of weeks later, the Administration's budget came out and it was \$193 billion in cuts in the program. Now to be fair, you had just started so that wasn't your work. I hope that we get

an assurance that we won't see those kinds of cuts when the new budget comes out.

I saw the USDA's farm bill principles in which you advocate for legislation that will support work. We all support work, but I am just wondering what the specifics of that might be, and then you said that, you don't want SNAP to become a permanent lifestyle for some, and all the numbers show that that is not the case. That even with able-bodied adults without dependents, that the time on the program is relatively short. I am worried about some of these words because they have meanings, sometimes, that justify deep cuts in this program that might throw people off.

Is there any kind of assurance you can give us that we are not going to see in the Administration's budget deep cuts in SNAP, or that the Administration will not stand for this Committee coming up with a farm bill that would have deep cuts in the SNAP program.

Secretary PERDUE. Certainly, Congressman. Our role at USDA, and we would be happy to visit with you specifically as well as we do all Members to talk about ideas of where we feel like we can inform you and give you counsel and advice of the farm program. Obviously, the role of this Committee and Congress in general is to write the farm bill. Our goal is advice and counsel in those areas where we see some advantages.

You may be looking at different statistics than I am, but obviously, we believe that work for those people who are able is a transition to a more independent lifestyle—

Mr. MCGOVERN. And the majority of people who can work actually do work who are on SNAP.

I guess my point is simply that if you have any influence with the Majority in this Committee, please get them to release the text so that we can actually look at it and know what we are going to be voting on, and to find out whether it is going to adversely impact the most vulnerable amongst our society.

Secretary PERDUE. I will speak to the Chairman right after this meeting.

Mr. MCGOVERN. Thank you.

The CHAIRMAN. The gentleman's time has expired. Mr. Scott, 3 minutes.

Mr. AUSTIN SCOTT of Georgia. Thank you, Mr. Chairman. Governor, always good to see you.

We have had a lot of discussions about a lot of things. I want to talk with you briefly about rural broadband, and as you know, the digital divide is one of the things that we have to bridge as we talk about the rural economy. How do we get industries to prosper there, whether they be large or small? And obviously, access to the digital infrastructure of the country is one of the most important things.

Right now, USDA and the FCC both have programs to assist rural broadband deployment. Can you speak to the coordination between the two agencies and if there are any improvements that can be made, and as we begin working on the infrastructure package, what suggestions do you have for improved access to the underserved areas without overbuilding or duplicating services?

Secretary PERDUE. Thank you for the question, Congressman Scott. This, again, could be one of the most transformative things we do in the 21st century regarding ubiquitous broadband to allow everyone from wherever they may live in the United States to participate in the modern data-driven economy.

We are, again, working with FCC. We are working with the Department of Commerce in the Rural Prosperity Task Force. We made it one of the primary points. The good news is the Administration, the White House has picked up on this and we are now working with the Center of Innovation out of the White House and trying to focus and understand from a census of where all the Federal dollars are, and how they can be, again, concentrated in an effective way, not only just for Federal dollars, but in the infrastructure bill to leverage with state and local dollars. Many states already have ideas about this, as well as the private-sector. Our Administrator of Rural Utilities Service and Rural Development was just announced. He is a former electric co-op president who led in Missouri in a very less than dense area a profitable transition in that. We think there are a lot of partners out there that could be effective, not in a hothouse type of environment, but a general strategic goal of broadband everywhere. It has sociological input, it has economic benefits for e-commerce, it has telemedicine, distance learning, all those kinds of things, plus the sociological benefits of keeping those kids in areas where they would love to live.

Mr. AUSTIN SCOTT of Georgia. Well Mr. Secretary, thank you for your service. I hope that as you continue to serve, we will remember the hard times that we had with the Federal agencies in trying to run the State of Georgia and hopefully get those barriers out of the way where we can remove the barriers and get the government closer to the people.

So thank you for your service. He was a great governor and he is going to be a great Secretary of Agriculture.

The CHAIRMAN. The gentleman's time has expired. Ms. Kuster, 3 minutes.

Ms. KUSTER. Thank you, Mr. Chairman, and welcome, Mr. Secretary, and thank you again for coming to New Hampshire. We had a wonderful meeting with you and I appreciate it.

I am going to cut right to the chase. You and I had a nice colloquy last time you came about your experience with the Appalachian Regional Commission. In my part of the country, the Northern Border Regional Commission is crucial for our rural development, and I am very concerned that that has been eliminated from the proposed budget. I just want to cite a couple of things that are happening in my district. Financing the construction of a 32 bed treatment facility for our opioid epidemic in a town called Bethlehem, New Hampshire, crucial. This is the northern part of my district. No other treatment facility is available. We are in the process of constructing affordable housing units for veterans in Plymouth, New Hampshire. We opened a new health facility in Bristol, New Hampshire. Crucial funding for our infrastructure in rural communities.

Can you make a commitment to me today that you will help us get the funding for the Northern Borders Regional Commission?

Secretary PERDUE. Well again, I will commit to you that Rural Development and the USDA will do all that we can in these areas to help. Obviously I wish that I were in charge of the whole budget, but I am not, and obviously there is an organization called OMB that has a lot of say in that. We try to advise and counsel them as well, but oftentimes they don't listen as well to us as we would like for them to in that regard.

But certainly for the needs, as you indicated, I saw firsthand the beneficiary of the Appalachian Regional Commission. I know what these can do, but we also are committed and dedicated to making sure rural development in these kinds of spaces, whether it is treatment facilities, transition facilities, or the other things that you mentioned, still as a strong participant in our rural communities, whether it be the Northeast, the Southeast, the Southwest, or the Northwest, and all across America.

Ms. KUSTER. Thank you, and just a heads up to my colleagues, I have bipartisan support from my Republican colleagues and Democratic colleagues. I hope this will be in the upcoming farm bill. If not, I will be back with an amendment.

So thank you, and just very briefly, could you comment about rural broadband deployment? That was an issue we had talked about when you were in New Hampshire, in 30 seconds.

Secretary PERDUE. Certainly. We are working feverishly, actually, not only the FCC, Department of Commerce, other partners where billions of Federal dollars are already going, but with our state and local partners as well as our private-sector partners in trying to develop a nationwide strategy for deployment of that. We believe, again, as I indicated to Congressman Scott, that it could be one of the most transformative things we do in America for the 21st century. You look at the Federal highway interstate system, you look at the REA, you look at the telephone system. That is what we need today, and we are working toward that.

Ms. KUSTER. Well thank you, and I would love to work with you. I yield back.

The CHAIRMAN. The gentlelady's time has expired. Mr. Gibbs, 3 minutes.

Mr. GIBBS. Thank you, Mr. Chairman. Thank you, Secretary, for being here. It is great to see you again.

I have a question in regard to what happened in the tax bill, and you may or may not be familiar, but hopefully you have some comment on it.

In the Senate, Section 199 and they created a new Section 199A, and it is causing an issue with farmer co-ops and other grain elevators, and it is because of the 20 percent deduction for co-ops, and then the tax rate is on gross, but I know the National Council of Farmer Cooperatives and the National Grain Feed Association are trying to work together to fix this in the Senate, because it originated in the Senate, because it does kind of pick winners and losers, and it is really going to hurt our small businesses that buy grain from farmers and other things.

Can you comment on that, do you see what is happening?

Secretary PERDUE. Yes, sir. We are on the record obviously early on after that came out, and it was acknowledged some of the inadvertent consequences of the language in the section 199A is we felt

like that was unintended consequences, and we would love to see a resolution as quickly as possible. It was going to affect the marketing of various crops and we hope, and I trust that the cooperative community as well as the independent community are working together on a fair resolution. We wanted to see the previous provisions of section 199 preserved, and that was really the intent of Congress, but kind of moved from the meter a little too far. Hopefully we can get back in there in an effort where we don't see the diminishment of what the previous section 199 provisions were, but certainly what happened was a very unfair advantage, and probably everyone, whether you are a co-op or not, recognized that.

Mr. GIBBS. Well, the good news is the National Council of Farmer Cooperatives and the National Grain Feed Association are working together, because they would kind of be on maybe both sides of the issue there, and I think that is positive.

I have to apologize, I had to step out and I just caught the end of Representative Scott's comments on the broadband. I will just say because I am going to run out of time, but I totally agree with you 150 percent. We need to get broadband deployed in the rural areas. One vehicle might be working with some of the electric co-ops. I have a couple of electric co-ops in my State of Ohio, and I know there are some in Indiana that have actually tried to lay fiber and do that. It needs to happen. We are kind of like we were probably when President Eisenhower did the interstate highway system. This is the new economic development in rural America and it has to happen.

Secretary PERDUE. I agree.

Mr. GIBBS. I yield back.

The CHAIRMAN. The gentleman yields back. Ms. Adams, 3 minutes.

Ms. ADAMS. Thank you, Mr. Chairman, and thank you, Mr. Secretary.

Our 1890 land-grant universities have played an important role in the rural economy, many in rural districts in the South where they are among the largest employers in their towns. The 1890s contributed \$4.4 billion to their local economies, but as you know, Mr. Secretary, more than half of our 1890s are not getting 1:1 matches from their states. In my home state, North Carolina A&T provides extension services in 51 of our 100 counties and is doing a good job in helping our farmers and the community, but they are not getting their state match.

I understand that as governor, you helped Fort Valley State to get 1:1 matches. We need your leadership in USDA and to ensure that all of our 1890s receive their funding. So how can we work with states to encourage them to act more equitably when providing a match, and what did you do in Georgia to make it work?

Secretary PERDUE. Again, it is a recognition of the contributions of our 1890 land-grant schools have. We were fortunate in Georgia with Fort Valley State that they had the great programs that were recognized. We visited around. We were at the Florida A&M and I was really amazingly surprised at the amount of scientific research those students were doing there was quite an indication of the good work that is being done.

One of the things that we are working on with your colleague, Congressman David Scott, my friend from Georgia, his bill, H.R. 51, Funding for Student Scholarships for the 1890s Land-Grant African-American Colleges and Universities Act. We have been discussing with the White House how we can enhance through scholarships some of that.

The challenge is obviously, from a state perspective and state budgets, we are somewhat constrained by how we can influence that other than encouragement over them matching the Federal dollars there. There is a tendency, obviously, among education and research when the Federal Government moves a step forward, sometimes our local governments move two steps backward and we can't continue to backfill that with more funding. But we can also be helpful. We have created the Office of Partnership and Public Engagement that is reinvigorating our USDA relationship with our 1890 schools, as well as our Tribal colleges as well.

Ms. ADAMS. Let me just quickly ask you about Centers of Excellence and what your thoughts are on that. We had just a temporary project, and so what is your thought about creating Centers of Excellence and moving them forward?

Secretary PERDUE. Would you repeat that question? I am not sure that I understood.

Ms. ADAMS. Well Centers of Excellence, three of them were started with only discretionary funding, and we haven't had any permanent centers. I was just wondering about that.

Secretary PERDUE. I don't know that I have a specific answer for you. I will get one for you on the Centers of Excellence.

Ms. ADAMS. Well I appreciate that. Thank you very much. I yield back.

The CHAIRMAN. The gentlelady's time has expired. Mr. Crawford, 3 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman. Mr. Secretary, thanks for being here.

Two or 3 weeks ago, we had the opportunity to visit with you a little bit about some of the challenges of young farmers and ranchers and some of the barriers to how they can enter production agriculture. Farm bill principles, one of them states is to encourage entry into farming through increased access to land and capital for young beginning veteran under-represented farmers. What do you think we can do from a policy perspective to help facilitate that, because it is a huge challenge and we are really not moving the needle very measurably.

Secretary PERDUE. Sure. One of the things that Ranking Member Peterson and I have talked about is making sure that our CRP programs don't outbid land higher than rental rates for keeping it away from the beginning farmers many times. Another policy we need to look at the indexing of our farm loans. As you know, the access to capital is very important. There is another statutory provision regarding direct farm loans and FSA is that beginning farmers have to have 3 years of experience, and we need to look at how we can modify that and make sure that we do good underwriting on that. But particularly in the Northeast, we have seen a lot of young entrepreneur farmers, not necessarily from farm

background, getting in and we need to be more mindful of how we can facilitate those types of efforts.

Mr. CRAWFORD. I want to switch gears a little bit with you here. Not that long ago, it has been about a year or so ago when you were confirmed, and you mentioned in your Senate confirmation hearing we should have Cuba as a customer. They would love our products. I agree with that quite a bit. I would ask you if you could kind of give me a bit of a read on the Administration's perspective with regard to ag trade in Cuba, specifically our legislative efforts, H.R. 525, Cuba Agricultural Exports Act, to effect that.

Secretary PERDUE. Yes. Again, from the Administration's perspective, I don't know that a lot has changed regarding ag trade. In fact, if you look at the statistics, our ag trade in Cuba this past year went up significantly. Poultry and other products went up fairly significantly to Cuba. Cuba has been mostly a cash flow issue. It is a payment issue, and that obviously whatever Congress wants to do in that way, but we are still shipping ag products to Cuba. Again, it is a very good logistical play for us, and again, as I said in the testimony, they love the products and would love more of them. It is a matter of how they pay for it.

Mr. CRAWFORD. Correct. Is there a sense among your peers in the Administration, your counterparts say at Commerce and Treasury that they might accept a change to the statute that allows for the financing of those transactions?

Secretary PERDUE. I haven't had specific conversations. Early on the President's comments regarding Cuba may make that problematic at this point, but we haven't addressed that specifically.

Mr. CRAWFORD. Okay. Thank you, Mr. Secretary. I yield back.

The CHAIRMAN. The gentleman yields back. Mr. Soto, 3 minutes.

Mr. SOTO. Thank you, Mr. Chairman.

Mr. Secretary, in Central Florida and around the country, we are developing new high tech sensors and photonics technology, and in your January 8, 2018, *Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity*, a task force you chaired, the task force recommended increasing research and use of precision agriculture technology, specifically sensors and imagery technology.

Can you elaborate on the Department of Agriculture's support for expanded research in sensors, image technology, and other smart ag technologies?

