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

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

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

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

As you are well aware, our farmers and ranchers across the United States have faced — and continue to face — significant challenges from natural disasters. While the Farm Bill helped us improve programs for our producers, natural disasters continued to destroy crops and erode valuable resources. In addition to our standing safety net programs, the Additional Supplemental Appropriations for Disaster Relief Act of 2019 provided funding for new programs to help our hardest-hit farmers recover. I would like to speak about our efforts to implement these programs today as well.

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

Farm Bill Implementation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NRCS' Environmental Quality Incentives Program, Conservation Stewardship Program and Agricultural Conservation Easement Program have continued operating under current regulations consistent with new Farm Bill provisions, ensuring customers had no lapse in service. Interim rules and associated policies are under development in preparation for fall (tentatively October) publication and fiscal 2020 program delivery.

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

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

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

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

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

Our actions have included: Deferring interest charges on crop insurance premiums for two months; extending the deadline to file acreage reports in 13 states that were heavily impacted; updating the haying and grazing date for producers who planted cover crops on prevented plant acres; offering special sign-ups in 10 states through the Environmental Quality Incentives Program for assistance to plant cover crops; and providing a minimal payment through MFP for cover crops with the potential to harvest.

More than 8,900 applications were received in the 10 states that offered a special sign-up through the Environmental Quality Incentives Program for assistance to plant cover crops or implement other disaster recovery practices. Of those, it is anticipated that over 2,200 contracts will be funded on over 300,000 acres with an investment of over $13 million.

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

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

Disaster Relief Act of 2019

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

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

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

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

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

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

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

Trade Mitigation

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

Farm Production and Conservation and Customer Service

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

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

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

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

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

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

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

Conclusion

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

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