Secretary PERDUE. Well I believe that technology research and advancement has been really the result of our productivity, or really the precursor to our productivity here to now. When we see other countries, both in the EU and in China and other people putting more and more money into research, it is important that we continue that.

The great news about the overall ecosystem that we have of delivery of information in the United States is we have a great basic research through our land-grant universities, 1890s and others, include over basic research the kind of "what if" questions. We have great applied research ecosystem of how that really affects what happens in the fields and the farms and the forest out there, and then we have this great delivery system of extension service that helps that. USDA and the Federal Government all participate in

that in a great way. We have just got to make sure that we continue to focus it.

USDA, as you well know, has the Agricultural Research Service that works very closely with our other independent researchers in our universities across the campus, so I can't say forcefully enough how important that is to continue our research efforts both on the kind of pests that we have, like the spotted lanternfly, the greening issues there, and other types of things. Research will be the solution. When you look at the productivity trends of American farmers and ranchers, that is what has contributed to their success and it is not a time to stop now because we have other nations who are rapidly catching up on research appropriations.

Mr. SOTO. And we appreciate you being a champion of fighting citrus greening. As our neighbor to the north from Georgia, Florida continues to have issues. What commitments can we count on going into the rest of 2018 and 2019 with regard to combating citrus greening?

Secretary PERDUE. One of the things we have been waiting on obviously is the disaster supplemental, which can have a huge impact over that. We know that Florida citrus industry was devastated at a point there, so we are anxious to see how that can flow into what permanent solutions we can make.

There has been some progress, and the hurricane kind of set people back in that progress, but the Florida citrus industry was really kind of getting up on the plane, having the devastation of the last 10 years, but then understanding the kind of things. APHIS will continue to work with them over the things that really matter, and hopefully our disaster supplemental appropriation can help as well.

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

The CHAIRMAN. The gentleman's time has expired. Mr. Davis, 3 minutes.

Mr. DAVIS. Thank you, Mr. Chairman. Mr. Secretary, great to see you again. I have to commend you and your staff for listening whenever we have had a concern, and acting on those concerns. So thank you once again.

In USDA's, *2018 Farm Bill and Legislative Principles* document, the Department mentions the need to develop an impact evaluation approach to ag research. I agree with the need for such a system, and I actually plan on introducing legislation soon to ensure the research we are conducting is research that is most needed.

What additional changes can Congress make to better improve ag research, to make our ag research dollars go further?

Secretary PERDUE. Again, we are looking at different focuses on priority issues. Just as you mentioned, we looked at some of the things that NIFA had funded in the past and caused some consternation among myself. From a Congress perspective, I don't know that I would like to encourage you to be more specific about that, but again, hold me accountable to make sure the research we are funding through USDA contributes directly to the productivity for the American farmer and rancher, and for resolving the most difficult issues and problems out there. And that is a management issue. If you find things we are not addressing then we want to hear about that, but that is very hard, difficult, and challenging to be specific enough in statutory language because the dynamic of

problems changes, and we need to be flexible as we move forward in researching those issues, just like the spotted lanternfly which just recently appeared, then we need research to help us there.

I would love the flexibility, but I also want you to hold us accountable for us doing the most needed type of research available.

Mr. DAVIS. Thank you, Mr. Secretary.

Since I do not have a lot of time left, I am just going to make a couple comments.

As Chairman of the Congressional Biofuels Caucus, biofuels and the RFS are very important to my farmers and in my district, and I would hope that you can be a strong biofuels advocate in this Administration, and again, I greatly appreciate all you are doing at USDA.

RUS, I know there has been a lot of discussion on rural broadband. I guess my comment would be as we move ahead, can we ensure that the USDA and the Rural Utilities Service can go back to some of the projects that they funded in the past and make sure that those companies that have been taking those dollars and leveraging them with RUS loans are actually being able to provide the service that they have promised, especially as we go into more fiber necessities in just our average everyday home life? Can we ensure that if they are not providing that service, that we might open it up for more competition to be able to leverage those RUS dollars from companies that will provide that new fiber-related service? Thank you.

Secretary PERDUE. Yes, sir. I would welcome that again from an outcome kind of based person, and if we are delivering grants or loans in a way, then we need to have a quality control audit to make sure we are getting what we are paying for.

The CHAIRMAN. The gentleman's time has expired. Ms. Blunt Rochester, 3 minutes.

Ms. BLUNT ROCHESTER. Thank you, Mr. Chairman, and thank you, Mr. Secretary. It is good to see you. We want to thank you on behalf of the first state for coming to visit us and being a part of our state fair. It was a highlight that people are still talking about.

You had an opportunity to see some of rural Delaware, and one of the major issues that faces us, like many other states, is the issue of the opioid epidemic. Delaware is actually, according to the CDC, we are the eighth in drug overdose death rates, and so I wanted to focus a little bit on that and what USDA is doing.

You guys have a portal which I am not sure if you are aware, but that opioid portal is not working and I know that in the FSA, NRCS, and Rural Development offices you would have pamphlets and I am not sure if you still do, but could you talk a little bit about what resources support or jurisdiction you feel are insufficient right now, and then what you think Congress can do to assist in that?

Secretary PERDUE. Certainly. Well first of all, I appreciate you pointing out the fact that we have a portal on the USDA website that is not functioning. I am a little embarrassed by that, and you will go back and check in the next couple of days, that should be resolved. But what we are trying to do, again, is to coordinate between our Federal partners and HHS, who has the primary respon-

sibility here, how does USDA impact that? We know from RD perspective, Rural Development, many of these issues, unlike other drug issues, are probably in many rural areas, and whether it is transition centers, treatment facilities, or those kind of things, we have an aggressive approach through Rural Development, to help local communities address their needs in that.

This is a terrible type of situation that is somewhat, frankly, difficult for easy answers, but we want to participate with our Federal partners from Congress's perspective, again, the awareness and acknowledgment is the first thing, and any types of ideas that you have that USDA can implement better, then we are open to a hearing from that.

Ms. BLUNT ROCHESTER. Fantastic. This is one of the areas that I can see there is a lot of bipartisan support on. Congresswoman Kuster has been one of the leaders as well, so that is the one question.

The other that I will submit in writing because we might not have enough time is I just would love to hear an update on your restructuring. The last time you were here, we talked about that and I would love to hear specifically what things you hoped to achieve, and whether or not you actually achieved those things in the restructuring.

Secretary PERDUE. That is a good question. We would love to tell you very specifically and at length where we have been and what we have done.

Ms. BLUNT ROCHESTER. Great, thank you. I yield back.

The CHAIRMAN. The gentlelady's time has expired. Mr. Bost, 3 minutes.

Mr. BOST. Thank you, Mr. Chairman. Thank you, Mr. Secretary, for being back here.

Representative Davis actually touched on this slightly, but I want to go into more detail. Domestic energy production continues to rise in the United States, and the use of renewable fuels are helping the U.S. take steps towards energy independence. Renewable fuels and RFS are extremely important to the district I represent, and they provide good paying jobs, added value to commodities, alternative feedstock, and in some instances, new opportunities for capitalizing on investments and research and development made in advance of biofuels like cellulosic.

Can you tell us where the USDA is, what is it doing to further improve opportunities in the renewable fuels area?

Secretary PERDUE. Surely. We have had a lot of discussions here based a lot on the challenge of the hold of our Under Secretary in that area, which that seems to be the real issue there. One of the things that we have looked at, I visited actually yesterday with the Chairman of the Commodity Futures Trading Commission about a more transparent market of RINs that may help to understand where the RIN trading is going. One of the things I have had a discussion with our EPA Administrator about is the RVP waiver going from ten to 15 percent. I have tried to get the industry to look at further than just 2022 when the statutory volumes disappear, how can we build up and build in a demand base moving from ten percent to 15 percent there, helping with our energy independence? Some of this from a natural gas perspective and both an oil per-

spective, many people have lost some of the enthusiasm they had when the RFS guidelines were put in. It has obviously been good for American energy independence, as well as for the American farmer. We just want to help facilitate a movement further there into the RVP waiver of 15 percent.

Mr. BOST. Thank you.

I want to switch gears if I can. I am down on time here, but we have previously discussed bringing our waterways into the 21st century. My district is kind of unique. It is one of the only districts in the nation that has three navigable waterways, the Ohio, the Mississippi, and the Kaskaskia Rivers. The locks and dams and the thousands of miles that are up and down the inland waterways, the concerns I have with not only the levees, but also the locks and dams and maintenance and everything. What are you doing, and maybe you can express the concerns you might have as we try to move our grain and biofuels as our commodities, because when we compete in a worldwide market, if we move forward with the infrastructure bill, my big fear is what the fees are put in place will put us at a disadvantage.

Secretary PERDUE. Certainly one of the things we benefitted from in the United States of America is a great logistical system of which inland waterways are part of it, as well as our ports. And you have heard the President stand on the banks of the Ohio River and talk about that crumbling infrastructure. Some of those locks and dams are over 50 years old. So I am hopeful that in the infrastructure bill, we will see dedicated money for agricultural logistical services, including those that you described.

Mr. BOST. Thank you very much.

The CHAIRMAN. The gentleman's time has expired. Mr. Scott, 3 minutes.

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

Secretary PERDUE. Thank you, sir.

Mr. DAVID SCOTT of Georgia. Secretary Perdue, as always, it is a pleasure. Let me commend you on the excellent job you are doing. You visited what, 32 or 33 states already, and that is wonderful, and I just want to commend you for that. And I also want to thank you for your work with me and other Members of this Committee on H.R. 51, which would help to be able to address the issue of getting more young people into farming, into agriculture. It is the world's most important industry. The food we eat, the clothes we wear, our comfort level for our homes, our clothes. So this is very important that we be able to get scholarships into these schools. And these are very important schools, the 1890s, which are the African American land-grant schools and colleges. And of course, they may be African American, but they have students from every single race. So it is a beautiful, beautiful thing we are doing, and I deeply appreciate you talking to President Trump about this, and give him my regards, won't you? And tell him I thank him for his support. It is going to take a team effort to do that, and we are very delighted with that. Thank you, sir.

Secretary PERDUE. Thank you, friend. We suggested this February might be a good time to get that H.R. 51 across the line.

Mr. DAVID SCOTT of Georgia. Oh, we hope so, man. We will be pushing.

Secretary PERDUE. Before you—

Mr. DAVID SCOTT of Georgia. You are the running back that can get it through from your days at the University of Georgia.

Secretary PERDUE. While you were out, I mentioned the fact my visit to Florida A&M, your alma mater, and how impressed I was with the students. If you could have seen the research projects that those students do, they would equal any land-grant university in the country. I know you would be proud. Your colleague, Mr. Lawson, was there with us and we were happy to be there.

Mr. DAVID SCOTT of Georgia. Good. If it weren't for Florida A&M, I wouldn't be sitting here today.

Secretary PERDUE. Right.

Mr. DAVID SCOTT of Georgia. Thanks to that fine university, and of course, it is a land-grant school and I know they are grateful for your work on H.R. 51.

Let me lift up in my last 15 seconds, I am concerned about cotton. I wanted to make sure we are able to get that cost-share program and get the financial help to our cotton farmers that we need. As you know, Georgia is number two in cotton, next to my good friend Mr. Conaway's Texas.

Secretary PERDUE. We had worked on that prior to really after the hurricanes, kind of in the midst of y'all's discussion regarding the disaster supplemental. We had a PAYGO solution in that. We still have that prepared to go for the 2016 crop. We were advised to sort of wait and see how the disaster supplemental goes. It looks like if it continues to go on and not be funded, then we may have to go ahead with the cost-share program there. But that would be for the 2016 crop in that way, so we have something in the pipe ready to go, and it is a matter of timing on that.

Mr. DAVID SCOTT of Georgia. Well that is great. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman's time has expired. Mr. Abraham, 3 minutes.

Mr. ABRAHAM. Thank you, Mr. Chairman, and Mr. Perdue, thanks for being here. Thanks for allowing and facilitating the USDA to be more customer service related, certainly more responsive to requests. It has been a delightful turn of events. Thank you for coming to Louisiana, talking to my rice, sugar, cotton, and corn farmers there. It is much appreciated.

I am going to kind of pony on Mr. Scott's statements as far as cotton. As we know, the 2014 to the 2016, even the 2017 years, have been tough on cotton. We are to the point in Louisiana where production costs are about \$100 more than actual revenue costs, it is a net loss situation. So we understand with Chairman Conaway's leadership, we will address that in the farm bill and make some steps to at least remedy some of that, because there is such an urgent need. And I am grateful for your commitment, as Mr. Scott has alluded to, for the short-term reliefs for our 2016 and now 2017 cotton producers, mainly for the fact that they can simply still go to the bank and be bankable for another year. And as you know, having been a grower yourself, that is critical to be able to walk into a bank and obtain a loan just to put a crop in the ground.

In your opening statement of how optimistic our farmers are when they know the odds are against them, it was a testament to their courage and their willpower.

Again, just a thanks for what you are doing, and looking after all our farmers. And I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. Mr. Evans, 3 minutes.

Mr. EVANS. Thank you, Mr. Chairman. Mr. Secretary, I would like to thank you for the recognition of Walter B. Saul High School of Agricultural Sciences and our future farmers, and you raised a highlight on that. I really appreciate that.

I know you are a veterinarian, and I am concerned we have University of Penn in the Commonwealth of Pennsylvania. Can you share with me the important veterinary programs that you look to strengthen as it relates to the nation's veterinarians?

Secretary PERDUE. Well certainly. If I understand the question, USDA employs a lot of veterinarians. They are at the forefront of our food safety program, and very critical in that. My short time in the Air Force, my job was public health and food safety, so obviously the veterinary education aspect from how we can encourage that, particularly in the food animal medicine perspective. As you well know from your constituents, it is difficult to get larger and food animal veterinarians in many parts of the country today. We ought to look at, again, some scholarships similar to what we have with medical students where they go and practice in areas that are needed and vital where they get some, again, loan forgiveness in those areas.

As a veterinarian, I am very close to that community and anxious. I may have told you this before, but my wife and I endowed a scholarship at the University of Georgia for students in the Department of Agriculture who want to go into food animal medicine, because it is a critical need and our ranchers and producers need that.

Mr. EVANS. Thank you. Mr. Secretary, I was at the Pennsylvania Farm Show, just like as you have visited one of the best farm shows in the nation. Dairy farmers, the Margin Protection Program is not providing the needed relief. Is there anything that the USDA can do through administrative actions to improve this vital safety net for our dairy farmers?

Secretary PERDUE. Well again, what we did do this fall was to allow farmers who had signed up for the Margin Protection Program to withdraw from that, and by the virtue of the number that withdrew, 75 percent of those, it gave us an indication this program wasn't working for them. I know Ranking Member Peterson and I have had some discussions about how to improve that program. Again, that is really and vitally needed in the farm bill coming forward about how we utilize that program, whether it is margin protection or LGM program for dairy producers. That is the sector, as we indicated, that didn't fare as well in the 2014 Farm Bill as we would hope for.

Mr. EVANS. Thank you, Mr. Chairman. I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back. Mr. Marshall, 3 minutes.

Mr. MARSHALL. Mr. Secretary, let me start by saying thank you for your comments on the section 199A. Like you, we are all looking for a solution that is fair to all concerned, so I greatly appreciate that.

I want to address the biggest problem in Kansas, and I say not agriculture, but the biggest problem in Kansas, because Kansas is agriculture and agriculture is Kansas. The biggest problem in Kansas is the price of wheat, the price of sorghum, the price of corn, the price of milk, the price of beef, and the price of pork. You have addressed NAFTA already. Please take the rest of my time and address what you are seeing the future looks like in Japan. It is a huge market for our wheat and our beef. It is a \$200 million problem, going forward, with our competitors when it comes to the wheat issues as these tariffs come in place, and I want you to be reassured, I interviewed ten people from Japan and they all preferred Kansas beef over Australian beef. So it is ten out of ten people. So we would like to get that Kansas beef over there.

Secretary PERDUE. I understand. Again, you may have heard and I was very encouraged to hear our President in Davos talk about potential interest in rejoining TPP. As we know, the TPP 11 have moved forward, but when we talked to Japan, when we look at the other countries involved in TPP, they were very regretful that the United States was not part of that. And I am going to take the President's word. Again, he is a tough negotiator. He is American, and he believes in America; but, again, we understand how vital trade is to our ag economy, not just in Kansas, but virtually everywhere else. Wheat has not fared that well. We were on a good road with sorghum. I never thought I would see sorghum at a premium to corn, and that is why the hit took a place with China. Even an announcement there was disheartening in that regard. NAFTA, as I indicated earlier, I am hopeful that we can really close that out and have an improved NAFTA, a modernized NAFTA that is better for the American producers as we go forward.

But our farmers need certainty. They are optimistic. They are resilient. They are courageous, but like any business, they really deal in uncertainty, and there is a lot of trade anxiety out there. So I wish there was some way that the Secretary of the U.S. Department of Agriculture could just waive a magic wand and fix prices. You and I both know that is not possible, but you are absolutely right. The farmer is great for the ag economy. It is great for the economy in general, because if farmers make money, they are going to spend money. And they rotate it through the economy in a mighty way. You see that green paint riding everywhere, as well as other things, but it is good for main street. The ag economy in those rural Kansas communities is good for main street as well.

Mr. MARSHALL. Thank you for the hope, and I yield back.

The CHAIRMAN. The gentleman's time is expired. Mr. Panetta, 3 minutes.

Mr. PANETTA. Thank you, Mr. Chairman, and Mr. Secretary, good morning. Thank you for being here, as always, as we are coming up on the 2018 Farm Bill, and obviously I appreciated meeting you out in California. Although, please know that the salad bowl always has an open welcome for you to come there on the Central Coast of California as well. And if you go there, you are going to

hear the number one issue that is out there on the Central Coast, and probably number one issue in California when it comes to our agriculture, and that is labor, as you mentioned.

You have shown a great deal of empathy and understanding when it comes to this issue and how it affects our specialty crops on the Central Coast and in California, and I appreciate what you have said, and I appreciate some of the actions that you have taken. I appreciate the fact that you have hired a senior advisor, Christy Boswell, to address these issues. What I would like to find out is as you, as we know, immigration reform, dealing with this issue is very politically sensitive, and policy complex. But has Ms. Boswell given you any sort of advice and how we can think outside the box in dealing with addressing our workforce issue? And I know that in your *Report to the President of the United States from the Task Force on Agriculture and Rural Prosperity*, page 29 you talked about the H-2A. I think that is the only area in that report that you deal with labor in agriculture, and you mentioned inter-agency efforts to improve H-2A.

My second question would be then can you elaborate on those interagency efforts as well?

Secretary PERDUE. Certainly. As you mentioned Christy Boswell, we have worked diligently with Chairman Goodlatte on his bill. Obviously, that was one of the issues your western growers didn't address many of the challenges they have, that is, the transition from their current workforce into a new program here, and that is one of the things we would like to see addressed. We are working with DHS and helping them to understand that the criminals they are looking for are not on our farms or out there producing food for the Americans as well as worldwide, and they are not there. It is a challenge, obviously, because as the agents show up, it affects everyone in the community. What you know and I know is that many of these workers have been on some of these farms for years. They become part of the family. In fact, many of them have very serious management responsibilities in that. So I would love to see some sort of transition environment where we could recognize that and move toward a legal workforce.

The problem with H-2A, it involves certainly Department of Labor, Department of Homeland Security, as well as Department of State. Now some of the ideas that Chairman Goodlatte has in his bill we embrace. We think that farmers typically would be more comfortable as an intake mechanism of USDA rather than DOL. There are a lot of very onerous moving parts dealing with the H-2A program, and many of your producers have given up using that as a tool. That only contributes to, again, the perpetuation of the non-legal workforce that we have in America, and we would love to see that resolved.

Mr. PANETTA. Thank you.

The CHAIRMAN. The gentleman's time has expired. Mr. Dunn, 3 minutes.

Mr. DUNN. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary, for being here today, and thank you for your commitment in your recent *2018 Farm Bill & Legislative Principles* to make America's forests work again.

The district I represent has many counties that are dependent on working forests to fuel their economy, and so I promise that you in addition to promoting sound management of working forests, I am going to look forward to working with your Department on legislation such as H.R. 1380, Timber Innovation Act of 2017, to spur innovation of the forestry sector and to grow those markets.

On another note, as you know, the Food and Drug Administration regulates products of animal biotechnology. Regrettably over the last 20 years, the FDA has managed to approve just two animals. The developers (AquaBounty Technologies, Inc.) of the GE salmon first applied for FDA approval in 1995, and received that in 2015, 20 years later. The producers (Oxitec Ltd.) of GE mosquitoes applied for FDA field trials in 2011, did not get approval to do those trials until the Zika outbreak came out in 2016. So this undertow of the FDA's regulatory regime is preventing potential products live avian influenza resistant poultry and foot-and-mouth resistant cattle from being commercialized.

Can you tell us if the USDA plans to engage the FDA on their broken animal biotech system, and have you or has the USDA ever considered seeking to regulate the animal biotech products in house?

Secretary PERDUE. You mentioned two issues close to my heart. Obviously one is the forestry issue, and to make forests work again, we strongly need the legislation that is before Congress now. We need both sides to come together, not only with fire funding, but also with forest management where we can actually do that. Without the forest management proposals, the funding doesn't really matter. We are going to continue to fight forest fires. So I hope you and your colleagues can ask your leadership to make sure we get that done here quickly. There is a window of opportunity that is passing on that, so in order to make forests work again, we need those tools.

You mentioned a really interesting issue. We have just signed an agreement with FDA over cooperation. Dr. Gottlieb and I have visited on a fairly regular basis on different areas. This is one particular that has not come up over the veterinary regulation, the veterinary approvals, but I love your last suggestion. Again, from a pharmaceutical perspective dealing with animals, we would love to have that responsibility. We are making progress on a personal level there, there are embedded attitudes in all these agencies that sometimes don't have the same desire for collaboration that the leadership does. Dr. Gottlieb and I are becoming fast friends over the kinds of things that we can talk about, particularly FSMA and those types of issues, but this is one area that I have not pursued. But you have given me another idea.

Mr. DUNN. I will help you. I yield back.

The CHAIRMAN. The gentleman's time has expired. Ms. Plaskett, 3 minutes.

Ms. PLASKETT. Thank you very much, and good morning, sir.

Secretary PERDUE. Good morning.

Ms. PLASKETT. Thank you for being with us here.

The supplemental appropriation bill for disaster relief that the House passed before adjournment included \$2.6 billion for crops, trees, bushes, vines, *et cetera*, losses due to the 2017 hurricanes, in-

cluding Irma and Maria. In order to be eligible for funding, all producers receiving payment must purchase crop insurance, and it says, "Where crop insurance is available for the next 2 available crop years and producers receiving payments shall be required to purchase coverage under the non-insured Crop Disaster Assistance Program." And that is to be determined by the Secretary.

I don't know if you are aware, USDA does not offer crop insurance in the Virgin Islands, which of course received enormous damage during the hurricanes. If this bill is approved by the Senate and signed into law, would it be possible and would you be willing to use the discretion provided to you under this program to help producers in the Virgin Islands purchase coverage under NAP so that they may be eligible for their share of this funding that has been put in the disaster aid package?

Secretary PERDUE. I think that is absolutely the intent of the legislation as you read, and we would certainly commit to that when you read the fact that where crop insurance is not available, that is exactly what we would expect to have happen.

Ms. PLASKETT. That would be great. I appreciate that.

And as you may recall, a special *ad hoc* relief program was created by the Department of Agriculture in October for farmers in Puerto Rico which provided vouchers to buy feed from local dealers. This was not extended to the U.S. Virgin Islands, which were similarly devastated by Hurricane Maria. Do you know why that was not extended to them?

Secretary PERDUE. I am not aware of the request that we had there. Puerto Rico's dairy industry and poultry had some specific requests that we addressed, too, and I am not aware that we had those from the Virgin Islands.

Ms. PLASKETT. So it was mostly for livestock, for poultry, you believe?

Secretary PERDUE. Yes, it was for the feed for the dairy industry primarily. I don't know why we would have not responded in likewise to the Virgin Islands, had we had similar requests.

Ms. PLASKETT. Okay, thank you.

A big issue for agriculture in our island territory is lack of data, in part because the local agriculture offices have limited means to collect data chronically. What is the status of the Department's assessment of agriculture and rural community needs in the Virgin Islands, and what actions has the Department taken to get more USDA expert staff to help the badly damaged agriculture sector there where lack of technical assistance has been an issue, even before the two Category 5 hurricanes?

Secretary PERDUE. I don't know that I can answer specifically, other than committing to you that we will look at that from a data-driven perspective. Our fiscal service, we rely on data quite a bit. We talk about being facts based, data driven. We can't make good decisions if we don't have good data, so I will have to look at that and see how we can improve our efforts in our territories.

Ms. PLASKETT. We would appreciate that. It has been a real issue for us over the years.

The CHAIRMAN. The gentlelady's time has expired.

Ms. PLASKETT. Thank you.

The CHAIRMAN. I hate to be abrupt, but they have called votes and we are trying to get everybody through before we go over there, so thank you for that. Mr. LaMalfa for 3 minutes, and again, we are going to be pretty tight on the time.

Mr. LAMALFA. Thank you, Mr. Chairman, and again, Mr. Secretary, I really appreciate your accessibility and your diligence in traveling the country and hearing all our issues. A lot of effort on broadband, greatly appreciated.

Bringing it back to some California issues, we produce some of the highest quality food and the safest handled food in the country, and so when you look at the FSMA, the Food Safety Modernization Act, I am afraid there might be a little more than what is needed. Yes, we had a flare-up over 10 years ago in the spinach and some of the other leafy greens where *E. coli* and in some cases *Salmonella* came up, and that is being addressed. But what I am afraid of is that the bureaucracy of this is going to go so far that we are going to continue to hamper the ability to grow these products in California or the U.S. effectively.

When you are talking about bird droppings which, folks, these things grow outside, okay, and not allowing the food to touch the soil from which it came, it seems, again, the bureaucracy might be overreacting to what had been a serious problem, but with the protocols in place, we have seen pretty good success since then.

Mr. Secretary, I guess we can go a couple different ways on this. We can see how the new regulations are going to indeed impact growers in our states, or maybe try and get ahead of the curve a little bit and fix the problems preemptively that could flare up and still have a very safely grown product.

My understanding is that most of the authority for the produce safety rule were indeed given over to HHS and the FDA. Some of us like to see the USDA have a lot wider role in that, since you all understand farms and that more directly. And I know that you have been really working for regulatory relief. Is there anything Congress can do legislatively to help in the farm bill more immediately that could make your job, and I know Dr. Gottlieb over there with the FDA as a Commissioner has been really working well and trying to work through this path. What best thing could we do to get this to be a more farmer-friendly and USDA-friendly process?

Secretary PERDUE. Sir, I couldn't agree with your concern more. It has been one of my major concerns as I look at how we create and produce a safe food supply. We probably overpaid the meter a little bit with the Food Safety Modernization Act. You mentioned bird droppings. I mean, people have been written up for deer tracks out in the fields as well. These are not biological sanitary sterile conditions over which these vegetables are grown.

Again, as you know, Congress gave the Food and Drug Administration the primary oversight of that, and while Food and Drug Administration does a lot of good things, they are not experts in the field of examination. There are a lot of challenges that Dr. Gottlieb is trying to delay. I would welcome Congress to look at this again, see if there is any opportunity in the farm bill to rebalance what is the balance between safety and productivity here. No farmer produces a crop intentionally to harm people or handle it in a way to

do that, but some of the regulations are, as we are in this deregulatory environment, it is going to be a huge regulatory issue. I am a little bit concerned that some of the unintended consequences of FSMA may move us into the same area as the Endangered Species Act and those kind of ways, so your concern about that is my concern, and I would implore you and your colleagues to look at that in the farm bill to see if there are opportunities you may have.

The CHAIRMAN. The gentleman's time has expired. Mrs. Bustos, 3 minutes.

Mrs. BUSTOS. In the interest of time, I will ask one of my three questions because I know we have been called for votes.

But Mr. Secretary, thank you for being here, and I appreciated one of your earlier answers where you mentioned green paint in reference to John Deere, and that is where I am from, Molina, Illinois, where the world headquarters for Deere is. But if you go east of that, it is the home of yellow paint, which is Caterpillar in Peoria, which is also part of my Congressional district. And in Peoria, Illinois, is the largest USDA ag lab in the entire country, and you and I have had a chance to talk about that before, but in the President's earlier budget, he had slated that for closure, and thank you for your help in intervening and making sure that didn't happen.

And I know you have also mentioned the importance of being able to hire staff. That is something that has been important to you, and I appreciate that as well. And also the importance of attracting and retaining a long-term workforce.

It is my understanding that the hiring of much needed staff at the ag lab in Peoria in particular, and this might apply to other ag labs as well, but it has been delayed. There have been some challenges filling slots there, and I didn't know if you were aware of that, but I really wanted to ask you if you had an understanding of why it is happening. We have these job openings. I know that the hiring freeze ended in April of 2017, but what are you hearing about that and perhaps what we can do and how we can work together to address that?

Secretary PERDUE. Certainly. Not just in our ag labs, but obviously USDA-wide we are trying to right size that workforce in a way. I have also tried to respectfully wait for our Under Secretaries to be in place, because I am going to hold them responsible for those, and that is one of the delays there.

Mrs. BUSTOS. Okay.

Secretary PERDUE. And that is just my preference is if I am going to hold them responsible, I want them to understand and to help guide that workforce as well. But we are making some hires in different areas. I have to look at the specific ones in the research lab there, but we are hiring in the Forest Service, we are hiring in FSA, and we are hiring in AMS and other places that way. And a way to understand what the attrition rate is, but it is the right people in the right place doing the right things is our goal, and part of the delay has been trying to get people in from all the way at the top down, but we can look at that specifically. We do have some personnel gaps in various agencies.

Mrs. BUSTOS. Is there anything we can do to be of help on this? I mean, these are some of the best paying jobs in our community there, and I really want to move on that if we can.

Secretary PERDUE. Again, urging your colleagues to move on our nominees and getting people in place.

Mrs. BUSTOS. You think that is the biggest problem on this?

Secretary PERDUE. Yes, right.

Mrs. BUSTOS. Okay, all right. Thank you, Mr. Secretary.

Secretary PERDUE. Thank you.

Mrs. BUSTOS. I yield back.

The CHAIRMAN. The gentlelady yields back. Mr. Comer, 3 minutes.

Mr. COMER. Thank you, Mr. Chairman, and Mr. Secretary, it is great to have you back. Before I ask my one question, I want to thank you for all that you do and all the attention you pay to the FFA and 4-H. Those of us in the agriculture community notice that and we really appreciate your commitment to the next generation of farmers.

People in my district are very happy with the tax cuts plan, very happy with the focus on reducing the regulatory burden. The one concern that a lot of the farmers have, and you and I have discussed this in the past, is trade. Obviously with the commodity process where they are, what exactly is the process now? I know that the President has kind of changed his stance a little bit on NAFTA and TPP. What is the process, moving forward? Are there representatives from the USDA negotiating with some of these countries like Vietnam, Taiwan, South Korea? Are there representatives from the U.S. Trade Representative's office? What exactly is the process?

Secretary PERDUE. Well the way it works is the USDA Under Secretary Ted McKinney, who is the head of Foreign Agricultural Services there, he is our chief salesperson. Now I have used this metaphor before. It is a little bit like some banks today. They have salespeople and they have credit people, so Ted McKinney is our salesperson, and Ambassador Lighthizer is our credit check.

Mr. COMER. Right.

Secretary PERDUE. And so they actually do the legal negotiation of the deals, but we are out there trying to get interest worldwide. Ted McKinney has hit the ground running. He is a great professional. He has already logged 30,000 miles there internationally and domestically here over trying to benefit trade.

We think there are some real opportunities in the Asian Pacific area for countries, maybe not those big hits like China, but there are some routing areas there that we are focusing on moving into.

Mr. COMER. Well I want to thank you, because I am confident that you played a big role in helping the President alter his message a little bit to help benefit agriculture and trade is probably the most important thing we can do to help stabilize the commodity market, so I appreciate you.

Thank you, Mr. Chairman. I yield back.

Secretary PERDUE. Thank you.

The CHAIRMAN. Thank you. The gentleman yields back. We are getting real close to having to leave, if my remaining colleagues can try to go to 2 minutes, I would appreciate it. Mr. Lawson, 3 minutes, but if you could shorten that, we would appreciate it.

Mr. LAWSON. Yes, I want to be real short.

Secretary, welcome and I just want to thank you for coming to Florida A&M. The interaction with the students, the FFA, the 4-H club that came from the high schools and stuff was really, really great. Your leadership and trying to make sure that with those agriculture students, the opportunity that will be available for them to go into farming and all that was really great.

I don't have a question, so to speak. What I would just say as how you work on how to alleviate fraud and abusive behavior and all this other stuff with the SNAP program, I would like to keep abreast of it because during the course of the hurricane and everything, that program was so important to people who didn't have anyplace else to turn. I know the Chairman probably is going to be working on that in the farm bill, but anything that I can do and have the opportunity to sit down with you, I would be willing to do it.

And with that, Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back. Thank you, sir. Mr. Arrington, 3 minutes.

Mr. ARRINGTON. Thank you, Mr. Chairman. Mr. Secretary, good to see you. I echo what my colleagues have said in that you have been incredibly accessible, and your leading by example with respect to your principle of customer service and it is just quite amazing, really, with the job that you have. Every time that I have needed to talk to you, you have made yourself available and I just thank you so much for that. Thanks for all your efforts on cotton and the section 199A. You get it. You understand it. You are engaged, and so greatly appreciate that.

Because I have so many questions, but in the interest of time, to me, the biggest issue for us all as ag advocates is the culture of this country and the culture and the mentality of the Representatives here in Washington, especially urban and suburban, on ag safety net, and that it is not just the 20 million jobs, it is not just rural economic development. It is national security. It is agriculture independence, food security, as you have said so eloquently. While we are trying to influence the culture here, I am praying that you are influencing the culture of the White House and the Administration. The President has a heart for the forgotten man. Does he understand and does the Administration—we had a briefing yesterday with Mick Mulvaney, good guy. I think his heart is in the right place. I don't know that he understands this issue of the national security implications of the ag safety net and getting it right.

Tell me about that and that mentality among your peers throughout the Administration. Are you making headway there, because I know you are a champion for it?

Secretary PERDUE. We do. We have weekly trade meetings, and obviously people know what I am going to say, but we keep on saying it. Again, the interesting thing from your concern, I think the NSC gets it. The DOD gets it, and other people of national security jobs understand that food security is national security. We are blessed in this country not to have to import food. You think about the efforts over oil, what would happen if we were battling over food. And that is a benefit.

The problem is some people are so complacent about that. We have taken it for granted, and it is insidious over the policies that we make if we don't stay on top of that through research and other types of safety net products. It can be gone before we know it, and it is difficult to recover. So we are trying to spread that message certainly internally and externally all across the country.

The CHAIRMAN. The gentleman yields back. Mr. Faso, 3 minutes.

Mr. FASO. Mr. Chairman, thank you. I will be very short and maybe your staff can reply in writing to these questions.

First is not a question. Mr. Secretary, you are a great Secretary of Agriculture. You are a credit to the Department and our country. Thank you so much for your service.

Second, this is the first question. The meat processors in my area are having a terrible time getting access to a facility. I can't get a USDA grader to come in and inspect chickens. They have to come from Pennsylvania or Connecticut. It poses an expensive situation for the farmer, so I would like to talk to the Department about that. Third, how can we enhance dairy consumption, milk consumption in particular? You have done a great job allowing the flavored low fat milk into the school lunch program. We need to really promote that to get a new generation drinking good quality milk. And fourth, Mr. Secretary, I really appreciate your efforts on broadband and it is vitally important to our rural economies, and I hope that we can continue to work with you.

Mr. Chairman, I will yield back my time.

The CHAIRMAN. Thank you, sir. Mr. Allen, 3 minutes.

Mr. ALLEN. I, too, will be brief, but Mr. Secretary, I just wanted to let you know how proud Georgia is of you and your work here in this body and at USDA. Thanks for your work clarifying the domestic program. That has been a big help to our folks.

I do know that there are real concerns out there with rural credit. I met with a group of our farmers. They need some flexibility, and I will be happy to meet with your folks about that and about that meeting, but we do need some flexibility because credit it seems to be tight, and our farmers, as you know, are really in a tough spot.

As far as cotton, thank you for your help with that. Obviously we have to get something done on that and I appreciate your efforts there.

And then I will just also talk about rural broadband. I mean, that is a critical issue. But again, you are on top of these things, and I really appreciate what you are doing. Thank you for all you are trying to do over there, and if I can help you with anything, please don't hesitate to contact me. I yield back.

The CHAIRMAN. The gentleman yields back. Mr. Bacon, 3 minutes.

Mr. BACON. Thank you for being here, sir. You are doing a great job.

I want to talk to our folks in Nebraska. Number one concern is affordable crop insurance, and two, they are really worried about trade. Every other row of soybeans is exported, every third row of corn, largest beef exporter. So they are very nervous about the talk that comes out of the Administration, as you know, so we got to

really work hard to make sure we don't throw the agriculture export successes out as we deal with other issues in NAFTA.

I want to ask you a question for the record, but we will do a written response. What is your assessment for FMD vaccine, and how can we get to that the best? I hear a lot of that from our pork and cattlemen, and I will just formally ask that question down the road and we can get a response back.

The question I have for you today is there is a series of articles out right now talking about how we are losing about \$60 million in pork due to a disease called PRRSV (porcine reproductive and respiratory syndrome virus), and there is a way to do gene editing to stop it, but FDA treats it as a heavy drug treatment, and therefore, it is under heavy regulation. We can't get this thing treated like we could. Can we ask FDA to change its approach? Is there a better way to go about it? Thank you.

Secretary PERDUE. Okay, thank you.

The CHAIRMAN. Well Mr. Secretary, again thank you so very much for being here. I appreciate your willingness to answer the questions for the record. I was particularly thankful for your comments about FMD and getting your team to give us better data, better information about the various opportunities that we have in that regard. You are doing a terrific job at USDA. You have become a terrific partner, and your agency has as well. Thank you for helping us get a farm bill written, and we look forward to working with you on the implementation values once we get this thing done and in on time. So thank you for being here.

The chair would remind Members, before we adjourn, under the Rules of the Committee, today's hearing will remain open for 10 calendar days to receive additional materials, supplemental written responses from the witness. With that, the Committee on Agriculture hearing is adjourned.

[Whereupon, at 11:16 a.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED STATEMENT BY HON. FRANK D. LUCAS, A REPRESENTATIVE IN CONGRESS FROM OKLAHOMA; ON BEHALF OF TODD LAFFERTY, CO-CHIEF EXECUTIVE OFFICER AND GENERAL COUNSEL, WHEELER BROTHERS GRAIN COMPANY, LLC

Our locations are in close proximity to several co-ops, in some locations less than 1 mile. If section 199A is not changed, a producer with any tax liability will have incentive to take their grain to a cooperative over us. We are a fourth generation family owned independent grain company that was started in 1917. Section 199A stands to destroy the relationships we have built over the past century because we cannot compete with the incentives producers now have under section 199A to take grain to cooperatives. We have had an accountant tell us that he is advising clients they are better off taking their grain to a cooperative and that we need to reorganize as a cooperative. One of our customers inquired whether he will be penalized by selling grain he currently has in storage with us. We have not had a forward contract entered into with us since section 199A was passed. Even if section 199A is fixed, we are concerned that some customers have already forward contracted with cooperatives as a result of section 199A, and we will not discover this until harvest. We are deeply concerned about the future of our company if section 199A is not changed promptly. We will be forced to reorganize as a cooperative, merge with a cooperative, or sell to cooperative if there is not a fix to level the playing field.

SUBMITTED QUESTIONS

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

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

Question 1. I am hearing concerns about the enforcement of 7 U.S.C. 1981a(b), which is a moratorium on acceleration and foreclosure proceedings against any farmer or borrower who has a valid pending and accepted discrimination claim against USDA. Please provide us with the following data:

- (a) number of Title VI and Equal Credit Opportunity Act program complaints filed against the Farm Service Agency and private guaranteed lenders; and
- (b) number of moratoriums on acceleration and foreclosures currently issued in compliance with 7 U.S.C. Section 1981 a.(b).

Answer. Ranking Member Peterson, as of March 15, 2018, there are 78 open civil rights complaints that involve Farm Service Agency (FSA) Farm Loan Programs, lower than we have historically seen in the past. 7 U.S.C. Section 1981a(b) does not apply to loans made by private sector lenders and guaranteed by FSA. FSA has no civil rights enforcement authority over private-sector lenders—complaints must be filed with the appropriate financial regulator, based upon the size and type of lender (Consumer Financial Protection Bureau, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Federal Reserve Board, or Farm Credit Administration).

As of March 15, 2018, there are 80 cases for which further servicing or liquidation action is suspended pending resolution of a civil rights complaint.

FSA implemented the requirements of 7 U.S.C. 1981a(b) several years ago. FSA regulations require that once a Civil Rights complaint is filed, FSA may only service the loan to the point of acceleration, and then hold further action in abeyance pending the outcome of the complaint.

Question 2. What is the status of hiring in the agencies with field presences, FSA, NRCS and the Forest Service? Is there a plan to address vacancies in field offices, many of which have been empty for months? Most folks in the countryside, both employees and customers believe there is a hiring freeze in place.

Answer. USDA is currently hiring, and across the Department we are taking a thoughtful, strategic, and data-driven approach to hiring. In regard to your specific question about the Farm Production and Conservation (FPAC) mission area, NRCS and FSA are establishing productivity expectations to ensure the optimum performance of the workforce and to make sure our hires are placed in the right locations, focused on the right work, and doing that work as efficiently and effectively as possible. Additional hiring is being evaluated across the mission area, with a goal to focus the available hiring on the most critical workload that best addresses customer needs, and with keen attention to optimum efficiency and effectiveness.

The Forest Service is also currently evaluating its hiring needs with a focus on field-based vacancies in order to deliver results on Forest Service mission priorities and USDA 2018 Strategic Goals.

Question 3. Under the “Management” header in your farm bill principles, you mention “provide USDA full authority to responsibly manage properties and facilities under its jurisdiction”. Can you elaborate on what you mean by that?

Answer. In order to be nimble and successfully manage the Department in a timely, responsible manner, USDA needs to have the authority to manage its leases, procurement, vehicle fleet, properties, *etc.*, and the taxpayer dollars appropriated to us efficiently and effectively.

Question 4. Can you elaborate on the FY19 budget submission and appropriations request for the Office of Public Partnerships & Engagement, including the specific funding lines for the Office of Advocacy and Outreach as well as the Office of Tribal Relations and the various coordinator positions such as the Military Veterans Agricultural Liaison and Center for Faith Based and Neighborhood Partnerships.

Answer. The FY 2019 appropriations request for the Office of Partnerships and Public Engagement (OPPE) is \$1.7 million. This amount includes: \$1.2 million in discretionary funding resulting from the transfer of the former Office of Advocacy and Outreach (OAO) appropriation into OPPE, and about \$500,000 resulting from the transfer of the Office and Tribal Relations (OTR) funding into OAO. In addition, the budget includes \$10.5 million in activities for which funding is provided through the Departmental Shared Cost Program, including: \$8 million for outreach to higher education institutions and their students; \$1.7 million for the Intertribal Technical Assistance Network to support Tribal member engagement in USDA programs; \$343,000 for the Faith Based and Neighborhood Partnerships activities; and other advisory committee and outreach activities.

Question 5. What do you envision as your role in advocating for corn, sorghum and soybean farmers who have invested in biofuels infrastructure? Will you be advocating for the Renewable Fuel Standard?

Answer. The RFS plays a vital role in rural America. It serves as an important source of demand for corn, soybeans, sorghum, and other crops—and as such is a strong supporter of prices and farm incomes. I also understand the RFS creates well-paying, stable jobs in our rural communities at a time of declining income and a poor agriculture economy. I have and will continue to advocate for RFS.

Question 6. Have USDA economists shown you the impacts on commodity prices with any reductions in RFS goals or what the positive impact would be of resolving the Reid Vapor Pressure issue that would allow more ethanol to be blended in summer months?

Answer. Here at USDA, we have spent a great deal of time and effort to understand this complex subject. Having been a grain merchant in the past, I clearly understand that reducing corn demand will have a negative effect on commodity prices, and USDA’s economists have confirmed that for me.

I have consistently responded that reductions in the volumes outlined in the RFS, specifically the 15 billion gallons accessible to corn ethanol, are detrimental not just to corn prices but other crop prices and to farm income and are incompatible with the President’s own statements on maintaining the Renewable (fuel) Volume Obligation (RVO).

I also understand the desire to reduce the costs of Renewable Identification Numbers (RINs) associated with the program. The Reid Vapor Pressure (RVP) waiver would allow for year-round blends from E11–E15 (11% to 15%) and would bring down RIN prices by allowing flexibility in achieving the goals of the RFS, expanding the market for ethanol and the corn to make it. To that end, the RVP waiver, along with improved RIN market transparency are cornerstones to any updates to the RFS program.

Question 7. The farm bill requires USDA to have an Office of Advocacy and Outreach (OAO), Office of Tribal Relations (OTR), and a Military Veteran Liaison. Yet the President’s FY 2019 Budget Request proposes to delete references to all three entities, and instead to consolidate them into a single Office of Partnerships and Public Engagement (OPPE).

- Do you intend to keep the names of the OAO, OTR, and Military Veteran Liaison as part of the new OPPE?
- Please explain how the Administration will ensure that this change complies with the farm bill directive to maintain an OAO, OTR, and Military Veteran Liaison.
- Do you intend to retain the purposes, functions, and other statutory duties of each of the OAO, OTR, and Military Veteran Liaison as part of the new OPPE?

If so, please describe the ways in which such purposes, functions, and statutory duties will be retained?

- Will any current functions of either OAO or OTR be eliminated or modified? If so, which and how?
- Will OTR continue to function as a special and unique office through which USDA interfaces with sovereign Tribal nations?

Answer. We are committed to carrying out these important functions regardless of name and to being in compliance with the farm bill. We will work with the Committee on any needed name changes. Our intent is that, while all functions, purposes and statutory duties of each office will remain the same, we will better coordinate them within OPPE and with agencies across USDA. The Director of OTR will continue to report directly to the Secretary, while also working closely with our Office of Partnerships and Public Engagement. OTR will also continue to serve as a single point of contact for Tribal issues at USDA, working to ensure that USDA programs and policies, such as the Rural Prosperity Taskforce, are developed in consultation with the American Indians and Alaska Native constituents we serve.

Question 8. Does your reorganization of Rural Development effect state and local Rural Development offices at all? Do you still have the same amount of Rural Development employees at the state and local level? And do you have any plans to change the number of state and local Rural Development employees?

Answer. As part of the reorganization and realignment of Rural Development (RD), we are examining mission support activities (administrative support, human resources, *etc.*) in order to maximize collaboration between the national office and state and local offices. We will be reviewing the program delivery requirements and the staff necessary to complete those activities. This review will allow targeted hiring within the state and local offices. As change occurs, any staff reductions at the state and local level will take place through attrition. Rural Development's ability to deliver the programs in its portfolio will not be impacted and the elimination of duplicative functions in the agency will allow the RD workforce to better focus on the agency's core mission.

Question 9. Everyone in this room knows how bad the wildfires were this past year. The devastation reached well beyond our forests, and yet Congress still can't pass a suitable fix to the wildfire budgeting problem that is crippling the Forest Service's ability to get work done on the ground. To what extent have you been engaged with House and Senate leadership stressing the need to solve this problem? Are you demanding new forest management authorities must be a part of a wildfire funding fix?

Answer. I was very pleased to see a forest fire funding fix included in the FY 2018 Omnibus passed by Congress. I made this a priority when I became Secretary and had ongoing discussions to encourage Members from both the House and Senate leadership to find ways to help the Forest Service get more forest management work done to reduce the fire hazard and protect local communities while creating rural jobs.

Question 10. Please provide the Committee with the number of local projects, timber contracts, NEPA evaluations, road repairs, recreation enhancements, *etc.*, which were either delayed or stalled because of fire borrowing this year?

Answer. No projects were impacted by fire borrowing this year. The agency utilized prior year unobligated balances that were not tied to work on the ground.

Question 11. Due to the runaway fire budget—both with fire borrowing and the rapidly expanding 10 year average—how much management on the ground do you think has been foregone just since you've been Secretary? How much more work do you think the Forest Service could do if we solved the fire budget problem and allowed the Forest Service to work at full capacity?

Answer. While no projects were impacted by fire borrowing during my tenure as Secretary, I certainly appreciate that Congress enacted the much-needed fire suppression funding fix this year. The 10 year average increased \$109 million from FY 2018 to FY 2019. In a relatively flat budget, this increase in fire suppression appropriations means a reduction in non-fire programs. The increasing role of wildland fire operations in the agency has caused a downward shift in the number of National Forest System personnel, down 39 percent from 1998 to 2016.

During this time, reductions to non-fire programs because of the shift of financial and human resources to the Wildland Fire Management accounts have been significant. These programs not only support the Forest Service's restoration work that would help prevent catastrophic fires, but also the protection of watersheds and cultural resources, upkeep of programs and infrastructure that support thousands of recreation jobs and billions of dollars of economic growth in rural communities, and

the range of multiple uses, benefits, and ecosystem services, as well as research, technical assistance, and other programs that deliver value to the American public.

Question 12. This Administration has been focused on looking at trade deficits and the imbalance U.S. trade agreements have created for U.S. workers. USDA has the most influence on day-to-day market expansion for U.S. agriculture. Both FAS and APHIS work hard to resolve non-tariff and phytosanitary trade barriers that can cost U.S. producers millions of dollars in lost exports. And as you know the U.S. is an attractive market for foreign suppliers and granting foreign market access to the U.S. is a key to trade relations and lower consumer prices.

To understand the cumulative gains and losses U.S. agriculture has had with USDA's policy decisions, I you provide the last 3 years on U.S. out-bound and foreign in-bound agricultural market access. I want to make sure that for the gains we are making in expanding market access for U.S. producers we are not unfairly creating an imbalance of foreign imports in the domestic market.

Please include the date access was granted and the in-bound and out-bound volumes shipped by country and commodity. I hope we can gain a better understanding of which commodities are winners and losers at trade and put the appropriate resources where they need to be directed in USDA.

Answer. The U.S. agricultural sector consistently produces a trade surplus. USDA projects the agricultural trade surplus to reach \$21.0 billion in FY 2018. In 2017, the agricultural trade surplus was \$21.3 billion. For 2016, this surplus was \$16.6 billion. Major markets where the U.S. had large trade surpluses include China, a \$15 billion surplus, and Japan with an \$11 billion surplus. During the last 10 years, U.S. agricultural exports have increased by \$48 billion with the largest increases going to China (\$11.3 billion); Canada (\$6.4 billion); Mexico (\$6.0 billion) and South Korea (\$3.4 billion).

Over the last 10 years the commodities with the greatest growth in export values are soybeans (\$11.6 billion); tree nuts (\$5.4 billion); beef (\$4.6 billion); and pork (\$3.3 billion).

The commodities with the greatest import growth include tropical products not produced extensively in the U.S. such as coffee, avocados, and bananas; fresh fruits and vegetables that are imported when U.S. production is out of season; and wine, beer, and specialty goods not produced in the United States. If the Committee has questions regarding specific commodities, USDA can provide additional information.

Submitted Question by Hon. Frank D. Lucas, a Representative in Congress from Oklahoma

Question. Sec. Perdue, Oklahoma just had the largest cotton crop harvested since 1933. This was a result of many contributing factors (rain, boll weevil eradication . . .) but chief among them was the awesome increase in the number of acres planted to cotton. This increase is due partly to the fact that the price of wheat is roughly the same now as when I first started farming back in the 1980s and folks are changing their operations to get through this any way they can.

This record crop has caused an immense ginning backlog throughout the state, some estimations state that we will still be ginning cotton come June. Producers are concerned that they will not have enough cotton ginned and marketed by the May 31st date of maturity for their FSA seed cotton recourse loans. Additionally, producers worried that the 2017 crop cannot be ginned in time to meet the RMA reporting deadline of May 1. Can you speak to these unique problems my constituents are facing?

Answer. Congressman Lucas, seed cotton loans are recourse loans which must be repaid at principal plus interest to settle the loan. In cases where a recourse loan may be open after maturity, FSA has worked with producers to market the collateral rather than deliver it for settlement.

Current RMA procedures allow producers in these areas to use temporary yields from the previous reporting period for 2017 in the event that production records are not available from the gin by May 1, 2018. Current procedures also allow producers to report their cotton production using cotton module measurements, as well as gin records, as supporting production evidence. RMA has worked to explain these options to producers and Approved Insurance Providers in the area and will continue to monitor the situation to determine whether relief measures are needed closer to the May 1, 2018, production reporting deadline.

FSA is aware that one or more individual gins is experiencing gin capacity issues. Like RMA, FSA is closely monitoring the situation and will make appropriate determinations based on circumstances that exist when recourse loans mature.

Submitted Questions by Hon. Vicky Hartzler, a Representative in Congress from Missouri

Rural Broadband

Question 1. Rural broadband is the number one economic issue across my district, and there seems to be consensus from all levels of government that we need to tackle this issue.

Based on your work with the Rural Prosperity Task Force, what steps have you identified that USDA can take administratively to address the digital divide? How will USDA implement the recommendations from the Rural Prosperity Task Force?

Answer. USDA Rural Development has a long track record of investing in broadband connectivity to offer the same access to rural America that urban areas currently enjoy. By focusing on indicators that improve the quality of life—including connections to education, health care and community services—combined with delivering skills to support a productive, growing workforce and innovation, we can build stronger rural economies. The Agriculture and Rural Prosperity Task Force report was issued in January 2018 and outlined five objectives and recommended actions for achieving e-connectivity for rural America: (1) Establish Executive Leadership to Expand E-connectivity Across Rural America, (2) Assess the State of Rural E-connectivity, (3) Reduce Regulatory Barriers to Infrastructure Deployment, (4) Assess the Efficacy of Current Programs, and (5) Incentivize Private Capital Investment.

Continuing with a similar multi-agency approach that the Agriculture and Rural Prosperity Task Force used, USDA is collaborating with the Department of Commerce, the Department of the Interior, the General Services Administration, and other Federal agencies on the Task Force recommendations through the work of the Broadband Interagency Working Group. Preliminary work is underway, including work to execute recommendation No. 3 on reducing regulatory barriers—President Trump has signed an Executive Order (<https://www.whitehouse.gov/presidential-actions/presidential-executive-order-streamlining-expediting-requests-locate-broadband-facilities-rural-america/>) and a Presidential Memorandum (<https://www.usda.gov/media/press-releases/2018/03/14/secretary-perdues-prepared-opening-statement-rural-infrastructure>) that all relevant agencies have begun work to fulfill.

Question 2. What steps can be taken administratively within the Rural Utilities Service to help streamline the application process for the telecom loan programs? Would changes in statute help aid in this process?

Answer. USDA Rural Development is constantly looking at ways to improve and streamline the application process. For example, in 2015, the Rural Utilities Service started accepting loan applications on-line which assists applicants in ensuring that all parts of an application are completed and makes it easier for applicants to understand the requirements of the programs. In FY 2018, we are making some changes in the funding announcement for the farm bill Broadband Loan Program which will improve how applications are submitted and processed with the goal of getting more funds out to rural America as quickly as possible. With the FY 2018 Notice for the Broadband Program, we are now accepting applications on a rolling basis throughout the FY and will periodically rank them for processing every 90 days giving priority to the applications that propose to serve the most unserved households. This rolling process with periodic evaluations will allow us to better interact with the applicants and make more applications acceptable. USDA welcomes further suggestions of changes that help aid in loan program processes.

Question 3. How does lack of access to rural broadband play into the overall outlook for our rural and farm economies?

Answer. Rural e-connectivity, or broadband, supports economic development for the whole nation through access to capital and global markets, job training and workforce development, innovation and technology and enhanced quality. “e-Connectivity” is the digital superhighway of our nation’s economy and so much more than just connecting households, schools, and healthcare centers to each other as well as the rest of the world through high-speed Internet. It is the 21st Century productivity tool for farms, factories, forests, mining, and businesses. E-connectivity for rural America is essential for ensuring America’s economic competitiveness and enabling all Americans to be plugged in to a world of opportunity.

Without adequate broadband service, farmers and rural communities are not able to be as productive and efficient which slows economic growth. Additionally, rural families without broadband suffer as schools at all levels are requiring online access. Homework assignments are now dependent on a broadband connection. Children whose household does not have a broadband connection are forced to travel to a local library or WiFi hotspot to complete homework assignments.

High-speed Internet also provides access to real productivity increases through precision agriculture, enhanced educational opportunities, and broader and more efficient access to markets. With a broadband connection, someone in a rural area can manufacture and sell their products simply by advertising on-line. Without the broadband connection, it gets expensive very quickly when trying to advertise in papers and magazines and this type of advertising is not as efficient as on-line advertising. Additionally, broadband connection allows a business in a rural area to participate in the global marketplace. Without broadband, customers may be limited to the surrounding areas.

School Lunch

Question 4. In your short tenure, you have already made great strides to improve the school lunch program, which is incredibly important to my constituents. I look forward to working with you to provide more long-term flexibility and certainty to USDA school lunch and breakfast programs.

Can you briefly outline the key reforms you have made thus far to the program and any planned or potential reforms moving forward?

Answer. USDA seeks to offer school meals that are nutritious, tasty, and wholesome and to provide streamlined procedures and regulatory relief for program operators. Recent actions demonstrate our commitment:

- The May 1, 2017 “USDA Commitment to School Meals” proclamation propelled our efforts to provide targeted flexibilities and regulatory relief in the School Meal Programs. Following the Proclamation, we issued policy guidance providing flexibilities for milk, whole grains, and sodium requirements for School Year (SY) 2017–2018 and began the process to amend the regulations to allow long-term flexibility.
- On November 30, 2017, we issued the interim final rule, “Child Nutrition Programs: Flexibilities for Milk, Whole Grains, and Sodium Requirements”, to ease regulatory requirements and help Program operators serve nutritious and appealing meals that reflect local preferences, consistent with the intent of the May 2017 Proclamation. This regulation allows operators to offer more choices in the type of milk they serve, recognizes the need for flexibility for whole grain-rich products, and maintains sodium Target 1 for SY 2018–19. The interim final rule will be followed by a final rule scheduled for fall 2018.
- On March 6, 2018, we issued the proposed rule “Hiring Flexibility under Professional Standards”, which is intended to remove barriers that limit the pool of qualified local and state directors for the School Meal Programs. The proposed rule would expand the range of experience and training that is required to serve as a food service director, reflecting the fact that the expertise needed to serve great school meals can come not only from training and education, but also from real-world experience. The comment period for this proposed rule ended May 7, 2018; We are now beginning development of the final rule.
- On December 17, 2017, we issued a Request for Information regarding “Food Crediting in Child Nutrition Programs”. The comment period closed on April 23, 2018. We will use the feedback gathered from stakeholders to determine, what, if any, changes need to be made to food crediting.

Child Nutrition Programs play a critical role in ensuring that millions of America’s children have access to the nutritious food they need to learn and succeed in the classroom. USDA looks forward to continuing to work with Congress and interested stakeholders to determine additional regulatory reforms that are needed in these programs while ensuring standards are commonsense and are workable for states and local schools.

Question 5. Based on your experience thus far, what type of legislative changes would help you accomplish your goals for the School Lunch Program?

Answer. USDA is committed to these critical programs, and to ensuring that our partners in states and local schools have the tools and flexibility they need to provide nutritious meals and great service to their student customers, while promoting operational integrity. We look forward to working with Congress on Child Nutrition reauthorization and other legislation to improve the programs based on these important principles. USDA continues to examine regulatory changes to improve the program. USDA welcomes further discussions with Congress and interested stakeholders on this topic.

Meat Processing

Question 6. I appreciate your focus on reducing unnecessary Federal burdens on job creators. I have been working with small meat processors in my district and

their regulators FSIS to make sure we maintain high food safety standards along with smart regulations that don't push good businesses out of the market and create large barriers to entry. The local food movement is great for Missouri agriculture, and I hope you will work with me to ensure FSIS regulations are consistent and as minimally invasive to businesses as possible while maintaining world class food safety standards.

Will you commit to working with me on addressing issues facing small and very small processors?

Answer. Yes, I wish to reduce unnecessary regulatory burdens.

Question 7. Has the USDA identified any specific administrative or legislative options that will improve the working relationship between USDA inspectors and the regulated community?

Answer. Small and very small plants make up more than 90% of the 6,000 federally-inspected plants, and I am committed to improved customer service for these establishments. Beginning in FY 2018, FSIS has committed that its Enforcement, Investigations and Analysis Officers (EIAOs) will increase to 25 percent of the time spent for outreach to small and very small plants, to make sure they understand compliance requirements, can get answers to any questions, and to strengthen relationships with the establishments.

Question 8. What is the USDA currently doing to ensure small and very small processors looking to enter the market can receive the technical assistance necessary to navigate the Federal bureaucracy?

Answer. USDA recognizes the unique needs of small and very small processors and those looking to enter the market and has a dedicated Small Plant Help Desk ready to assist. Its contact information is available on the FSIS website. As part of my commitment to improve customer service across USDA, in December 2017, FSIS also updated the resources available for small and very small establishments on its website to make it easier to navigate. We also encourage individuals to reach out to the FSIS District Offices in their area for assistance, as well as to the Enforcement, Investigations and Analysis Officers (EIAOs). Additionally, the District Offices have a District Veterinary Medical Specialist (DVMS) who can be contacted with humane handling questions.

Submitted Questions by Hon. Jeff Denham, a Representative in Congress from California

Question 1. Secretary Perdue, the California dairy industry continues to face hardship and rock-bottom prices. They are still waiting for completion of the years-long Federal Milk Marketing Order process. Now we are told the process cannot move forward until the Supreme Court rules on an ongoing case concerning administrative law judges. Such a ruling is not expected until June 30 of this year.

Our dairy producers have been very patient and cooperative during this long process. You can understand the frustration felt by me and my fellow California representatives, as we watch the state continue to lose production and farms—completely opposite of the nationwide trend. Preparations for the 2018 Farm Bill are already underway, but we still have this unfinished business from the 2014 Farm Bill.

Can you provide insight as to why USDA made the decision to release a proposed rule to announce this delay that's tied to a pending Supreme Court decision? Why the announcement was made this way?

Should any of USDA's existing rules be impacted by the outcome of the case, does your agency have contingency plans to address it?

During your last appearance before this Committee, we received assurances that the Marketing Order would be completed by end of 2017. Would you again commit to working with the industry, to ensure our producers see solutions and relief as soon as possible?

Answer. On February 6, 2018, USDA posted a notice of delay in the California Federal Milk Marketing Order (FMMO) rulemaking proceedings due to the pending case before the United States Supreme Court in *Lucia v. Securities Exchange Commission*, 868 F.3d 1021 (D.C. Cir 2017) (*en banc*) (*per curiam*). In order for the California FMMO to proceed with rulemaking proceedings as expeditiously as possible, an independent *de novo* review of the hearing record was required to either ratify or modify any decision made by the Administrative Law Judge in the previous proceeding. USDA communicated these actions in the *Federal Register* in order to comply with *ex parte* prohibitions under the Administrative Procedures Act.

USDA is not aware of any other rules that will be impacted by the pending Supreme Court case. I commit to continuing to work with industry to develop solutions as soon as possible. On March 30, 2018 we published in the *Federal Register* a final decision to establish a Federal Milk Marketing Order for California. As required

under Federal Milk Marketing Orders, USDA is conducting a voter referendum among California dairy producers to determine whether they support the final decision. The referendum vote is being held from April 2, 2018 through May 5, 2018. USDA held a public hearing on Tuesday, April 10, 2018 in Clovis, California with stakeholders to answer questions related to the proposed Order and how eligible dairy producers can participate in the referendum. USDA will continue to work with our California dairy partners on this issue and will receive the results from the referendum in early June.

Question 2. As a Member of the House Transportation and Infrastructure Committee, I was pleased to see the Administration's preliminary infrastructure framework proposes a grant program for rural America. This country has long needed innovative improvements and solutions to bring our economy and society into the 21st century.

One area of note is that of rural water development.

Could you provide insight into the Department's expertise in administering infrastructure grant programs and what role it expects to play, as this framework continues to be fleshed out in Congress?

Answer. The USDA role in rural infrastructure is longstanding—the predecessor of the Rural Utilities Service was the first investor in rural connectivity to electricity and telephone service, and such programs continue today. USDA Rural Development invests billions of dollars each year in rural infrastructure projects, from water utilities to modernizing rural America's electric grid to expanding broadband access. USDA has \$57 billion of outstanding loans in rural infrastructure, all with less than a 1.3% default rate. These investments include nearly \$13 billion in water, wastewater and solid waste projects, with many of these projects relying on a grant portion of the funding awards to make clean water possible in rural communities. We are working with public and private partners to leverage funding that will help rural systems build capacity and sustainability. The Rural Utilities Service also awards approximately \$27 million in grants from annual appropriations for broadband infrastructure deployment in America's most remote and under-served communities through the Community Connect Program. The FY 2018 Omnibus Bill also contained funding to support new investments in broadband, with an additional \$600 million in funds appropriated to the USDA for a new broadband loan and grant pilot program. We are working diligently to develop the best way to administer these funds and ensure the new program provides the most benefit to the rural communities we serve.

Question 3. It is no secret that the recent tax reform passed by Congress has intentionally created a new complication for the industry as a whole.

Given the state of the rural economy, coupled with your firsthand observations, could you comment on how important a resolution to the Section 199A matter is for rural America and the agriculture industry?

Answer. As Under Secretary Ibach stated in January, "The aim of the Tax Cuts and Jobs Act was to spur economic growth across the entire American economy, including in the agricultural sector. While the goal was to preserve benefits in Section 199A for cooperatives and their patrons, the unintended consequences of the current language disadvantage the independent operators in the same industry. The Federal Tax Code should not pick winners and losers in the marketplace. We applaud Congress for acknowledging and correcting the disparity."

Question 4. Mr. Secretary, the almond export industry is one of California's top economic drivers. Unfortunately, it continues to be challenged in its relations with India—specifically ongoing smuggling through Pakistan and deliberate mislabeling.

Could you provide an update as to what USDA is doing to ensure fairness and transparency with this key trade partner?

What about USDA's work with the U.S. Trade Representative on this issue?

Answer. USDA has urged India to strengthen border control of agricultural goods and is also working in strong partnership with the U.S. almond industry, including the Almond Board of California and Blue Diamond Growers, to dramatically increase U.S. almond sales to India. In fact, U.S. almond exports to India climbed from \$180 million in 2008 to a record \$660 million in 2017, making India our largest export market for almonds, worldwide.

The recent Senate confirmation of the Chief Agricultural Negotiator in the Office of the U.S. Trade Representative enhances USDA's ability to collaborate on agricultural market issues such as these where we believe that the Government of India has the ability to remove the incentive for smuggling and counterfeiting by lowering tariff rates for high demand U.S. agricultural products. USDA will work closely with the USTR Agricultural Negotiator to ensure this is on his radar as he gets up to speed in his new role.

Submitted Questions by Hon. Don Bacon, a Representative in Congress from Nebraska

Question 1. What is your assessment of FMD vaccine and how can we best work to prevent FMD from becoming a devastating problem for our livestock producers?

Answer. A three-legged stool approach that encompasses a vaccine bank, preparedness, and prevention model would improve our preparedness and response capabilities for FMD and other foreign animal diseases. USDA takes the threat of FMD very seriously, and we will work with Congress, states, and industry to ensure that we are all prepared for this disease or any other foreign animal disease. APHIS has acknowledged a gap in its current FMD vaccine capabilities and they have had conversations with their partners about ways to address that gap. We certainly look forward to continuing those conversations.

Question 2. Secretary Perdue, *Agri-Pulse* has been running an article series recently on gene editing in agriculture. In an article just last week titled “Protecting the Herd: New Opportunities Through Gene Editing”, the article detailed a pig variety that through simply deleting one gene already present in a pig—something that could easily happen in nature, though it could take years or decades to produce—they can make pigs resistant to a horrible disease called PRRS (porcine reproductive and respiratory syndrome). This disease is devastating to pigs, and costs North American pig farmers more than \$600 million every year.

Yet, the article detailed how the product is having trouble coming to market, because FDA wants to treat this product and other gene edited animals as “animal drugs” and require very heavy regulation as a drug. Mr. Secretary, our farmers, consumers, and the animals themselves could immensely benefit from treatments like this. Has USDA engaged with FDA, or are there plans to engage, to get them to revise their approach so that products like this have an appropriate pathway forward?

Answer. I agree that the Federal role should be to regulate these products in a way that allows them to come to market quickly and safely. We support science-based policy that does not stifle innovation or impede the development of successful new products. USDA is currently evaluating gene-editing animal biotech and options for addressing regulatory challenges that may be limiting agricultural innovation. We intend to engage FDA on these issues as this evaluation evolves.

Submitted Questions by Hon. Timothy J. Walz, a Representative in Congress from Minnesota

Question 1. Mr. Secretary, the USDA recently announced that they would be canceling funding for BPI payments to companies that are refining biofuel in the United States from certain domestically grown feedstocks converted to drop-in biofuel for delivery to supply biofuels to the Navy. The Navy is supportive of the program and BPI payments. The program has numerous benefits, among them promotion of homegrown renewable fuel. Can you explain why exactly the USDA has made this decision in contravention of the benefits and support of our armed services?

Answer. USDA, in consultation with its agency partners and the Office of Management and Budget, determined that the cost of implementation of these initiatives significantly outweighed the benefits to taxpayers. The Navy was supportive of this decision. As part of our efforts to ensure fiscal responsibility, we discontinued these programs; however, USDA will continue to make payments under existing commitments.

Question 2. In the Department’s *Farm Bill Legislative Principles* document you highlighted the importance of conservation programs—particularly those that benefit soil health, water and air quality and other natural resources. However, overall funding for conservation programs was substantially reduced in the 2014 Farm Bill. Funding for ACEP, for example, was cut in half between Fiscal Year 2017 and 2018. Consequently, USDA and its agencies have fewer resources to assist private landowners in preserving working lands. The next farm bill presents an opportunity to restore funding for programs, like ACEP, which were reduced in the 2014 bill. Would you support restoring funding for conservation programs so that our farmers and ranchers can continue to work the land and produce the food and fiber that we all depend upon?

Answer. The Department looks forward to working with the House and Senate Agriculture Committees to provide technical assistance and programmatic insight during the farm bill process to improve all of USDA’s resources available to farmers, including NRCS- and FSA-implemented conservation programs.

Question 3. Mr. Secretary, we have seen the very positive benefit biofuels have had on our farm economy and rural communities. In fact, many Minnesotans would

like to use even more biofuels in their vehicles. Can you please tell the Committee what the USDA is doing to ensure that a robust RFS is continued?

Answer. FSA, along with our Rural Development agencies, NIFA, and ARS provide a suite of programs that support a robust RFS. FSA extended the Biofuel Infrastructure Partnership (BIP) through 2018, due to hurricane impacts and market changes. This extension allows for more time to fully construct the targeted installation of nearly 5,000 higher-blend ethanol pumps and 400 tanks. These pumps and tanks are being installed in 1,538 fueling stations in 20 states. The extension also provided flexibility to the state grantees, allowing them a chance to respond to market demands and setting an increased total of over 1,000 pumps for E15–E25.

Submitted Questions by Hon. James P. McGovern, a Representative in Congress from Massachusetts

Question 1. USDA has proposed converting about half of SNAP benefits for more than 80% of SNAP recipients into a food box. USDA says that on average that it can buy food at half the price as it is available on the retail market thereby allowing them to replace the lost benefits with a non-perishable food box and use the balance for deficit reduction. The proposal would also allocate \$250m per year to state for the cost of shipping, warehousing, packing, shipping and establishing distribution centers for the food boxes. But, the budget does not provide an estimate of the administrative costs associated with the proposal. And, the budget would also cap state administrative expenses. So there is no estimated increase in state administrative expenses associated with the Harvest Box administrative and distribution overhead. The budget assumes states and private networks would absorb these costs. TEFAP and CSFP provide administrative overhead that ranges from 14% to 33% while program operators claim is it much higher. Can USDA provide an estimate of the costs to states, localities and private charities of operating this program? While those costs would not be borne by the Federal Government, policy makers need to understand the full implications of the proposal.

Answer. America's Harvest Box is a bold, innovative approach to providing nutritious food to those in need. USDA has estimated that the proposal will save taxpayers approximately \$129 billion over the 10 year period between Fiscal Year (FY) 2019 and FY 2028. This estimate accounts for about \$2.5 billion annually in additional administrative funds for states, which states can use to provide funding to public and/or private partners. It assumes administrative costs at a similar scale to the existing Commodity Supplemental Food Program (CSFP), which currently serves approximately 600,000 elderly participants across 48 states.

States will be given substantial flexibility on how to distribute these food benefits to participants. States can distribute America's Harvest Boxes through existing infrastructure, public-private partnerships, or choose to deliver directly to residences through retailers or commercial delivery services. Direct delivery has shown to be an appealing option for both rural states and urban areas with food access issues.

This proposal combines the best elements of SNAP and the USDA Foods programs. America's Harvest Boxes allow states the opportunity for participants to have a choice in selecting components of the box, while some states may choose to include additional items, such as fresh fruits and vegetables, through public-private partnerships. The remainder of the SNAP benefit will continue to be available through Electronic Benefit Transfer (EBT) cards to purchase food at approved retailers.

While the proposal that has been presented offers a useful starting point for discussion, this bold proposal will require innovative thinking from many sectors. We are continuing to hear from the private-sector about their innovative ideas regarding access to food. USDA welcomes creative approaches to address the needs of SNAP participants and looks forward to working with Congress to consider impactful and cost-effective strategies to serve those most in need.

Question 2. In addition to USDA's Harvest Box proposal, the Department has included some \$85 billion in SNAP cuts, including multiple cuts that would terminate benefits to millions of individuals. Would USDA please provide an estimate of the number of individuals that would have their benefits terminated (*e.g.*, under the categorical eligibility, three ABAWD time limit provisions, minimum benefit and household cap proposal) as well as the number of people impacted and the average benefit cut under the remaining proposals such as the SUA changes?

Answer. Under the President's 2019 Budget request, savings are achieved through a new proposal, America's Harvest Box which uses government purchasing power to buy food for some SNAP participants. It streamlines a number of programs to make them more efficient and effective, and also targets SNAP participation to households most in need. As unemployment continues to drop, and the economy con-

tinues to improve, our goal should be to structure our programs so that we can best help participants to move from SNAP to self-sufficiency in the long-term.

Limiting ABAWD waivers to counties with an unemployment rate greater than ten percent would lead to approximately 1.7 million additional ABAWDs facing time limits in Fiscal Year 2019. This proposal will lead to a consistent method for states to utilize waiver authority that is directly tied to the economy. However, ABAWDs meeting work requirements, including those participating in work training programs will not lose their benefits.

Limiting categorical eligibility to households receiving TANF cash assistance would affect about 3.2 million SNAP participants, or about eight percent of the SNAP caseload. Those currently qualifying for SNAP under broad based categorical eligibility (BBCE) will continue to qualify if they meet the current SNAP eligibility criteria. This proposal would establish a nationwide policy to restore confidence that the pool of eligible applicants is consistent with SNAP eligibility limits.

Establishing a national standard for State Heating and Cooling Standard Utility Allowances (HCSUA) levels based on the 80th percentile of low-income households' utility costs would streamline variability across states and impact benefits for approximately 7.2 million SNAP households.

Eliminating the minimum benefit would eliminate benefits for about 1.5 million SNAP participants. Another 270,000 participants would receive a lower monthly benefit, which aligns the benefit level with the actual need of the individual in accordance with household circumstances. Capping the maximum benefit would reduce benefits for about 580,000 participants.

Submitted Question by Hon. Michelle Lujan Grisham, a Representative in Congress from New Mexico

Question. Secretary Perdue, on January 8, 2018, President Trump expressed his desire to find ways to expand rural broadband access while speaking at the American Farm Bureau in Nashville, Tennessee. That same day, the President signed an Executive Order directing his Administration to use “all viable tools to accelerate the deployment and adoption of affordable, reliable, modern high-speed broadband connectivity in rural America.” Just 2 weeks ago, the United States Department of Agriculture (USDA) released its farm bill priorities which included a desire to, “Expand and enhance the effectiveness of tools available to further connect rural American communities, homes, farms, businesses, first responders, educational facilities, and healthcare facilities to reliable and affordable high-speed Internet services.” I agree. Finding ways to increase broadband access in rural America should be a key part of the farm bill.

Broadband increases economic activity, produces jobs, enables telehealth services and improves health outcomes, increases crop yields, and so much more. Today, anyone without broadband access faces significant challenges to competing in a modern economy. Unfortunately, rural and frontier states, like my home state of New Mexico, have limited broadband service. In 2015, the Federal Communications Commission (FCC) reported that 61% of New Mexicans living in rural areas lacked fixed (wired) broadband access. Overall, 39% of Americans living in rural areas (23.4 million people) lack access to high speed broadband, and access is even worse in Tribal lands where 80% of the population does not have access to fast broadband.

Members of this Committee on both sides of the aisle share your goal of expanding broadband access in rural America. Secretary Perdue, as we draft the next farm bill, do I have your commitment to work with me and the House Agriculture Committee to promote the expansion of broadband access in rural America?

Answer. Yes, we at USDA will provide any technical assistance requested by the House Agriculture Committee during development of the farm bill, for the purpose of supporting expanded and enhanced tools to further connect rural American communities, homes, farms, businesses, first responders, educational facilities, and healthcare facilities to reliable and affordable high-speed Internet services.

Submitted Questions by Hon. Stacey E. Plaskett, a Delegate in Congress from Virgin Islands

Question 1. The Administration’s infrastructure plan released on February 12 calls for “\$200 billion in Federal funds to spur at least \$1.5 trillion in infrastructure investments with partners at the state, local, Tribal, and private level.” In addition, “\$50 billion of the \$200 billion in direct Federal funding will be devoted to a new Rural Infrastructure Program to rebuild and modernize infrastructure in rural America.”

The legislative outline of the plan further adds that “[a] portion of the Rural Infrastructure Program funds would be set aside for Tribal infrastructure and territorial infrastructure, with the remainder available for states.”

Will the Department of Agriculture be the Federal agency administering this \$50 billion Rural Infrastructure Program?

Answer. We look forward to working with Congress to determine the most appropriate way to administer the Rural Infrastructure Program. Regardless of the administering agency, the President's proposal envisions that funds under the Rural Infrastructure Program would be provided to the governor of each state as a block grant via formula distribution.

Question 2. How much of the \$50 billion in Rural Infrastructure Program funding would be set aside for territorial infrastructure?

Answer. A portion of the Rural Infrastructure Program funds are proposed to be set aside for Tribal infrastructure and territorial infrastructure. Of the \$50 billion identified for rural infrastructure, \$1 billion will be set aside for Tribal areas and territories.

Question 3. How would the total amount of funding set aside for territorial infrastructure be apportioned among each of the territories?

Answer. The apportionment of the dedicated funding for addressing infrastructure needs of U.S. Territories Rural Infrastructure Program would be dependent on Congressional authorization and appropriation of funding for the program.

Submitted Questions by Hon. Al Lawson, Jr., a Representative in Congress from Florida

Question 1. In the mid-1980s, I understand that the Secretary of Agriculture during the Reagan Administration created a USDA/1890 Land-grant University Task Force to identify priorities that would enable the 1890 universities to participate more actively in USDA programs and contribute to increasing the diversity of the USDA workforce.

This task force was very effective and allowed the universities to become more engaged with many USDA agencies. Many innovative and successful programs were implemented. The Task Force has been nonfunctional for the past 2–3 years—during the 2016 election year and your first-year transitioning into the role as Secretary.

I am hopeful that you will reimplement and rejuvenate this Task Force with the appropriate leadership structure to ensure success and sustainability. Have you given this any consideration and can we work on this effort together? The President of Langston University, Kent Smith, who is in or near Congressman Lucas' district is the current chair of the 1890s group and would be happy to work with you and your team to stand this Task Force up again.

Answer. We agree that this task force is an effective and important link between the 1890 Land Grant Universities and USDA agencies. We are currently in the process of identifying representatives in order to stand up the task force and appreciate your suggestion to work with the President of Langston University, Kent Smith, we will be sure to contact him.

Question 2. The current farm bill authorizes 20% of Smith-Lever funds be appropriated for 1890 Extension programs and 30% of Hatch funds be appropriated for 1890 Research programs. Currently, the 1890 Extension program receives 15% and 1890 Research receives 25% of Hatch funds. So, both are 5% short.

Will the Administration support the 1890 universities receiving full funding at the authorized levels?

Answer. USDA is committed to our 1890 land-grant university partners and will continue to implement 1890 grant programs at the levels legislated by the Congress.

Question 3. Mr. Secretary, thank you for being here and for promoting the focus on developing rural communities and economies through the farm bill. In my district in northern Florida, we have a robust forestry industry, which represents a key economic driver for our communities and employs close to 2,000 people. These private acres filter our water, provide habitat for species, and produce the raw materials for 77 manufacturing facilities throughout Florida, infusing \$16 billion into our state's economy. I was pleased to see that the agency's framework for the farm bill included addressing healthy forest management and incentivizing private stewardship of forests. One way to achieve this is to expand and promote new, innovative markets for forest products. Can you confirm USDA's support for research and development of these innovative products that can create new jobs and new enthusiasm for this traditional industry?

Answer. I am very interested in new, innovative products made from wood that can help create new jobs and new uses for wood from our nation's forests. As I emphasized in my farm bill principles, my aim is to increase coordination with states to promote job creation and improve forest health through shared stewardship and stakeholder input.

Question 4. Federal policies, such as those created and supported through farm bill programs, have a significant impact on the ability of private forest owners to manage their land effectively. The industry took a significant hit during the Great Recession, from which it has still not fully recovered. Industry is a natural partner to the Forest Service given that wildfires, insects, and invasive species do not recognize the boundaries of Federal *vs.* private forests. Through the Good Neighbor Authority, the Forest Service is already partnering with states for similar purposes. To better combat these threats, forest owners of all kinds must have somewhere to move their wood from hazardous fuel reduction and other forest health management techniques. To that end, how do you see USDA and the Forest Service working with private landowners to tackle the problems that are facing our forests?

Answer. As I emphasized in my farm bill principles, I am committed to offering tools and resources that incentivize private stewardship and retention of forestland. The Forest Stewardship program at the Forest Service plays a central role in assisting private landowners—who own more than 2/3 of our nation’s forests—in addressing their most pressing resource management concerns.

Question 5. Now that the Federal agriculture relief package for Florida agriculture has been approved, how quickly do you expect a program to be up and running and receiving this badly needed relief to Florida farmers? Days? Months?

Answer. USDA is working to provide the disaster assistance as expeditiously as possible and sign-up for the new program, authorized by the Bipartisan Budget Act of 2018, will begin no later than July 16. We will first roll out the program parameters as we begin to finalize necessary regulations and develop software to provide meaningful assistance to affected producers. For some existing programs that were changed by the Bipartisan Budget Act of 2018 and that do not require regulatory changes, we expect to begin making payments within weeks.

Question 6. USDA–FNS cites that SNAP trafficking has dropped to 25% of the levels in 1993. In addition, GAO has found that from 2006 to 2016 SNAP had an improper payment rate of only between 3.2 and 5.8 percent. Mr. Secretary in your *2018 Farm Bill & Legislative Principles* you said that you are looking to reduce waste, fraud, and abuse within Food, Nutrition, and Consumer Services. Can you explain the reasoning behind why you did not highlight any high-risk programs in the FSA as targets to reduce abuse but highlighted FNS programs?

Answer. Since taking office, I have been working hard to crack down on fraud and abuse in all our various agencies and programs while ensuring we provide excellent customer service to those that need our assistance. That said, this area was highlighted given the significant total dollars being provided to our stakeholders through these FNCS programs, which equates to nearly 70% of USDA spending.

Question 7. In USDA’s FY 2019 budget it outlines over \$500 million in cuts to Water and Wastewater Grant Programs in our rural communities. Can you explain how these cuts will affect rural communities’ ability to grow their economies?

Answer. The budget made some very difficult choices to control spending and to ensure water projects are coordinated with other Federal programs like the Environmental Protection Agency’s (EPA) state revolving fund. Improved targeting of Federal water funding, elimination of regulatory barriers, support for existing stakeholders, development of new partnerships and enactment of infrastructure investment legislation will contribute to rural prosperity. I look forward to working with the Committee on these and other innovative ways to meet the water needs of rural America.

Question 8. In USDA’s FY 2019 budget it outlines a \$32 million cut to specialty crop pests support in the plant health section of APHIS. Can you explain how this will affect the specialty crop industry?

Answer. Several of the reductions are intended to better balance the portion of the costs of these programs borne by the Federal Government. These include the reductions to the glassy-winged sharpshooter (GWSS), European grapevine moth (EGVM), and pale cyst nematode programs.

If cooperators are able to increase their contributions towards the efforts, there will be no impact to the current programs. If they are unable to increase their contributions, we will work with the cooperators to determine how best to leverage the resources available to continue program activities. The remaining decreases bring funding back to the FY 2016 funding level for the Fruit Fly Exclusion and Detection and Citrus Health Response Programs (CHRP).

Question 9. In USDA’s FY 2019 budget it outlines a \$29 million cut to tree and wood pests support in the plant health section of APHIS. Can you explain the effects of these cuts?

Answer. The reduction to APHIS’ tree and wood pest programs is intended to better balance the portion of the costs of these programs borne by the Federal Govern-

ment and would reduce the Federal cost-share to 50 percent. If cooperators are unable to increase their contributions, USDA would reduce the rate at which it conducts surveys for these pests and would reduce control measures in the field. APHIS would continue to evaluate program activities and identify the highest priorities with state partners.

Question 10. In USDA's FY 2019 budget it outlines the elimination of the Food Insecurity Nutrition Incentive Program (FINI grants), can you explain the rationale behind cutting this funding?

Answer. Authorization for this farm bill mandatory program expires at the end of FY 2018 and therefore was not included in the President's FY 2019 Budget request.

Question 11. Can you give a breakdown of total funding provided to each category of land-grant institutions over the last twenty years? Simply give the following three numbers: (1) All USDA funding that went to the 1862 institutions over the last twenty years, (2) All USDA funding that went to the 1890 institutions over the last twenty years, and (3) All USDA funding that went to the 1994 institutions over the last twenty years.

Answer. USDA obligations for the 1862 institutions from FY 1998 to FY 2017 was approximately \$13.5 billion. Obligations for the 1890 institutions for the same period was about \$1.5 billion. Obligations for the 1994 institutions for the same period was approximately \$262 million. Please note that data prior to FY 2009 are incomplete and that final data for FY 2017 are not yet available.

Question 12. In the proposed SNAP legislation, you cited that the USDA Foods Box will have "the potential to reduce waste, fraud, and abuse." Please cite the data that used to take this position?

Answer. Today, we know that SNAP benefits administered through an EBT card carry risks of being misused through trafficking—the sale of benefits for cash—and other program violations. While the SNAP trafficking rate is low, we do have many systems in place to catch violators and we are continuously looking to improve those efforts. Currently, USDA Foods are provided in ready-to-use form to participating households, which reduces, but does not eliminate, opportunities for benefits to be diverted for other purposes. While we have not conducted a formal study on the impact of America's Harvest Box on fraud or waste, we estimate that using the boxes will have a positive impact because of the nature of the benefit.

Question 13. In the proposed legislation there is now a delivery mechanism for the USDA's Harvest Boxes. Can you explain the administrative plan that will be used to prepare these boxes and deliver these packages as these will be going out to 81% of SNAP households, tens of millions of Americans, starting on October 1, 2018?

Answer. As is currently done for other USDA nutrition assistance programs, USDA would purchase staple, shelf-stable foods (such as shelf-stable milk, juice, grains, ready-eat-cereals, pasta, peanut butter, beans, canned meat, poultry or fish, and canned fruits and vegetables) and have them delivered to states. SNAP state agencies would be responsible for the administration of the program at the state level and would have substantial flexibility in doing so. USDA would partner with states to determine the most efficient food box distribution model which they could then utilize to implement the program.

While the proposal that has been presented offers a useful starting point for discussion, this bold proposal will require innovative thinking from many sectors. USDA welcomes creative approaches to address the needs of SNAP participants and looks forward to working with Congress to consider impactful and cost-effective strategies to serve those most in need.

Submitted Questions by Hon. Jimmy Panetta, a Representative in Congress from California

Question 1. My colleague, Congressman Neal Dunn, and I sent a letter to USDA, FDA, and EPA on October 17, 2017 stressing the importance of interagency coordination on the regulation of biotechnology. Recently, USDA and FDA entered into a formal agreement focused on strengthening interagency coordination on critical topics such as biotechnology and food safety. Can you elaborate on what you see as USDA's role in this relationship, how the two agencies will coordinate moving forward, and the intended goals of this agreement?

Answer. USDA oversees the safety of meat, poultry, catfish and processed egg products while the FDA has authority over all other foods such as dairy, seafood, produce and packaged foods. USDA and FDA are partnering in many key areas, including the implementation of produce safety measures and biotechnology efforts.

This agreement is the agencies' newest initiative to expand those efforts and take new steps to streamline regulatory responsibilities and use government resources more efficiently to protect public health. It aims to increase clarity, efficiency, and potentially reduce the number of establishments subject to the dual regulatory requirements of the USDA and the FDA. USDA and FDA are currently establishing the workgroups enumerated in the agreement to ensure action is taken as soon as possible.

Question 2. USDA recently released their "2018 Farm Bill & Legislative Principles" document. Under the "Research, Education, and Economics" section, you note that you want to "commit to a public research agenda that places the U.S. at the forefront of food and scientific development." However, China has been outspending the U.S. for almost a decade on investments in agriculture research. To remain competitive, I believe that we should be making strong, strategic investments in both basic and applied agriculture research. This is especially true in our specialty crop industry as we work to cope with labor shortages, improve pest management, and strengthen soil health. What do you believe is needed in the 2018 Farm Bill's research title to put the U.S. back at the forefront of agriculture research? Should Congress be devoting more resources to domestic, public agriculture research?

Answer. In the next 50 years, agriculture will be called upon to produce more food than in the previous 10,000 years combined with little or no increase in the amounts of arable land, water or resources available. The efficiencies and increased productivity needed to meet these agricultural challenges cannot be achieved without a renewed focus on agriculture research. I support research to advance the competitiveness of U.S. agriculture and promote food security. Broad research priority areas should be established, such as for more efficient water and nutrient use, improved health and resilience of our soils and production systems, genome mapping and enhanced breeding of specialty crops and food animals, enhanced nutritional and health benefits of food, and reduction of post-harvest losses. In addition, knowledge gained through research and education funded by USDA is brought directly to end users across America, including farmers and ranchers, and those in rural and urban communities through extension. Strengthening the Extension system will also help to create positive changes.

Question 3. Organic production is extremely important to the agriculture industry of my district, particularly organic strawberry and leafy greens. In the "2018 Farm Bill & Legislative Principles" document issued by USDA, you state that Congress should "protect the integrity of the USDA organic certified seal" and "ensure organic products meet consistent standards for all producers." I completely agree. What additional resources or authority does USDA need to do this? Additionally, what goals do you have for the organic program during your tenure as Secretary to support this sector?

Answer. Protecting the integrity of the organic seal is something I strongly support. The President's Fiscal Year 2019 budget request includes an addition of \$3 million for the National Organic Program (NOP). This increase would fund increased enforcement and technology investments for greater transparency and integrity. For example, NOP would allocate additional resources to conduct complaint investigations, complete supply chain audits in high-risk areas, and invest in technology improvements that implement electronic certificates and support traceability and accountability. Going forward, I want to place a strong emphasis on strengthening enforcement to protect the integrity of the label and allow for the industry to continue to grow.

Question 4. As my district is home to a significant percentage of organic production, I appreciate the Department's recognition in the "2018 Farm Bill and Legislative Principles" document of the need to protect the organic certified seal, one of the most recognizable food labels in the world. As the industry continues to grow, how is the Department positioning itself to capture and encourage technological advancements in the organic sector? Specifically, is there a role for the Department, and the National Organic Program, to take a more active role in setting standards at the front end to provide certainty for business investment, thus reducing the occurrence of proposed regulatory changes that seek to change decades of certain organic farming methods?

Answer. The President's Fiscal Year 2019 budget request includes an addition of \$3 million for the National Organic Program (NOP) to fund both enforcement activities and technology investments to protect the traceability of organic commodities for greater transparency and integrity. USDA will collaborate with other USDA agencies, such as APHIS and FAS, as well as Customs and Border Protection, to use enhanced technology for targeted oversight of organic products at ports of entry and in other countries, protecting U.S. producers.

In terms of standards, USDA will continue to maintain the USDA organic regulation's National List of allowed and prohibited materials in organic agriculture. Other standards projects will focus on strengthening organic enforcement, to eliminate existing exclusions. For example, an exclusion in the current process allows entities that are not certified organic to handle importation paperwork or even take possession of an organic shipment. When this occurs, there is the potential that the chain of custody is interrupted which presents challenges for verifying an organic claim.

Question 5. One of the challenges in oversight of existing organic production practices are sometimes inconsistent application of organic requirements by organic certifiers. How is the Department working to ensure more consistent certification procedures across varying regions?

Answer. It is important that organic requirements be applied consistently across the country. USDA's National Organic Program (NOP) diligently works to ensure the consistent application of organic standards by certifiers through regular certifier audits, certifier training, and certifier instructions and policy memos.

First, NOP audits its certifiers every 2.5 years to assess compliance with the USDA organic regulations and the NOP Handbook. When audits reveal inconsistencies in certifier implementation of requirements, the program issues non-compliances, which the certifier must address. Second, NOP provides annual face-to-face and periodic webinar trainings for certifier staff worldwide. Training topics specifically focus on areas where inconsistencies have been detected across certifiers. Third, NOP issues policy memos and instructions to certifiers when clarification of existing requirements is needed. For example, in October 2017, NOP published an interim instruction detailing requirements for certifiers who oversee organic products imported into the United States. The instruction:

- Clarifies responsibilities for certifiers in the U.S. and around the world;
- Recommends best practices for reviewing and issuing import-related documents;
- Highlights handling instructions needed to maintain the integrity of the organic status for imported organic products; and
- Details required documentation and recordkeeping.

Together, NOP's audits, training, and instructions increase consistency across the 80+ certifiers accredited to oversee organic certification in the United States and around the world.

Question 6. Could you elaborate on the 4th bullet of the "2018 Farm Bill and Legislative Principles" document under the "Marketing & Regulatory Programs" section regarding technologies scientifically required to ensure safety? Is that specifically referencing organic products, or rather all industries covered under the Marketing and Regulatory Programs mission area? Could you provide an example of a technology that has been stalled or prohibited in the past, even though required for safety?

Answer. The *2018 Farm Bill and Legislative Principles* state, "Ensure USDA is positioned appropriately to review production technologies if scientifically required to ensure safety, while reducing regulatory burdens." To improve life in rural communities, the President's Task Force on Agriculture and Rural Prosperity recommended over 100 items, including better harnessing technological innovation, such as biotechnology. In keeping with the Task Force's recommendations, USDA is considering an update to the Department's biotechnology regulations to modernize USDA's biotechnology regulatory framework. USDA envisions an approach that allows for these products to come to market quickly and safely. USDA wants a science-based policy that ensures the plant health safety of these products and does not stifle innovation or impede the development of successful new crop varieties.

Question 7. I appreciate your emphasis on developing new export markets for U.S. agricultural products. It is a priority that we all share. USDA administers two farm bill programs that have a long running track record in facilitating export promotion and market development—the Market Access Program (MAP) and the Foreign Market Development program (FMD). These public-private partnerships give American farmers a presence in key markets, having increased net farm income by \$27.3 billion and supported an additional 93,000 farm and food jobs since they were created. These programs are oversubscribed and funding has remained stagnant, which is why I am a cosponsor of the CREAATE Act, to increase funding for MAP and FMD. Last year, the President's FY 2018 budget proposed to eliminate funding for these programs. In the President's FY 2019 budget, MAP is fully funded at \$200 million yet other trade promotion programs like FMD and Technical Assistance for Spe-

cialty Crops are eliminated. Can you explain the rationale for the proposed cuts to these critical export programs?

Answer. Authorization for MAP, FMD, and Technical Assistance for Specialty Crops (TASC) under the current farm bill expires in 2018. In general, the Congressional Budget Office (CBO) and OMB assume that expiring programs with mandatory spending of less than \$50 million per year are discontinued; however, expiring programs with mandatory spending in excess of \$50 million per year are assumed to be reauthorized by Congress. Accordingly, the CBO baseline assumes continuation of MAP at \$200 million. However, programs such as FMD and TASC with mandatory spending below \$50 million are not continued in the CBO baseline. Historically, USDA has followed the CBO convention and has done so for the purposes of the FY 2019 President's Budget.

